

AB LIETUVOS DUJOS

To: Lithuanian Securities Commission

31 08 2007

CONFIRMATION OF RESPONSIBLE PERSONS

Following the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we, Viktoras Valentukevičius, General Manager and Giedrė Glinskienė, Chief Financial Officer of AB Lietuvos dujos, hereby confirm that to the best of our knowledge, the attached AB Lietuvos dujos Consolidated and Parent Company's Condensed Financial Statements for the Six Months Ended 30 June 2007 Prepared According to International Financial Reporting Standards as Adopted by European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of AB Lietuvos dujos and the Group.

ENCLOSURE: AB Lietuvos dujos Consolidated and Parent Company's Condensed Financial Statements for the Six Months Ended 30 June 2007 Prepared According to International Financial Reporting Standards as Adopted by European Union (14 pages).

General Manager



Viktoras Valentukevičius

Chief Financial Officer



Giedrė Glinskienė

AB LIETUVOS DUJOS

**CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL
STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2007
PREPARED ACCORDING TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY EU**

**AB LIETUVOS DUJOS CONSOLIDATED AND THE PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2007**

(all amounts are in LTL thousand unless otherwise stated)

Balance sheets

	Notes	Group		Company	
		As of 30 June 2007 (pre-audited)	As of 31 December 2006 (audited)	As of 30 June 2007 (pre-audited)	As of 31 December 2006 (audited)
ASSETS					
A	Non-current assets	2.188.032	2.198.820	2.191.294	2.201.999
I.	Intangible assets	2.306	2.845	2.300	2.844
II.	Non-current tangible assets	2.185.151	2.195.389	2.178.176	2.188.332
II.1.	Land	164	103	164	103
II.2.	Buildings and structures	2.025.124	2.047.655	2.018.574	2.041.035
II.2.1.	Buildings	81.432	82.213	74.882	75.593
II.2.2.	Transmission networks and related installations	1.310.001	1.332.781	1.310.001	1.332.781
II.2.3.	Distribution networks and related installations	625.069	623.673	625.069	623.673
II.2.4.	Other buildings and structures	8.622	8.988	8.622	8.988
II.3.	Machinery and equipment	74.611	78.976	74.611	78.976
II.4.	Vehicles	8.728	9.916	8.687	9.865
II.5.	Other equipment, tools and devices	29.554	32.024	29.220	31.688
II.6.	Construction in progress	43.194	23.269	43.144	23.219
II.7.	Other non-current tangible assets	3.776	3.446	3.776	3.446
III.	Non-current financial assets	81	86	10.818	10.823
III.1.	Investments	-	-	10.737	10.737
III.2.	Non-current accounts receivable	81	81	81	81
III.3.	Other financial assets	-	5	-	5
IV.	Deferred tax assets	494	500	-	-
B	Current assets	167.908	104.269	163.701	100.017
I.	Inventories and prepayments	59.744	25.416	59.721	25.391
I.1.	Inventories	58.668	25.257	58.652	25.237
I.1.1.	Raw materials, spare parts and other inventories	3.216	2.938	3.215	2.937
I.1.2.	Goods for resale (including natural gas)	55.452	22.319	55.437	22.300
I.2.	Prepayments	1.076	159	1.069	154
II.	Accounts receivable	27.829	51.608	27.748	51.502
II.1.	Trade receivables	26.514	50.966	26.473	50.954
II.2.	Other receivables	1.315	642	1.275	548
III.	Other current assets	38.283	3.686	34.591	-
IV.	Cash and cash equivalents	42.052	23.559	41.641	23.124
	Total assets	2.355.940	2.303.089	2.354.995	2.302.016

**AB LIETUVOS DUJOS CONSOLIDATED AND THE PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2007**

(all amounts are in LTL thousand unless otherwise stated)

Balance sheets (cont'd)

