

# **AB LIETUVOS DUJOS**

**CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL  
STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008  
PREPARED ACCORDING TO  
INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY EU**

**AB LIETUVOS DUJOS, company code 120059523, Aguonų Str. 24, Vilnius, Lithuania**  
**CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2008**  
(all amounts are in LTL thousand unless otherwise stated)

## Balance sheets

	Notes	Group		Company	
		As of 30 June 2008	As of 31 December 2007	As of 30 June 2008	As of 31 December 2007
		(pre-audited)	(audited)	(pre-audited)	(audited)
<b>ASSETS</b>					
<b>A.</b>	<b>Non-current assets</b>	<b>2,200,428</b>	<b>2,220,673</b>	<b>2,203,959</b>	<b>2,223,695</b>
I.	Intangible assets	2,843	3,487	2,838	3,482
II.	Non-current tangible assets	2,197,510	2,216,707	2,190,309	2,209,401
II.1	Land	183	183	183	183
II.2	Buildings and structures	2,039,672	2,059,625	2,032,896	2,052,776
II.2.1	Buildings	82,736	82,542	75,960	75,693
II.2.2	Transmission networks and related installations	1,290,806	1,313,874	1,290,806	1,313,874
II.2.3	Distribution networks and related installations	657,289	654,101	657,289	654,101
II.2.4	Other buildings and structures	8,841	9,108	8,841	9,108
II.3	Machinery and equipment	82,038	84,839	82,038	84,839
II.4	Vehicles	11,321	12,025	11,297	11,994
II.5	Other equipment, tools and devices	28,978	31,123	28,634	30,754
II.6	Other non-current tangible assets	4,117	3,995	4,117	3,995
II.7	Construction in progress	31,201	24,917	31,144	24,860
III.	Non-current financial assets	75	75	10,812	10,812
III.1	Investments	-	-	10,737	10,737
III.2	Non-current accounts receivable	75	75	75	75
IV.	Deferred tax assets	-	404	-	-
<b>B.</b>	<b>Current assets</b>	<b>223,835</b>	<b>238,283</b>	<b>219,682</b>	<b>234,231</b>
I.	Inventories and prepayments	35,371	109,388	35,347	109,370
I.1	Inventories	34,208	109,064	34,189	109,048
I.1.1	Raw materials, spare parts and other inventories	3,303	2,160	3,301	2,159
I.1.2	Goods for resale (including natural gas)	30,905	106,904	30,888	106,889
I.2	Prepayments	1,163	324	1,158	322
II.	Accounts receivable	59,576	91,579	59,529	91,524
II.1	Trade receivables	57,835	88,380	57,803	88,382
II.2	Other receivables	1,741	3,199	1,726	3,142
III.	Other current assets	68,727	3,722	65,000	-
IV.	Cash and cash equivalents	60,161	33,594	59,806	33,337
	<b>Total assets</b>	<b>2,424,263</b>	<b>2,458,956</b>	<b>2,423,641</b>	<b>2,457,926</b>

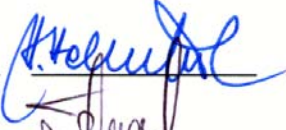
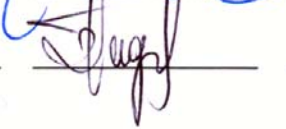
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The accompanying notes are an integral part of these financial statements.

