

AB LIETUVOS DUJOS

To: Lithuanian Securities Commission

31 05 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 Three Months Ended 31 March 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 Three Months Ended 31 March 2007 Prepared According to International Financial Reporting Standards as Adopted by European Union (13 pages).

General Manager

Viktoras Valentukevičius

Chief Financial Officer

Giedrė Glinskienė

AB LIETUVOS DUJOS

**CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL
STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 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 THREE MONTHS ENDED 31 MARCH 2007**
(all amounts are in LTL thousand unless otherwise stated)

Balance sheets

	Notes	Group		Company	
		As of 31 March 2007 (pre-audited)	As of 31 December 2006 (audited)	As of 31 March 2007 (pre-audited)	As of 31 December 2006 (audited)
ASSETS					
A	Non-current assets	2.191.244	2.198.820	2.194.460	2.201.999
I.	Intangible assets	2.560	2.845	2.558	2.844
II.	Non-current tangible assets	2.188.101	2.195.389	2.181.079	2.188.332
II.1.	Land	164	103	164	103
II.2.	Buildings and structures	2.036.747	2.047.655	2.030.162	2.041.035
II.2.1.	Buildings	81.537	82.213	74.952	75.593
II.2.2.	Transmission networks and related installations	1.321.381	1.332.781	1.321.381	1.332.781
II.2.3.	Distribution networks and related installations	625.032	623.673	625.032	623.673
II.2.4.	Other buildings and structures	8.797	8.988	8.797	8.988
II.3.	Machinery and equipment	76.572	78.976	76.572	78.976
II.4.	Vehicles	9.314	9.916	9.268	9.865
II.5.	Other equipment, tools and devices	30.782	32.024	30.441	31.688
II.6.	Construction in progress	30.852	23.269	30.802	23.219
II.7.	Other non-current tangible assets	3.670	3.446	3.670	3.446
III.	Non-current financial assets	86	86	10.823	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	5	5
IV.	Deferred tax assets	497	500	-	-
B	Current assets	157.317	104.269	153.279	100.017
I.	Inventories and prepayments	26.430	25.416	26.406	25.391
I.1.	Inventories	25.809	25.257	25.793	25.237
I.1.1.	Raw materials, spare parts and other inventories	3.387	2.938	3.386	2.937
I.1.2.	Goods for resale (including natural gas)	22.422	22.319	22.407	22.300
I.2.	Prepayments	621	159	613	154
II.	Accounts receivable	56.815	51.608	56.787	51.502
II.1.	Trade receivables	56.280	50.966	56.279	50.954
II.2.	Other receivables	535	642	508	548
III.	Other current assets	3.666	3.686	-	-
IV.	Cash and cash equivalents	70.406	23.559	70.086	23.124
	Total assets	2.348.561	2.303.089	2.347.739	2.302.016

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(all amounts are in LTL thousand unless otherwise stated)

Balance sheets (cont'd)

	Notes	Group		Company	
		As of 31 March 2007 (pre-audited)	As of 31 December 2006 (audited)	As of 31 March 2007 (pre-audited)	As of 31 December 2006 (audited)
EQUITY AND LIABILITIES					
C. Equity		1.928.071	1.855.809	1.927.414	1.855.059
I. Share capital		469.068	469.068	469.068	469.068
II. Reserves		1.328.557	1.328.557	1.326.851	1.326.851
II.1. Legal reserve		14.996	14.996	14.838	14.838
II.2. Other reserves		1.313.561	1.313.561	1.312.013	1.312.013
III. Retained earnings (loss)		130.446	58.184	131.495	59.140
D. Liabilities		420.490	447.280	420.325	446.957
I. Non-current liabilities		331.116	327.927	331.031	327.841
I.1. Non-current borrowings	6	18.299	21.559	18.299	21.559
I.2. Grants (deferred revenue)	5	114.484	111.101	114.484	111.101
I.3. Deferred taxes		198.333	195.267	198.248	195.181
II. Current liabilities		89.374	119.353	89.294	119.116
II.1. Current portion of non-current borrowings	6	13.664	14.570	13.664	14.570
II.2. Trade payables		17.329	59.079	17.330	58.901
II.3. Prepayments received		15.486	16.381	15.479	16.381
II.4. Income tax payable		17.190	10.527	17.190	10.523
II.5. Payroll related liabilities		8.143	4.656	8.072	4.603
II.6. Other current liabilities		17.562	14.140	17.559	14.138
Total equity and liabilities		2.348.561	2.303.089	2.347.739	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 THREE MONTHS ENDED 31 MARCH 2007**