	Notes	Group		Company	
		As of 30 June 2007 (pre-audited)	As of 31 December 2006 (audited)	As of 30 June 2007 (pre-audited)	As of 31 December 2006 (audited)
EQUITY AND LIABILITIES					
C. Equity		1,904,975	1,855,809	1,904,261	1,855,059
I. Share capital		469,068	469,068	469,068	469,068
II. Reserves		1,357,880	1,328,557	1,355,991	1,326,851
II.1. Legal reserve		17,962	14,996	17,795	14,838
II.2. Other reserves		1,339,918	1,313,561	1,338,196	1,312,013
III. Retained earnings (loss)		78,027	58,184	79,202	59,140
D. Liabilities		450,965	447,280	450,734	446,957
I. Non-current liabilities		327,478	327,927	327,393	327,841
I.1. Non-current borrowings	7	14,727	21,559	14,727	21,559
I.2. Grants (deferred revenue)	6	116,819	111,101	116,819	111,101
I.3. Deferred taxes		195,932	195,267	195,847	195,181
II. Current liabilities		123,487	119,353	123,341	119,116
II.1. Current portion of non-current borrowings	7	13,664	14,570	13,664	14,570
II.2. Trade payables		51,353	59,079	51,322	58,901
II.3. Prepayments received		21,407	16,381	21,396	16,381
II.4. Income tax payable		20,011	10,527	20,006	10,523
II.5. Payroll related liabilities		7,138	4,656	7,054	4,603
II.6. Other current liabilities		9,914	14,140	9,899	14,138
Total equity and liabilities		2,355,940	2,303,089	2,354,995	2,302,016

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

General Manager

V. Valentukevičius

Chief Accountant

Ž. Augutis

AB LIETUVOS DUJOS CONSOLIDATED AND THE PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2007
(all amounts are in LTL thousand unless otherwise stated)

Income statements

	Notes	Group		Company		Group		Company	
		3 months period ended 30 June 2007 (pre-audited)	3 months period ended 30 June 2006 (pre-audited) Restated	3 months period ended 30 June 2007 (pre-audited)	3 months period ended 30 June 2006 (pre-audited) Restated	6 months period ended 30 June 2007 (pre-audited)	6 months period ended 30 June 2006 (pre-audited) Restated	6 months period ended 30 June 2007 (pre-audited)	6 months period ended 30 June 2006 (pre-audited) Restated
I.	Sales	162.020	133.168	161.689	132.906	490.468	414.413	489.986	413.999
II.	Cost of sales	97.534	82.105	98.767	82.056	287.456	264.837	287.352	264.739
III.	Gross profit (loss)	64.486	51.063	62.922	50.850	203.012	149.576	202.634	149.260
IV.	Operating expenses	59.147	54.066	57.606	53.843	110.607	104.786	110.125	104.359
V.	Profit (loss) from operations	5.339	(3.003)	5.316	(2.993)	92.405	44.790	92.509	44.901
VI.	Other operating activities	1.293	1.291	1.293	1.291	2.733	3.273	2.733	3.273
VI.1.	Income	1.301	1.311	1.301	1.311	2.761	3.307	2.761	3.307
VI.2.	Expenses	8	20	8	20	28	34	28	34
VII.	Financial and investing activities	690	802	654	2.768	(343)	862	(416)	2.792
VII.1.	Income	1.059	469	1.022	2.435	1.365	1.466	1.292	3.396
VII.2.	Expenses	369	(333)	368	(333)	1.708	604	1.708	604
VIII.	Profit (loss) before tax	7.322	(910)	7.263	1.066	94.795	48.925	94.826	50.966
IX.	Income tax	417	(1.644)	415	(1.646)	15.629	8.529	15.624	8.524
IX.1.	Current period income tax	2.816	1.192	2.816	1.192	14.958	14.695	14.958	14.695
IX.2.	Deferred income tax	(2.399)	(2.836)	(2.401)	(2.838)	671	(6.166)	666	(6.171)
X.	Net profit (loss)	6.905	734	6.848	2.712	79.166	40.396	79.202	42.442
	Basic and diluted earnings (loss) per share (LTL)	0.01	0	0.01	0.01	0.17	0.09	0.17	0.09