**Balance sheets (cont'd)**

	Notes	Group		Company	
		As of 30 June 2008 (pre-audited)	As of 31 December 2007 (audited)	As of 30 June 2008 (pre-audited)	As of 31 December 2007 (audited)
<b>EQUITY AND LIABILITIES</b>					
<b>C. Equity</b>		<b>1,952,955</b>	<b>1,929,787</b>	<b>1,952,092</b>	<b>1,928,825</b>
I. Share capital		469,068	469,068	469,068	469,068
II. Reserves		1,411,775	1,357,881	1,409,678	1,355,991
II.1 Legal reserves		23,160	17,962	22,983	17,795
II.2 Other reserves		1,388,615	1,339,919	1,386,695	1,338,196
III. Retained earnings		72,112	102,838	73,346	103,766
<b>D. Liabilities</b>		<b>471,308</b>	<b>529,169</b>	<b>471,549</b>	<b>529,101</b>
I. Non-current liabilities		340,364	338,876	340,764	338,876
I.1 Non-current borrowings	7	9,648	10,720	9,648	10,720
I.2 Grants (deferred revenue)		144,211	137,231	144,211	137,231
I.3 Deferred tax liability	6	186,505	190,925	186,905	190,925
II. Current liabilities		130,944	190,293	130,785	190,225
II.1 Current portion of non-current borrowings	7	5,069	10,839	5,069	10,839
II.2 Trade payables		70,312	119,515	70,284	119,498
II.3 Prepayments received		18,701	15,170	18,673	15,152
II.4 Income tax payable		18,671	12,950	18,671	12,950
II.5 Payroll related liabilities		8,558	6,555	8,465	6,524
II.6 Other current liabilities		9,633	25,264	9,623	25,262
<b>Total equity and liabilities</b>		<b>2,424,263</b>	<b>2,458,956</b>	<b>2,423,641</b>	<b>2,457,926</b>

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

General Manager	V.Valentukevičius		29 August 2008
Chief Accountant	Ž. Augutis		29 August 2008

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**Income statements**

	Group		Company		Group		Company	
	Three months period ended 30 June 2008 (pre-audited)	Three months period ended 30 June 2007 (pre-audited)	Three months period ended 30 June 2008 (pre-audited)	Three months period ended 30 June 2007 (pre-audited)	Six months period ended 30 June 2008 (pre-audited)	Six months period ended 30 June 2007 (pre-audited)	Six months period ended 30 June 2008 (pre-audited)	Six months period ended 30 June 2007 (pre-audited)
I. Sales	276,876	162,020	276,551	161,689	780,819	490,468	780,338	489,986
II. Cost of sales	(197,075)	(98,824)	(197,023)	(98,767)	(580,754)	(287,456)	(580,658)	(287,352)
III. <b>Gross profit</b>	<b>79,801</b>	<b>63,196</b>	<b>79,528</b>	<b>62,922</b>	<b>200,065</b>	<b>203,012</b>	<b>199,680</b>	<b>202,634</b>
IV. Operating expenses	(62,033)	(57,857)	(61,727)	(57,606)	(121,707)	(110,607)	(121,121)	(110,125)
V. Other operating activities income (net)	1,208	1,293	1,208	1,293	3,584	2,733	3,584	2,733
VI. <b>Profit from operations</b>	<b>18,976</b>	<b>6,632</b>	<b>19,009</b>	<b>6,609</b>	<b>81,942</b>	<b>95,138</b>	<b>82,143</b>	<b>95,242</b>
VII. <b>Financial and investing activities</b>	<b>1,786</b>	<b>690</b>	<b>1,733</b>	<b>653</b>	<b>2,524</b>	<b>(343)</b>	<b>2,418</b>	<b>(416)</b>
VII. 1. Income	2,008	1,059	1,955	1,022	3,039	1,365	2,933	1,292
VII. 2. Expenses	(222)	(369)	(222)	(369)	(515)	(1,708)	(515)	(1,708)
VIII. <b>Profit before tax</b>	<b>20,762</b>	<b>7,322</b>	<b>20,742</b>	<b>7,262</b>	<b>84,466</b>	<b>94,795</b>	<b>84,561</b>	<b>94,826</b>
IX. <b>Income tax</b>	<b>(1,183)</b>	<b>(417)</b>	<b>(1,181)</b>	<b>(415)</b>	<b>(11,219)</b>	<b>(15,629)</b>	<b>(11,215)</b>	<b>(15,624)</b>
IX.1 Current period income tax	(3,141)	(2,816)	(3,141)	(2,816)	(15,235)	(14,958)	(15,235)	(14,958)
IX.2 Deferred income tax	1,958	2,399	1,960	2,401	4,016	(671)	4,020	(666)
X. <b>Net profit</b>	<b>19,579</b>	<b>6,905</b>	<b>19,561</b>	<b>6,847</b>	<b>73,247</b>	<b>79,166</b>	<b>73,346</b>	<b>79,202</b>
Basic and diluted earnings per share (LTL)	0.04	0.01	0.04	0.01	0.16	0.17	0.16	0.17

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

The income statements for the six months ended June 2007 are restated due to the reclassification of the result from the other operating activities.