(all amounts are in LTL thousand unless otherwise stated)

Income statements

		Group		Company	
		3 months period ended 31 March 2007 (pre-audited)	3 months period ended 31 March 2006 (pre-audited) Restated	3 months period ended 31 March 2007 (pre-audited)	3 months period ended 31 March 2006 (pre-audited) Restated
	Notes				
I.	Sales	328.448	281.245	328.297	281.093
II.	Cost of sales	189.922	182.732	188.632	182.683
III.	Gross profit (loss)	138.526	98.513	138.422	98.410
IV.	Operating expenses	51.460	50.720	52.750	50.516
V.	Profit (loss) from operations	87.066	47.793	87.193	47.894
VI.	Other operating activities	1.440	1.982	1.440	1.982
VI.1.	Income	1.460	1.996	1.460	1.996
VI.2.	Expenses	20	14	20	14
VII.	Financial and investing activities	(1.033)	60	(1.069)	24
VII.1.	Income	306	997	270	961
VII.2.	Expenses	1.339	937	1.339	937
VIII.	Profit (loss) before tax	87.473	49.835	87.564	49.900
IX.	Income tax	15.212	10.173	15.209	10.170
IX.1.	Current period income tax	12.142	13.503	12.142	13.503
IX.2.	Deferred income tax	3.070	(3.330)	3.067	(3.333)
X.	Net profit (loss)	72.261	39.662	72.355	39.730
Basic and diluted earnings (loss) per share (LTL)		0.15	0.08	0.15	0.08

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**AB LIETUVOS DUJOS CONSOLIDATED AND THE PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
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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	469.068	12.528	72.149	3.500	1.271.240	1.828.485
Net profit (loss) for the reporting period	-	-	-	-	39.662	39.662
Balance as of 31 March 2006 (pre-audited) Restated	469.068	12.528	72.149	3.500	1.310.902	1.868.147
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	-	-	-	-	17.662	17.662
Balance as of 31 December 2006 (audited)	469.068	14.996	1.313.561	-	58.184	1.855.809
Net profit (loss) for the reporting period	-	-	-	-	72.261	72.261
Balance as of 31 March 2007 (pre-audited)	469.068	14.996	1.313.561	-	130.446	1.928.071

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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		469.068	12.528	72.146	3.500	1.268.677	1.825.919
Net profit (loss) for the reporting period		-	-	-	-	39.730	39.730
Balance as of 31 March 2006 (pre-audited) Restated		469.068	12.528	72.146	3.500	1.308.407	1.865.649
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		-	-	-	-	19.410	19.410
Balance as of 31 December 2006 (audited)		469.068	14.838	1.312.013	-	59.140	1.855.059
Net profit (loss) for the reporting period		-	-	-	-	72.355	72.355
Balance as of 31 March 2007 (pre-audited)		469.068	14.838	1.312.013	-	131.495	1.927.414

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**AB LIETUVOS DUJOS CONSOLIDATED AND THE PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2007**

(all amounts are in LTL thousand unless otherwise stated)