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

General Manager

Chief accountant

V. Valentukevičius

Ž. Augutis

**AB LIETUVOS DUJOS CONSOLIDATED AND THE PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2007**

(all amounts are in LTL thousand unless otherwise stated)

Statements of changes in equity

Group

	Notes	Share capital	Legal reserve	Corporate business development reserve	Reserve for securing social guarantees provided for in the Collective agreement, for support and for other purposes	Retained earnings (deficit)	Total
Balance as of 1 January 2006 (restated)		469.068	12.528	72.149	3.500	1.271.240	1.828.485
Transfer to legal reserve		-	2.468	-	-	(2.468)	-
Transfer from reserve for securing social guarantees provided for in the Collective agreement, for support and for other purposes		-	-	-	(3.500)	3.500	-
Transfers to corporate business development reserve		-	-	1.241.412	-	(1.241.412)	-
Dividends declared		-	-	-	-	(30.000)	(30.000)
Net profit (loss) for the reporting period		-	-	-	-	40.396	40.396
Balance as of 30 June 2006 (restated)		469.068	14.996	1.313.561	-	41.257	1.838.882
Net profit (loss) for the reporting period		-	-	-	-	16.927	16.927
Balance as of 31 December 2006 (audited)		469.068	14.996	1.313.561	-	58.184	1.855.809
Transfer to legal reserve		-	2.966	-	-	(2.966)	-
Transfers to corporate business development reserve		-	-	26.357	-	(26.357)	-
Dividends declared		-	-	-	-	(30.000)	(30.000)
Net profit (loss) for the reporting period		-	-	-	-	79.166	79.166
Balance as of 30 June 2007 (pre-audited)		469.068	17.962	1.339.918	-	78.027	1.904.975

The accompanying notes are an integral part of these financial statements

General Manager

V. Valentukevičius

Chief Accountant

Ž. Augutis

**AB LIETUVOS DUJOS CONSOLIDATED AND THE PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2007**

(all amounts are in LTL thousand unless otherwise stated)

Statements of changes in equity (cont'd)

Company

	Notes	Share capital	Legal reserve	Corporate business development reserve	Reserve for securing social guarantees provided for in the Collective agreement, for support and for other purposes	Retained earnings (deficit)	Total
Balance as of 1 January 2006 (restated)		469.068	12.528	72.146	3.500	1.268.677	1.825.919
Transfer to legal reserve		-	2.310	-	-	(2.310)	-
Transfer from reserve for securing social guarantees provided for in the Collective agreement, for support and for other purposes		-	-	-	(3.500)	3.500	-
Transfers to corporate business development reserve		-	-	1.239.867	-	(1.239.867)	-
Dividends declared		-	-	-	-	(30.000)	(30.000)
Net profit (loss) for the reporting period		-	-	-	-	42.442	42.442
Balance as of 30 June 2006 (restated)		469.068	14.838	1.312.013	-	42.442	1.838.361
Net profit (loss) for the reporting period		-	-	-	-	16.698	16.698
Balance as of 31 December 2006 (audited)		469.068	14.838	1.312.013	-	59.140	1.855.059
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 (loss) for the reporting period		-	-	-	-	79.202	79.202
Balance as of 30 June 2007 (pre-audited)		469.068	17.795	1.338.196	-	79.202	1.904.261

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

General Manager

V. Valentukevičius

Chief Accountant

Ž. Augutis

**AB LIETUVOS DUJOS CONSOLIDATED AND THE PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2007**

(all amounts are in LTL thousand unless otherwise stated)