General Manager  V. Valentukevičius 29 August 2008

Chief Accountant  Ž. Augaitis 29 August 2008

## Statements of changes in equity

Group	Notes	Share capital	Legal reserve	Corporate business development reserve	Retained earnings (deficit)	Total
<b>Balance as of 1 January 2007 (audited)</b>		<b>469,068</b>	<b>14,996</b>	<b>1,313,561</b>	<b>58,184</b>	<b>1,855,809</b>
Transfer to legal reserve		-	2,966	-	(2,966)	-
Transfers to corporate business development reserve		-	-	26,358	(26,358)	-
Dividends declared		-	-	-	(30,000)	(30,000)
Net profit for the reporting period		-	-	-	79,166	79,166
<b>Balance as of 30 June 2007 (pre-audited)</b>		<b>469,068</b>	<b>17,962</b>	<b>1,339,919</b>	<b>78,026</b>	<b>1,904,975</b>
<b>Balance as of 31 December 2007 (audited)</b>		<b>469,068</b>	<b>17,962</b>	<b>1,339,919</b>	<b>102,838</b>	<b>1,929,787</b>
Transfer to legal reserve		-	5,198	-	(5,198)	-
Transfers to corporate business development reserve		-	-	48,696	(48,696)	-
Dividends declared	9	-	-	-	(50,000)	(50,000)
Other profit distribution		-	-	-	(79)	(79)
Net profit for the reporting period		-	-	-	73,247	73,247
<b>Balance as of 30 June 2008 (pre-audited)</b>		<b>469,068</b>	<b>23,160</b>	<b>1,388,615</b>	<b>72,112</b>	<b>1,952,955</b>

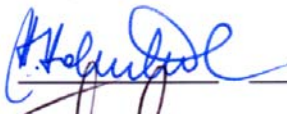

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General Manager	V.Valentukevičius		29 August 2008
Chief Accountant	Ž. Augutis		29 August 2008

### Statements of changes in equity (cont'd)

Company	Notes	Share capital	Legal reserve	Corporate business development reserve	Retained earnings (deficit)	Total
<b>Balance as of 1 January 2007 (audited)</b>		<b>469,068</b>	<b>14,838</b>	<b>1,312,013</b>	<b>59,140</b>	<b>1,855,059</b>
Transfer to legal reserve		-	2,957	-	(2,957)	-
Transfers to corporate business development reserve		-	-	26,183	(26,183)	-
Dividends declared		-	-	-	(30,000)	(30,000)
Net profit for the reporting period		-	-	-	79,202	79,202
<b>Balance as of 30 June 2007 (pre-audited)</b>		<b>469,068</b>	<b>17,795</b>	<b>1,338,196</b>	<b>79,202</b>	<b>1,904,261</b>
<b>Balance as of 31 December 2007 (audited)</b>		<b>469,068</b>	<b>17,795</b>	<b>1,338,196</b>	<b>103,766</b>	<b>1,928,825</b>
Transfer to legal reserve		-	5,188	-	(5,188)	-
Transfers to corporate business development reserve		-	-	48,499	(48,499)	-
Dividends declared	9	-	-	-	(50,000)	(50,000)
Other profit distribution		-	-	-	(79)	(79)
Net profit for the reporting period		-	-	-	73,346	73,346
<b>Balance as of 30 June 2008 (pre-audited)</b>		<b>469,068</b>	<b>22,983</b>	<b>1,386,695</b>	<b>73,346</b>	<b>1,952,092</b>

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

General Manager	V.Valentukevičius		29 August 2008
Chief Accountant	Ž. Augutis		29 August 2008