Cash flows statements

	Notes	Group		Company	
		3 months period ended 31 March 2007 (pre-audited)	3 months period ended 31 March 2006 (pre-audited) Restated	3 months period ended 31 March 2007 (pre-audited)	3 months period ended 31 March 2006 (pre-audited) Restated
I. Cash flows from (to) operating activities					
I.1.		72.261	39.662	72.355	39.730
Adjustment of non-cash items:					
I.2.		23.400	23.739	23.341	23.691
I.3.					
		20	(1.130)	20	(1.130)
I.4.					
		57	454	57	454
I.5.		15.212	10.173	15.209	10.170
I.6.		(232)	(110)	(196)	(74)
I.7.		1.339	937	1.339	937
I.8.		-	(836)	-	(836)
I.9.		(879)	(594)	(879)	(594)
		111.178	72.295	111.246	72.348
Changes in working capital:					
I.10.		(520)	(916)	(523)	(920)
I.11.		(5.395)	(15.674)	(5.406)	(15.681)
I.12.		(280)	(95)	(363)	(28)
I.13.		(44.479)	(9.525)	(44.301)	(9.522)
I.14.		9.417	8.747	9.397	9.831
I.15.		(5.492)	(4.749)	(5.476)	(4.740)
		(46.749)	(22.212)	(46.672)	(21.060)
		64.429	50.083	64.574	51.288
Net cash flows from operating activities					
II. Cash flows from (to) investing activities					
(Acquisition) of non-current tangible and					
II.1.		(13.135)	(9.360)	(13.109)	(9.173)
II.2.		9	2.949	9	2.949
II.3.		-	6	-	6
II.4.		20	(4.697)	-	-
II.5.		232	110	196	74
		(12.874)	(10.992)	(12.904)	(6.144)
Net cash flows (to) investing activities					

**AB LIETUVOS DUJOS CONSOLIDATED AND THE PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
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(all amounts are in LTL thousand unless otherwise stated)

Cash flows statements (cont'd)

Notes	Group		Company		
	3 months period ended 31 March 2007 (pre-audited)	3 months period ended 31 March 2006 (pre-audited) Restated	3 months period ended 31 March 2007 (pre-audited)	3 months period ended 31 March 2006 (pre-audited) Restated	
III.	Cash flows from (to) financing activities				
III.1.	Dividends (paid)	(5)	(8)	(5)	(8)
III.2.	Loans received	186.451	138.112	186.451	138.112
III.3.	Loans (repaid)	(190.618)	(155.221)	(190.618)	(155.221)
III.4.	Grants (received)	601	109	601	109
III.5.	Interest (paid)	(1.137)	(665)	(1.137)	(665)
	Net cash flows from (to) financing activities	(4.708)	(17.673)	(4.708)	(17.673)
IV.	Impact of changes in currency exchange rates on cash balance	-	(136)	-	(136)
V.	Net increase (decrease) in cash and cash equivalents	44.847	21.282	46.962	27.335
VI.	Cash and cash equivalents at the beginning of the period	23.559	12.167	23.124	6.051
VII.	Cash and cash equivalents at the end of the period	70.406	33.449	70.086	33.386

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

General Manager

V. Valentukevičius

Chief Accountant

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**AB LIETUVOS DUJOS CONSOLIDATED AND THE PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 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 31 March 2007, income statements, cash flows statements and statements of changes in equity for the three months ended 31 March 2007 and 31 March 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 condensed financial statements as of 31 March 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 three months period ended as of 31 March 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 4 Disclosure of significant changes.

3 Segment information

Segment information for the periods ended 31 March 2006 and 2007 is presented below:

Group

2006 (pre-audited)	Transmission	Distribution	Supply for regulated customers	Supply for eligible customers	Other	Total
Sales	30.192	50.685	90.683	106.981	2.704	281.245
Profit (loss) from operations	7.297	20.925	6.802	10.738	2.031	47.793

2007 (pre-audited)	Transmission	Distribution	Supply for regulated customers	Supply for eligible customers	Other	Total
Sales	31.285	46.998	116.760	131.279	2.126	328.448
Profit (loss) from operations	8.149	16.041	31.034	30.404	1.438	87.066

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(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	30.192	50.685	90.683	106.981	2.552	281.093
Profit (loss) from operations	7.297	20.925	6.802	10.738	2.132	47.894

2007 (pre-audited)	Transmission	Distribution	Supply for regulated customers	Supply for eligible customers	Other	Total
Sales	31.285	46.998	116.760	131.279	1.974	328.296
Profit (loss) from operations	8.149	16.041	31.034	30.404	1.565	87.193

4 Disclosure of significant changes

4.1 Income tax:

To calculate the income tax for the three 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 three months of 2006.