Cash flows statements

Notes	Group		Company	
	6 months period ended 30 June2007 (pre-audited)	6 months period ended 30 June2006 (pre-audited) Restated	6 months period ended 30 June 2007 (pre-audited)	6 months period ended 30 June2006 (pre-audited) Restated
I. Cash flows from (to) operating activities				
I.1.	79.166	40.396	79.202	42.442
Adjustment of non-cash items:				
I.2.	46.863	47.466	46.743	47.368
I.3.	(92)	476	(92)	476
I.4.	(90)	(2.783)	(90)	(2.783)
I.5.	15.629	8.529	15.624	8.524
I.6.	(1.207)	(297)	(1.134)	(227)
I.7.	1.707	1.274	1.707	1.274
I.8.	-	-	-	(2.000)
I.9.	1	(1.024)	1	(1.024)
I.10.	(111)	-	(111)	-
I.11.	(1.619)	(1.218)	(1.619)	(1.218)
	140.247	92.819	140.231	92.832
Changes in working capital:				
I.12.	(33.244)	(1.994)	(33.248)	(1.993)
I.13.	24.376	26.370	24.405	26.371
I.14.	(1.411)	(610)	(1.484)	(545)
I.15.	(16.626)	(19.607)	(16.479)	(19.593)
I.16.	8.571	4.678	8.514	5.759
I.17.	-	(670)	-	(670)
I.18.	(5.496)	(9.469)	(5.476)	(9.469)
	(23.830)	(1.302)	(23.768)	(140)
Net cash flows from operating activities	116.417	91.517	116.463	92.692
II. Cash flows from (to) investing activities				
II.1.	(27.227)	(36.021)	(27.182)	(35.587)
II.2.	128	3.536	128	3.536
II.3.	-	6	-	6
II.4.	5	4	5	4
II.5.	(6)	(2.498)	-	-
II.6.	-	-	-	2.000
II.7.	1.207	297	1.134	227
Net cash flows (to) investing activities	(25.893)	(34.676)	(25.915)	(29.814)

**AB LIETUVOS DUJOS CONSOLIDATED AND THE PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2007**

(all amounts are in LTL thousand unless otherwise stated)

Cash flows statements (cont'd)

	Notes	Group		Company	
		6 months period ended 30 June 2007 (pre-audited)	6 months period ended 30 June 2006 (pre-audited) Restated	6 months period ended 30 June 2007 (pre-audited)	6 months period ended 30 June 2006 (pre-audited) Restated
III.		Cash flows from (to) financing activities			
III.1.	Dividends (paid)	(29.937)	(29.945)	(29.937)	(29.945)
III.2.	Loans received	186.451	138.122	186.451	138.122
III.3.	Loans (repaid)	(194.190)	(156.525)	(194.190)	(156.525)
III.4.	(Acquisition /purchase) of held-to-maturity investments	(34.591)	-	(34.591)	-
III.5.	Proceeds from redemption of held-to-maturity investments	-	-	-	-
III.6.	Grants received	1.970	402	1.970	402
III.7.	Cash flows from (to) other financial activities	-	670	-	670
III.8.	Interest (paid)	(1.734)	(1.319)	(1.734)	(1.319)
	Net cash flows from (to) financing activities	(72.031)	(48.595)	(72.031)	(48.595)
IV.	Impact of changes in currency exchange rates on cash balance	-	(136)	-	(136)
V.	Net increase (decrease) in cash and cash equivalents	18.493	8.110	18.517	14.147
VI.	Cash and cash equivalents at the beginning of the period	23.559	12.168	23.124	6.052
VII.	Cash and cash equivalents at the end of the period	42.052	20.278	41.641	20.199

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

General Manager

V. Valentukevičius

Chief Accountant

Ž. Augutis

**AB LIETUVOS DUJOS CONSOLIDATED AND THE PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2007**

(all amounts are in LTL thousand unless otherwise stated)

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 2007, income statements, cash flows statements and statements of changes in equity for the six months ended 30 June 2007 and 30 June 2006 are not audited. The consolidated and the Company's financial statements for the year ended 31 December 2006 are audited and prepared according to International Financial Reporting Standards (IFRS), including IFRS 1 "First time adoption of international financial reporting standards", except that the date of the transitional period is 1 January 2005 instead of 1 January 2004, as required by 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 2006.

2 Accounting principles

The Company's and the Group's condensed financial statements as of 30 June 2007 have been prepared in accordance with IAS 34 Interim Financial Statements.

The principal accounting policies adopted in preparing the condensed financial statements for the six months period ended as of 30 June 2007 were the same as these used for preparing the financial statements for 2006 according to the IFRS, as adopted in European Union, except for the income tax and deferred tax accounting principles described in Note 5 Disclosure of significant changes.