## Cash flows statements

	<b>Group</b>		<b>Company</b>	
	<b>6 months period ended 30 June 2008 (pre-audited)</b>	<b>6 months period ended 30 June 2007 (pre-audited)</b>	<b>6 months period ended 30 June 2008 (pre-audited)</b>	<b>6 months period ended 30 June 2007 (pre-audited)</b>
<b>I. Cash flows from (to) operating activities</b>				
I.1 Net profit	73,247	79,166	73,346	79,202
<b>Adjustments of non-cash items:</b>				
I.2 Depreciation and amortisation	46,842	46,863	46,716	46,743
I.3 (Gain) loss on property, plant and equipment, doubtful trade accounts receivable and inventories write-off and disposal	(132)	(92)	(132)	(92)
I.4 (Reversal of) impairment for property, plant and equipment, financial assets, allowance for doubtful trade accounts receivable and inventories	(737)	(90)	(737)	(90)
I.5 Income tax expenses	11,219	15,629	11,215	15,624
I.6 Interest (income)	(2,296)	(1,207)	(2,190)	(1,134)
I.7 Interest expenses	514	1,707	514	1,707
I.8 Loss (gain) on foreign currency exchange	-	1	-	1
I.9 Elimination of other financial activity results	(135)	(111)	(135)	(111)
I.10 Amortisation of the grants, deferred revenue and other non-cash items	(1,786)	(1,619)	(1,786)	(1,619)
	<b>126,736</b>	<b>140,247</b>	<b>126,811</b>	<b>140,231</b>
<b>Changes in working capital:</b>				
I.11 (Increase) decrease in inventories	74,884	(33,244)	74,887	(33,248)
I.12 Decrease in trade accounts receivable	30,921	24,376	30,957	24,405
I.13 (Increase) decrease in other accounts receivable and prepayments	1,449	(1,411)	1,403	(1,484)
I.14 (Decrease) in trade accounts payable	(55,243)	(16,626)	(55,255)	(16,479)
I.15 Increase (decrease) in other current liabilities	(2,591)	8,571	(2,671)	8,514
I.16 Income tax (paid)	(9,521)	(5,496)	(9,514)	(5,476)
	<b>39,899</b>	<b>(23,830)</b>	<b>39,807</b>	<b>(23,768)</b>
<b>Net cash flows from operating activities</b>	<b>166,635</b>	<b>116,417</b>	<b>166,618</b>	<b>116,463</b>
<b>II. Cash flows from (to) investing activities</b>				
II.1 (Acquisitions) of property, plant and equipment and intangible assets	(20,989)	(27,227)	(20,969)	(27,182)
II.2 Proceeds from sales of property, plant and equipment	527	128	527	128
II.3 Proceeds from sales of financial assets	-	5	-	5
II.4 (Increase) in term deposits	(65,005)	(6)	(65,000)	-
II.5 Interest received	1,442	1,207	1,336	1,134
<b>Net cash flows (to) investing activities</b>	<b>(84,025)</b>	<b>(25,893)</b>	<b>(84,106)</b>	<b>(25,915)</b>



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

### Cash flows statements (cont'd)

	Group		Company	
	6 months period ended 30 June 2008 (pre-audited)	6 months period ended 30 June 2007 (pre-audited)	6 months period ended 30 June 2008 (pre-audited)	6 months period ended 30 June 2007 (pre-audited)
<b>III. Cash flows from (to) financing activities</b>				
III.1 Dividends (paid)	(49,971)	(29,937)	(49,971)	(29,937)
III.2 Loans received	-	186,451	-	186,451
III.3 Loans (repaid)	(6,842)	(194,190)	(6,842)	(194,190)
III.4 (Acquisition) of held-to-maturity investments	-	(34,591)	-	(34,591)
III.5 Grants received	1,314	1,970	1,314	1,970
III.6 Interest (paid)	(544)	(1,734)	(544)	(1,734)
<b>Net cash flows (to) financing activities</b>	<b>(56,043)</b>	<b>(72,031)</b>	<b>(56,043)</b>	<b>(72,031)</b>
<b>IV. Impact of changes in currency exchange rates on cash balance</b>	-	-	-	-
<b>V. Net increase in cash and cash equivalents</b>	<b>26,567</b>	<b>18,493</b>	<b>26,469</b>	<b>18,517</b>
<b>VI. Cash and cash equivalents at the beginning of the period</b>	<b>33,594</b>	<b>23,559</b>	<b>33,337</b>	<b>23,124</b>
<b>VII. Cash and cash equivalents at the end of the period</b>	<b>60,161</b>	<b>42,052</b>	<b>59,806</b>	<b>41,641</b>

