



"Latvijas Gāze" Joint Stock Company

Unaudited Financial Report of 9 months of 2011

Prepared in accordance with the International Financial Reporting Standards

Riga, 2011






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Information on the Company

Name of the Company	Latvijas Gāze JSC
Legal status of the Company	Joint Stock Company
Registration number, venue and date	000300064 Riga, March 25, 1991
	Re-registered in the Commercial Register on December 20, 2004 with the unified registration number 40003000642
Address	Vagonu Street 20 Riga, LV – 1009 Latvia
Major shareholders	E.ON Ruhrgas International GmbH (47.2 %) Gazprom OJSC (34.0 %) ITERA Latvija LLC (16.0 %)
Reporting period	January 1 – September 30, 2011

Board members – names, surnames, posts, recent professional experience and education

	<p>Adrians Dāvis – Chairman of the Board</p> <p>Since 1997 – Chairman of the Board of the JSC “Latvijas Gāze”; involved in gas industry since 1965</p> <p>1997 Physical Energy Institute of Latvian Science Academy, academic degree of doctor in engineering (Dr.sc.ing.).</p>		<p>Alexander Miheyev (Александр Михеев) – Board member, Vice-Chairman of the Board</p> <p>Since 2003 First Deputy Head of the Marketing, Gas and Liquid Hydrocarbon Processing Department of the OJSC Gazprom; involved in gas industry since 1968</p> <p>1968 Graduated from the Moscow Oil and Gas Industry Institute named after I. M. Gubkin and obtained the qualifications of engineer in design and operation of oil and gas pipelines, gas storage facilities and oil tanks</p>
	<p>Jörg Tumat – Board member, Vice-Chairman of the Board (since 2006)</p> <p>2001 – 2006 E.ON Ruhrgas AG / Ruhrgas AG. Eastern Gas Purchase Department, Head of Division; OJSC “Gazprom” share and eastern gas purchase contracts; involved in gas industry since 1998.</p> <p>2001 – 2004 the University of Hagen, Diploma in Business Administration (Dipl.-Betriebswirt)</p>		<p>Anda Ulpe – Board member</p> <p>Since 1997 Board member of the JSC “Latvijas Gāze”; involved in gas industry since 1984</p> <p>2002 the University of Latvia, Master Degree of Social Sciences in Economics</p>
	<p>Gints Freibergs – Board member</p> <p>Since 1997 Board member of the JSC “Latvijas Gāze”; involved in gas industry since 1984</p> <p>1984 Polytechnical Institute of Riga, engineer in industrial heat power</p>		

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Council members (since July 2, 2010) – names, surnames, posts, recent professional experience and education