3 Segment information

Segment information for the periods ended 30 June 2006 and 2007 is presented below:

Group

2006 (pre-audited)	Transmission	Distribution	Supply for regulated customers	Supply for eligible customers	Other	Total
Sales	49.984	73.376	135.382	152.199	3.472	414.413
Profit (loss) from operations	2.247	21.737	4.258	14.458	2.090	44.790

2007 (pre-audited)	Transmission	Distribution	Supply for regulated customers	Supply for eligible customers	Other	Total
Sales	54.617	70.515	180.965	181.391	2.980	490.468
Profit (loss) from operations	7.270	14.772	36.885	31.982	1.496	92.405

**AB LIETUVOS DUJOS CONSOLIDATED AND THE PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2007**

(all amounts are in LTL thousand unless otherwise stated)

3 Segment information (cont'd)

Company

2006 (pre-audited)	Transmission	Distribution	Supply for regulated customers	Supply for eligible customers	Other	Total
Sales	49.984	73.376	135.382	152.199	3.058	413.999
Profit (loss) from operations	2.247	21.737	4.258	14.458	2.201	44.901

2007 (pre-audited)	Transmission	Distribution	Supply for regulated customers	Supply for eligible customers	Other	Total
Sales	54.617	70.515	180.965	181.391	2.498	489.986
Profit (loss) from operations	7.270	14.772	36.885	31.982	1.600	92.509

4 Inventories

	Group		Company	
	6 months period ended 30 June 2007 (pre-audited)	31 December 2006 (audited)	6 months period ended 30 June 2007 (pre-audited)	31 December 2006 (audited)
Raw materials, spare parts and other inventories	3.803	3.687	3.802	3.686
Goods for resale (including natural gas)	55.452	22.319	55.437	22.300
Inventories, gross	59.255	26.006	59.239	25.986
Less: allowance for inventories	(587)	(749)	(587)	(749)
	58.668	25.257	58.652	25.237

As of 30 June 2007 the Group's and the Company's balances of the goods for resale increased significantly due to purchases of natural gas for storage in Latvia during the six months of 2007.

The cost of slow moving inventories accounted for at net realizable value amounted to LTL 587 thousand as of 30 June 2006 (LTL 749 thousand as of 31 December 2006). Changes in the allowance for inventories in 2007 and 2006 were included into operating expenses.

**AB LIETUVOS DUJOS CONSOLIDATED AND THE PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2007**

(all amounts are in LTL thousand unless otherwise stated)

5 Disclosure of significant changes

5.1 Income tax:

To calculate the income tax for the six months of 2007, including deferred tax, in addition to the valid 15 % rate the 3% social tax rate was applied compared with the 4 % rate applied when calculating the income tax for the six months of 2006.

The income tax expenses for the six months of 2006 and 2007, evaluating the change in the deferred tax assets and liability, are provided below:

Income tax expenses:

	Group		Company	
	30 June 2007 (pre-audited)	30 June 2006 (pre-audited) Restated	30 June 2007 (pre-audited)	30 June 2006 (pre-audited) Restated
Current income tax	14.958	14.695	14.958	14.695
Deferred tax	671	(6.166)	666	(6.171)
Income tax expenses charged to the income statements	15.629	8.529	15.624	8.524

5.2 Changes in income tax and deferred tax accounting:

On 18 April 2007, the Company received a letter from the State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania, explaining that from 1 January 2005, income from connecting new customers to the Company's natural gas system for income tax calculation purposes may be recognized over the useful life of the capitalized assets.

The result of recalculation of the income tax of 2005 and 2006 from the income earned from connecting new customers was prospectively reflected in the Company's and the Group's financial statements of 30 June 2007, i.e. the amount of current income tax expenses in the Income statements and the amount of the income tax liabilities in the balance sheet were reduced by LTL 6,412 thousand.