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

General Manager	V.Valentukevičius		29 August 2008
Chief Accountant	Ž. Augutis		29 August 2008



## Notes to the financial statements

### 1 General information

AB Lietuvos Dujos (hereinafter "the Company") and consolidated AB Lietuvos Dujos and UAB Palangos Perlas (hereinafter "the Group") condensed financial statements, including the balance sheets as of 30 June 2008, income statements, cash flows statements and statements of changes in equity for the six months ended 30 June 2008 and 30 June 2007 are not audited. The consolidated and the Company's financial statements for the year ended 31 December 2007 are audited and prepared according to International Financial Reporting Standards (IFRS). For better understanding of the information provided in those financial statements, the consolidated and the Company's condensed financial statements must be read together with the consolidated and the Company's annual financial statements of 2007.

The Company's shares are traded in the Vilnius Stock Exchange. On 1 January 2008 the Company's shares were moved from the Secondary List into the Main List of the Vilnius Stock Exchange.

### 2 Accounting principles

The Company's and the Group's condensed financial statements as of 30 June 2008 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

The principal accounting policies adopted in preparing the condensed financial statements for the six months period ended as of 30 June 2008 were the same as these used for preparing the financial statements for 2007 according to the IFRS, as adopted in European Union.

### 3 Segment information

Till 1 July 2007 supply activities were separated between regulated and eligible customers, after this date due to changes in legislation all customers became eligible. The Company and the Group merged Supply for regulated customers and Supply for eligible customers segments into one segment – Supply.

Segment information for the periods ended 30 June 2008 and 30 June 2007 is presented below:

#### Group

<u>As of 30 June 2008</u>	<u>Transmission</u>	<u>Distribution</u>	<u>Supply</u>	<u>Other</u>	<u>Total</u>
<b>Sales</b>	69,426	77,868	631,668	1,857	<b>780,819</b>
<b>Profit from operations</b>	18,646	14,203	47,057	2,036	<b>81,942</b>
<u>As of 30 June 2007</u>					
<b>Sales</b>	54,617	70,515	362,356	2,980	<b>490,468</b>
<b>Profit from operations</b>	8,228	15,277	68,867	2,766	<b>95,138</b>

#### Company

<u>As of 30 June 2008</u>	<u>Transmission</u>	<u>Distribution</u>	<u>Supply</u>	<u>Other</u>	<u>Total</u>
<b>Sales</b>	69,426	77,868	631,698	1,346	<b>780,338</b>
<b>Profit from operations</b>	18,646	14,203	47,030	2,264	<b>82,143</b>
<u>As of 30 June 2007</u>					
<b>Sales</b>	54,617	70,515	362,356	2,498	<b>489,986</b>
<b>Profit from operations</b>	8,228	15,277	68,867	2,870	<b>95,242</b>

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**4 Inventories**

	<b>Group</b>		<b>Company</b>	
	<b>30 June 2008 (pre-audited)</b>	<b>31 December 2007 (audited)</b>	<b>30 June 2008 (pre-audited)</b>	<b>31 December 2007 (audited)</b>
Raw materials, spare parts and other inventories	3,485	2,367	3,483	2,366
Goods for resale (including natural gas)	30,905	106,904	30,888	106,889
Inventories, gross	34,390	109,271	34,371	109,255
Less: allowance for inventories	(182)	(207)	(182)	(207)
	<u>34,208</u>	<u>109,064</u>	<u>34,189</u>	<u>109,048</u>

As of 30 June 2008 the Group's and the Company's balances of the goods for resale decreased significantly due to the lower volumes of natural gas kept in the natural gas storage facility in Latvia.