	<p>Kirill Seleznev (Кирилл Селезнев) – Chairman of the Council</p> <p>Since March 20, 2003 Head of the Gas and Liquid Hydrocarbon Sales and Processing Department, OJSC Gazprom; Member of Management Committee, OJSC Gazprom</p> <p>1997 Graduated from Baltic State Technical University of St. Petersburg named after D. F. Ustinov – Engineering of Impulse Devices and Automated Rotation Lines</p> <p>2002 Graduated from St. Petersburg State University – Credit Theory and Finance Management</p>		<p>Juris Savickis – Vice-Chairman of the Council</p> <p>Since 1996 LLC “ITERA Latvija”, president</p> <p>1970 – 1972 Polytechnical Institute of Riga, Graduate school</p> <p>1983 - 1984 University of Qualification Raising for Executives, Faculty of International Relations</p>
	<p>Dr. Peter Andreas Frankenberg – Vice-Chairman of the Council</p> <p>Since 2010 Head of MU PEG Investment Management and International Shareholdings Mid-/Downstream, Senior Vice-President of E.ON Ruhrgas AG, Managing Director of E.ON Ruhrgas International</p> <p>1992 Dr.reor.oec. (PhD), International Accounting, Ruhr University Bochum</p>		<p>Joachim Hockertz – Council member</p> <p>2000 – 2002 Head of the Baltic Office of Ruhrgas AG</p> <p>Since 2002 E.ON Ruhrgas International AG</p> <p>1989 – 1992 Max Plank Institute in Mulheim-am-Ruhr, PhD</p>
	<p>Mario Nullmeier – Council member</p> <p>Since 2005 Head of the Baltic Office of E.ON Ruhrgas International AG in Tallinn, Estonia</p> <p>2000 Master Degree in Global Business Administration</p>		<p>Uwe Fip – Council member</p> <p>Since 2002 E.ON Ruhrgas AG – Senior Vice-President, Head of Eastern Department of Gas Supplies</p> <p>Master in Oil Engineering, Degree in Business Management (Diploma – Merchant)</p>
	<p>Heinz Watzka – Council member</p> <p>Since 2002 Senior Vice-President of E.ON Ruhrgas AG, responsible for maintenance of the southern gas pipeline system of E.ON Ruhrgas</p> <p>1986 Studied machine manufacturing at the Technical University of Vienna (Austria) – specialized in pump station welding and hydraulic design for the oil industry</p>		<p>Yelena Karpel (Елена Карпель) – Council member</p> <p>Since 2004 Gazprom’s Council Member by the resolution of the Company’s Shareholders’ Meeting</p> <p>1968 Korotchenko Kiev Institute of National Economy getting speciality in Industry Planning</p>
	<p>Alexander Krasnenkov (Александр Красненков) – Council member</p> <p>Since 2006 General Director of the LLC “Baltic Liquefied Gas”</p> <p>Graduated from the International Institute of Finance and Economics, speciality of international economics and international relations</p>		<p>Vlada Rusakova (Влада Русакова) – Council member</p> <p>Since 2003 Head of the Strategic Development Department, OJSC Gazprom</p> <p>Since 2003 Board member of the OJSC Gazprom</p> <p>1977 Graduated from the Moscow Oil and Gas Industry Institute named after I. M. Gubkin and obtained the qualifications of engineer in design, planning and operation of oil and gas pipelines, gas storage facilities and oil tanks</p>
	<p>Igor Nazarov (Игорь Назаров) – Council member</p> <p>Since 2007 Director of the Export Department, NGK ITERA (Moscow, Russia)</p> <p>1982 Moscow State University of Foreign Affairs (MGIMO) (within the framework of the Ministry of Foreign Affairs), Diploma of Commercial Department, which equals to a Master of Economics: an economist with knowledge of foreign languages (Italian and English)</p>	<p>Names, surnames and posts of Council members (before July 2, 2010)</p>	<p>Kirill Seleznev (Кирилл Селезнев) – Chairman of the Council</p> <p>Juris Savickis – Vice-Chairman of the Council</p> <p>Achim Saul – Vice-Chairman of the Council</p> <p>Joachim Hockertz – Council member</p> <p>Uwe Fip – Council member</p> <p>Mario Nullmeier – Council member</p> <p>Heinz Watzka – Council member</p> <p>Yelena Karpel (Елена Карпель) – Council member</p> <p>Alexander Krasnenkov (Александр Красненков) – Council member</p> <p>Vlada Rusakova (Влада Русакова) – Council member</p> <p>Igor Nazarov (Игорь Назаров) – Council member</p>

Report on activity of the “Latvijas Gāze” JSC in the 9 months of the year 2011

The Joint Stock Company “Latvijas Gāze” (hereinafter – LG) is the only natural gas transmission, storage, distribution and sale operator in Latvia. The company supplies natural gas to 441,5 thousand customers in Latvia, and in winter – also to Estonia, the Northwestern part of Russia and Lithuania from the Inčukalns Underground Gas Storage Facility.

The goal of LG is to strengthen its leading position in the fuel market of Latvia by enhancing the accessibility of natural gas, facilitating the diversity of its consumption and ensuring for consumers in Latvia one of the most stable supplies in Europe.

The vision of LG is to make Latvia one of the largest natural gas storage hubs in Europe by using the unique geological structures of our country.

The mission of LG is to contribute to the economy of the Baltic region by ensuring the security of energy supplies, the development of the industry and the competitiveness of prices.