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

Income tax expenses:

	Group		Company	
	31 March 2007 (pre-audited)	31 March 2006 (pre-audited) Restated	31 March 2007 (pre-audited)	31 March 2006 (pre-audited) Restated
Current income tax	12.142	13.503	12.142	13.503
Change in deferred tax	3.070	(3.330)	3.067	(3.333)
Income tax expense charged to the income statement	15.212	10.173	15.209	10.170

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(all amounts are in LTL thousand unless otherwise stated)

4.2 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 financial statements of 31 March 2007, i.e. the amount of current income tax expenses in the Income statement and the amount of the income tax liability 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 was prospectively reflected in the Company's and the Group financial statements of 31 March 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 were reduced by LTL 5,470 thousand.

The income from connecting new customers to the Company's natural gas system earned in January through March 2007 were 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 31 March 2007 the comparative figures of 31 March 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.

5 Grants (deferred revenue)

	Group		Company	
	31 March 2007 (pre-audited)	31 March 2006 (pre-audited) Restated	31 March 2007 (pre-audited)	31 March 2006 (pre-audited) Restated
Balance as of 1 January 2007 and 1 January 2006	111.101	87.997	111.101	87.997
Additions per quarter	4.262	3.943	4.262	3.943
Amortization per quarter	879	592	879	592
Balance as of the end of the period	<u>114.484</u>	<u>91.348</u>	<u>114.484</u>	<u>91.348</u>

Grants also include non-current tangible assets received free of charge and charged to the income statement in portions on a straight-line basis over the estimated useful life of the assets'.

6 Borrowings

AB Lietuvos Dujos borrowings as of 31 March 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	14.011	4.288	31.963
Borrowings from foreign credit institutions	-	-	-	-
	<u>13.664</u>	<u>14.011</u>	<u>4.288</u>	<u>31.963</u>

In the calculations, official currency exchange rates as of 31 March 2007 set by the Bank of Lithuania are applied:

EUR/LTL 3.4528

As of 31 March 2007, weighted average annual interest rate of borrowings outstanding was 4.77 % (4.63 % as of 31 December 2006).

The borrowings outstanding as of 31 March 2007 were denominated in national currency (6.12 %) and in EUR (93.88 %).

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(all amounts are in LTL thousand unless otherwise stated)

7 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	
	31 March	31 March	31 March	31 March
	2007	2006	2007	2006
	(pre-audited)	(pre-audited)	(pre-audited)	(pre-audited)
	(pre-audited)	Restated	(pre-audited)	Restated
Net profit attributed to the shareholders (in LTL thousand)	72.261	39.662	72.355	39.730
Weighted average number of shares in thousand	469.068	469.068	469.068	469.068
Basic earnings per share (in LTL)	<u>0.15</u>	<u>0.08</u>	<u>0.15</u>	<u>0.08</u>

8 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).

9 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.

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(all amounts are in LTL thousand unless otherwise stated)

Commitments and contingencies (cont'd)

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).

10 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 and related major party transactions in the three months of 2006 and 2005 were as 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);
- UAB Palangos Perlas (subsidiary of the Company).

31 March 2006 (pre-audited)	Purchases	Sales	Accounts receivable	Accounts payable
<i>OAO Gazprom</i>	173.935	3.627	-	18.678
UAB Palangos Perlas	26	15	5	6
	173.961	3.642	5	18.684
	173.961	3.642	5	18.684
31 March 2007 (pre-audited)	Purchases	Sales	Accounts receivable	Accounts payable
<i>OAO Gazprom</i>	188.995	3.222	-	5.295
UAB Palangos Perlas	33	14	5	10
	189.028	3.236	5	5.305
	189.028	3.236	5	5.305