The cost of inventories participating in the evaluation of impairment amounted to LTL 2,340 thousand at net realizable value as of 30 June 2008 (LTL 1,422 thousand as of 31 December 2007). Changes in the allowance for inventories in the 1<sup>st</sup> half of 2008 and 2007 were included into operating expenses.

**5 Other current assets**

The other current assets of the Group and the Company as of 30 June 2008 total LTL 68,727 thousand and LTL 65,000 thousand (LTL 3,722 thousand and LTL 0 as of 31 December 2007). During the 1<sup>st</sup> half of the year 2008 the Group's and the Company's balances of the other current assets increased significantly due to the new agreements for term deposits.

**6 Income tax**

**6.1 Deferred income tax**

Since that the Group's deferred income tax asset and deferred income tax liability are calculated in compliance with the requirements set by the same tax authority and that the deferred income tax asset will be realized and the liability will be covered at approximately the same time in the future, the deferred income tax asset and deferred income tax liability are netted.

The calculations of the net book value of the deferred income tax liability as of 30 June 2008 are presented below:

<b>Group</b>	<b>30 June 2008 (pre-audited)</b>
Deferred tax asset	400
Deferred tax liability	186,905
Less: deferred tax liability netted with deferred tax asset	400
Deferred tax liability, net	<u><b>(186,505)</b></u>

**6.2 Income tax expenses**

To calculate the income tax for the six months of 2008, including deferred tax, the 15 % rate was applied compared with the 3% social tax rate applied in addition to the valid 15 % rate when calculating the income tax for the six months of 2007.

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## 7 Borrowings

AB Lietuvos Dujos borrowings as of 30 June 2008:

Borrowings (pre-audited)	Borrowings and their portions, payable			
	Current borrowings	Payable after one year but not later than in five years	Payable after five years	Total
Borrowings from Lithuanian credit institutions	5,069	8,576	1,072	14,717
	5,069	8,576	1,072	14,717

In the calculations, official currency exchange rates as of 30 June 2008 set by the Bank of Lithuania are applied: EUR/LTL 3.4528

As of 30 June 2008, weighted average annual interest rate of borrowings outstanding was 5.41 % (5.05% as of 31 December 2007).

The borrowings outstanding as of 30 June 2008 were denominated in national currency (2.89 %) and in EUR (97.11 %).

## 8 Earnings per share

Basic earnings per share reflect the Group's and the Company's net income, divided by the weighted average number of shares. There are no diluting instruments, therefore basic and diluted earnings per share are equal. Calculations of the basic earnings per share are presented below:

	Group		Company	
	30 June 2008 (pre-audited)	30 June 2007 (pre-audited)	30 June 2008 (pre-audited)	30 June 2007 (pre-audited)
Net profit attributable to the shareholders (in LTL thousand)	73,247	79,166	73,346	79,202
Weighted average number of shares in thousand	469,068	469,068	469,068	469,068
Basic earnings per share (in LTL)	0.16	0.17	0.16	0.17

## 9 Dividends

During the regular general shareholders' meeting on 16 April 2008, when approving the Company's 2007 profit and loss appropriation, the decision was made to pay to shareholders dividends for the year 2007 in the amount of LTL 50 million (LTL 0.107 per ordinary registered share with the par value of LTL 1 per share).

## 10 Commitments and contingencies

### Legal disputes related to licence receipt / issue

AB Lietuvos Dujos is a party to a number of legal disputes related to the natural gas distribution licence including the following major ones:

1. UAB Intergas applied to the court with a request to annul the New Consumer Connection Agreement concluded between AB Lietuvos Dujos and UAB Girių Bizonas and to recognise the actions of AB Lietuvos Dujos in relation to the agreement conclusion as illicit. Also, UAB Intergas addressed Vilnius County Administrative Court for annulment of the Decree of the National Control Commission for Prices and Energy (hereinafter, the Commission) No 03-57 of 31 August 2006 on the amendment of the natural gas distribution licence for AB Lietuvos Dujos, according to which the license of natural gas distribution in the municipalities of Marijampolė, district municipalities of Šakiai, Vilkaviškis and Kazlų Rūda was issued to AB Lietuvos Dujos. Both cases mentioned above have been suspended.