The underlying principles of financial activity of LG are as follows:

- investments in modernization of the infrastructure related to natural gas supply stability and security;
- investments in the development of infrastructure and the quality of service;
- competitive price of natural gas and services;
- profit that enables the company to make investments and pay dividends in compliance with the international natural gas industry practice. Such amount of profit is regulated by the Public Utility Commission of the Republic of Latvia by setting the level of capital return (currently the capital return is set to 8.0 % of the regulated asset basis).

1. Activity of the LG in the reporting year

In 9 months of 2011, LG sold to the consumers 1121.5 million nm³ of natural gas. Compared to the respective period of 2010, natural gas sales have decreased by 6.6 %, still being 17.3 % or 165.5 million nm³ above the volume planned in the budget of 2011.

The increase of natural gas consumption both among industrial customers and households in 9 months of 2011 compared to the budget of 2011 stems from the protractedly low air temperature in the 1st quarter.

The gas injection season at the Inčukalns Underground Gas Storage Facility (hereinafter – Inčukalns UGS) began on April 26, 2011. Upon starting natural gas injection, the reserves of active gas at the Inčukalns UGS were 41.1 million nm³.

The gas injection season at the Inčukalns UGS was completed on October 18, 2011 and over the season 2011, 2 261.7 million nm³ of natural gas were injected into the Inčukalns UGS, reaching the active gas volume of 2 300.0 million nm³ at the end of the injection season.

Over 9 months of 2011, the consumers have been sold natural gas and provided services for LVL 247.2 million, which is by 7.3 % more than in the respective period of 2010 and by 18.2 % more than budgeted.

The rise of income over the respective period of 2010 has taken place because in the 1st quarter of 2011 the industrial and residential customers were applied differential natural gas sale end-user tariffs corresponding to a natural gas sale price, which was by 35.3 % higher than in the 1st quarter of 2010. Compared to 2010, the income grew in both the industrial and the household customers sector.

LG completed 9 months of 2011 with a profit of LVL 9.6 million, which is by 4.3 % higher than in the respective period of 2010, when the profit amounted to LVL 9.2 million.

Within the framework of the capital investment programme, LVL 12.47 million of investment funds were spent over 9 months of 2011, mostly on the renovation of gas

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transmission pipelines, the modernization of technological equipment and wells and the construction of new gas pipelines.

The key indices of LG:

	2011 9m	2010 9m	2009 9m	2011 9m	2010 9m	2009 9m
	LVL'000	LVL'000	LVL'000	EUR'000	EUR'000	EUR'000
Net turnover	247 161	230 356	238 140	351 678	327 767	338 843
Profit before income tax, interest payments, depreciation and amortization (EBITDA)	28 430	27 907	20 752	40 452	39 708	29 527
Profit before income tax, interest payments, depreciation and amortization to net turnover (EBITDA %)	11,50%	12,11%	8,71%	11,50%	12,11%	8,71%
Profit of operational activity	12 674	12 224	5 483	18 033	17 393	7 802
Profitability of operational activity (%)	5,13%	5,31%	2,30%	5,13%	5,31%	2,30%
Profit of reporting period	9 192	8 985	5 479	13 078	12 784	7 796
Commercial profitability (%)	3,72%	3,90%	2,30%	3,72%	3,90%	2,30%
Total liquidity	1,42	1,53	0,99	1,42	1,53	0,99
Total assets	520 873	471 857	493 445	741 135	671 393	702 109
Equity	328 230	322 113	315 439	467 029	458 327	448 829
Return on assets (ROA)	1,85%	1,86%	1,06%	1,85%	1,86%	1,06%
Return on equity (ROE)	2,83%	2,82%	1,77%	2,83%	2,82%	1,77%
Number of shares	39 900	39 900	39 900	39 900	39 900	39 900
	LVL	LVL	LVL	EUR	EUR	EUR
Profit per share	0,230	0,225	0,137	0,328	0,320	0,195
Share price over earnings per share (P/E)	23,22	22,51	36,41	23,22	22,51	36,41
Share book value (BV)	8,23	8,07	7,91	11,70	11,49	11,25
Price to book value (P/BV)	0,65	0,63	0,63	0,65	0,63	0,63
Share price at the end of period	5,35	5,07	5,00	7,61	7,21	7,11