Recalculation income tax of 2005 and 2006 in the mentioned period eliminated the temporary differences between net book value and tax value of liabilities (grants (deferred revenue)). The results of recalculation of the deferred taxes of 2005 and 2006 were prospectively reflected in the Company's and the Group's financial statements of 30 June 2007, i.e. the deferred tax expenses in the Income statement were increased and the amount of the deferred tax liabilities in the balance sheet was reduced by LTL 5,470 thousand.

The income from connecting new customers to the Company's natural gas system earned in January through June 2007 was taxed with income tax according to the new accounting principle. Considering the fact that the results of recalculation of the income tax and deferred taxes of 2005 and 2006 were reflected prospectively, in the financial statements of 30 June 2007 the comparative figures of 30 June 2006 are provided rearranged according to the figures of the annual financial statements of 2006, i.e. without recalculation of the income tax and deferred taxes from the income earned from connecting new consumers.

6 Grants (deferred revenue)

	Group		Company	
	30 June 2007 (pre-audited)	30 June 2006 (pre-audited) Restated	30 June 2007 (pre-audited)	30 June 2006 (pre-audited) Restated
Balance as of 1 January 2007 and 1 January 2006	111.101	87.997	111.101	87.997
Additions per the first half of the year 2007	7.447	5.145	7.447	5.145
Sold during the first half of the year 2007	-	(38)	-	(38)
Amortization per the first half of the year 2007	(1.729)	(1.179)	(1.729)	(1.179)
Balance as of the end of the period	116.819	91.925	116.819	91.925

Grants (deferred revenue) include non-current tangible assets received free of charge and the payments received from new customers for the connections to the Group's and the Company's natural gas system, the grants are charged to the income statements in portions on a straight-line basis over the estimated useful life of the assets'.

Grants also involve the amounts, received as a compensation of incurred expenses.

**AB LIETUVOS DUJOS CONSOLIDATED AND THE PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2007**

(all amounts are in LTL thousand unless otherwise stated)

7 Borrowings

AB Lietuvos Dujos borrowings as of 30 June 2007:

Borrowings (pre-audited)	Borrowings or their portions, payable			Total
	Current borrowings	Payable after one year but not later than in five years	Payable after five years	
Borrowings from Lithuanian credit institutions	13.664	11.511	3.216	28.391
Borrowings from foreign credit institutions	-	-	-	-
	13.664	11.511	3.216	28.391

In the calculations, official currency exchange rates as of 30 June 2007 set by the Bank of Lithuania are applied:

EUR/LTL 3.4528

As of 30 June 2007, weighted average annual interest rate of borrowings outstanding was 4,81 % (4,63 % as of 31 December 2006).

The borrowings outstanding as of 30 June 2007 were denominated in national currency (6,89 %) and in EUR (93,11 %).

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 2007 (pre-audited)	30 June 2006 (pre-audited) Restated	30 June 2007 (pre-audited)	30 June 2006 (pre-audited) Restated
Net profit attributed to the shareholders (in LTL thousand)	79.166	40.396	79.202	42.442
Weighted average number of shares in thousand	469.068	469.068	469.068	469.068
Basic earnings per share (in LTL)	0.17	0.09	0.17	0.09

9 Dividends

During the regular general shareholders' meeting on 18 April 2007, when approving the Company's 2006 profit and loss appropriation, the decision was made to pay to shareholders dividends for the year 2006 in the amount of LTL 30 million (LTL 0.06 per ordinary registered share with the par value of LTL 1 per share).

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(all amounts are in LTL thousand unless otherwise stated)

10 Commitments and contingencies

Litigation with the National Control Commission for Prices and Energy

AB Lietuvos Dujos financial results from regulated activities were negatively affected by the Decree No 03-36, of 30 June 2005 of the National Control Commission for Prices and Energy that unilaterally established the natural gas transmission and distribution prices and the gas prices for regulated customers for the Company effective from 1 July 2005. The Company applied to a County Administrative Court for cancellation of the following decrees of the National Control Commission for Prices and Energy: Decree No 03-18 dated 29 April 2005 on natural gas transmission and distribution price caps and natural gas price caps for the regulated customers for AB Lietuvos Dujos; Decree No 03-30 dated 30 May 2005 on natural gas transmission and distribution prices and prices for regulated customers for AB Lietuvos Dujos; Decree No 03-36 dated 30 June 2005 on natural gas transmission and distribution prices and prices for regulated customers for AB Lietuvos Dujos.