Furthermore, UAB Intergas applied to Vilnius Second District Court for recognition of the cancellation of Kazlų Rūda gas pipeline rent agreements between UAB Intergas and UAB Suskystintos Dujos as illegitimate and for obliging the defendant (UAB Suskystintos Dujos) to fulfil the above rent agreements. AB Lietuvos Dujos stands as a third party in this case, because on 13 April 2006 according to a sales-purchase agreement, it acquired the pipelines, the lease of which is under litigation, located in Kazlų Rūda from UAB Suskystintos Dujos. The claim has been rejected.

2. AB Lietuvos Dujos stands as a third party in the case where UAB Intergas requests annulment of the building permit for Šakiai-Jurbarkas pipeline. The defendant is Tauragė County Governor's Administration. Requirement security measures were applied in this case: validity of the contested building permit was temporarily suspended and Tauragė County Governor's Administration was forbidden to issue documents on the recognition of the transmission pipeline Šakiai – Jurbarkas as suitable for use during the building licence suspension. As AB Lietuvos Dujos appealed against this ruling, and on 10 September 2007 the court ruling on the requirement security measures was overruled. Currently, this case is suspended.

3. Lietuvos Dujos stands as a third party in the case where UAB Intergas requests annulment of a part of the Commission Regulation No 03-53 of 24 July 2007 regarding a permit for AB Lietuvos Dujos to install a natural gas transmission system Šakiai -Tauragė with branches to Jurbarkas and Tauragė M&R Stations. Vilnius County Administrative Court dismissed the claim of UAB Intergas. UAB Intergas went to an appeal court.

4. Vilnius County Administrative Court has an open case based on an appeal of AB Lietuvos Dujos regarding partial annulment of the Commission Resolution of 7 February 2007, by which the Commission stated that AB Lietuvos Dujos must issue the terms for connection to AB Lietuvos Dujos gas system requested by UAB Intergas. A court of the first instance adjudged that the Commission had justly obligated AB Lietuvos dujos to issue terms for the connection to two of the four connection points requested by UAB Intergas. AB Lietuvos dujos has lodged an appeal.

## 11 Related party transactions

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

The related parties of the Group and the Company and related party transactions in the first half of the year 2008 and 2007 were as follows:

- E.ON Ruhrgas International AG (one of the major shareholders of the Company);
- OAO Gazprom (one of the major shareholders of the Company);
- State Property Fund (one of the major shareholders of the Company);
- UAB Palangos Perlas (subsidiary of the Company);
- AS Latvijas Gaze (sister Company, same shareholders)

<b>30 June 2008 (pre-audited)</b>	<b>Purchases</b>	<b>Sales</b>	<b>Accounts receivable</b>	<b>Accounts payable</b>
OA0 Gazprom	505,480	4,974	380	58,977
UAB Palangos Perlas	56	30	5	-
AS Latvijas Gaze	4,285	-	-	-
	<b>509,821</b>	<b>5,004</b>	<b>385</b>	<b>58,977</b>

**AB LIETUVOS DUJOS, company code 120059523, Aguonų Str. 24, Vilnius, Lithuania**  
**CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 June 2008**  
(all amounts are in LTL thousand unless otherwise stated)

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**11 Related party transactions (cont'd)**

<b>30 June 2007 (pre-audited)</b>	<b>Purchases</b>	<b>Sales</b>	<b>Accounts receivable</b>	<b>Accounts payable</b>
OAO Gazprom	320,731	5,480	-	38,565
UAB Palangos Perlas	70	20	1	1
AS Latvijas Gaze	2,196	-	-	202
	<u>322,997</u>	<u>5,500</u>	<u>1</u>	<u>38,768</u>