All three cases were merged into one and the case was suspended, as Vilnius County Administrative Court addressed the Supreme Administrative Court of Lithuania for an investigation whether certain clauses of the natural gas price caps calculation methodology approved by the Commission Decree No 03-15 of 12 April 2005 do not contradict the primary legislation. Also, AB Lietuvos Dujos applied to the County Administrative Court by asking to annul the Decree of the National Control Commission for Prices and Energy No 03-20, dated 27 April 2006 on adjustment of the natural gas transmission and distribution price caps and natural gas price caps for the regulated customers for AB Lietuvos Dujos. This case was merged to the case with the three aforementioned cases. On 19 October 2006 the Supreme Administrative Court of Lithuania adjudged that the respective clauses of the natural gas price caps calculation methodology approved by the National Control Commission for Prices and Energy by the Decree No 03-15 of 12 April 2005 do not contradict the primary legislation. On 13 March 2007, Vilnius County Administrative Court decided to reject the claim as unjustified. The Company appealed against the decision of the court to the Supreme Administrative Court of the Republic of Lithuania.

Litigation on obtaining license in Kazlų Rūda

Currently, AB Lietuvos Dujos is participating in four disputes related to granting the natural gas distribution license in the territory of Kazlų Rūda.

UAB Intergas applied to court for annulment of the agreement of new consumer connection signed between AB Lietuvos Dujos and UAB Girių Bizonas and to adjudge the related actions of AB Lietuvos Dujos as illegal. Also, UAB Intergas addressed Vilnius County Administrative Court for annulment of the Decree of the National Control Commission for Prices and Energy No 03-57, according to which the license of the natural gas distribution was issued to AB Lietuvos Dujos. In this case AB Lietuvos Dujos stands as a third party. Both cases mentioned above are suspended.

Furthermore, UAB Intergas applied to Vilnius Second District Court for annulment of the cancellation of Kazlų Rūda gas pipeline rent agreements between UAB Intergas and UAB Suskystintos Dujos and for obliging the defendant (UAB Suskystintos Dujos) to implement the above rent agreements. AB Lietuvos Dujos stands as a third party in this case, because on 13 April 2006 it acquired the above pipelines under the litigation from UAB Suskystintos Dujos. On 23 May 2007, the Court decided to reject the claim of UAB Intergas.

AB Lietuvos Dujos applied to Vilnius County Administrative Court for including the company as third party into the case, in which UAB Intergas litigates the legitimacy of the refusal of the National Control Commission for Prices and Energy to issue a license to UAB Intergas. The Court granted the suit of AB Lietuvos Dujos. The case was suspended till the end of legal hearing of the above-mentioned case (regarding the annulment of the cancellation of the gas pipeline rent agreements).

11 Transactions of related parties

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 and related major party transactions in the six months of 2006 and 2005 were as

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follows:

- E.ON Ruhrgas International AG (one of the major shareholders of the Company since 2002);
- OAO Gazprom (one of the major shareholders of the Company since 2004);
- State Property Fund (one of the major shareholders of the Company);
- AS Latvijas Gaze (jointly controlled by the major shareholders of the Company);
- UAB Palangos Perlas (subsidiary of the Company).

30 June 2006 (pre-audited)	Purchases	Sales	Accounts receivable	Accounts payable
OAO Gazprom	256.728	5.887		18.827
AS Latvijas Gaze	146			17
UAB Palangos Perlas	94	19	31	1
	<u>256.968</u>	<u>5.906</u>	<u>31</u>	<u>18.845</u>

30 June 2007 (pre-audited)	Purchases	Sales	Accounts receivable	Accounts payable
OAO Gazprom	320.731	5.480		38.565
AS Latvijas Gaze	2.196			202
UAB Palangos Perlas	70	20	1	1
	<u>322.997</u>	<u>5.500</u>	<u>1</u>	<u>38.768</u>