2. Research and development

In order to ensure uninterrupted natural gas supply to consumers and safe operation of the natural gas supply system, LG has developed the “Action plan for the safety improvement of the Joint Stock Company „Latvijas Gāze” gas supply system 2010-2015”. It was prepared based on the judgments of the Russian companies “Gazobezопасnostj” and “Lentransgaz”, the institutes “VNIIGAZ” and “Giprospecgaz”, as well as the German companies “Pipeline Engineering GmbH”, “Untergrundspeicher und Geotechnologie – Systeme GmbH”, “E.ON Engineering GmbH”, “E.ON Ruhrgas International AG” and other partners regarding the technical condition of equipment and modernization possibilities.

The action plan envisages investment in safety improvement in the total amount of LVL 50.6 million (EUR 72 million). This basically includes projects that are required for the

improvement of system operation safety, the gasification of new units and the improvement of stability of gas supply throughout the region.

In 2011 was signed contract with „Gazprom VNIIGAZ Ltd” about concept development for Inčukalns UGS equipment modernization and secure maintenance.

3. International cooperation

Work on attracting and adopting funds from European Commission (hereinafter – EC). On 17th August 2010 LG received from EC resolution Nr C (2010) 5554 dated 13.08.2010. on receiving financial grant for Action No. EEPR-2009-INTg-RF-LV-LT-SI2.566527/SI2.566531/SI2.566541/SI2.566543 in accordance with Regulation EC No. 663/2009 on establishing a programme to aid economic recovery by granting Community financial assistance to projects in the field of energy. In accordance with this resolution LG receives EUR 10.0 mio. for reconstruction of 15 wells in Inčukalns UGS and construction of a new underwater pass and receiving trap inspection with gauges.

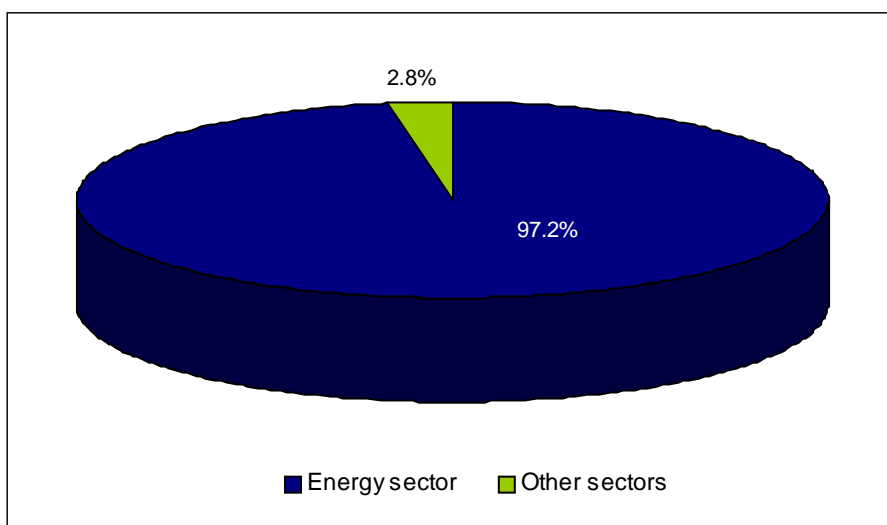
On February 10, 2011, the responsible institutions of the European Commission were sent a Report on the repayment of funds used. On April 1, 2011, EUR 5.05 million were transferred to the account of LG.

Shares and shareholders

1) The composition of LG shareholders¹ as of December 31, 2010 and previous 2 periods:

Share	31.12.2010.	31.12.2009.	31.12.2008.
“E.ON Ruhrgas International” GmbH	47.2%	47.2%	47.2%
“Gazprom” OJSC	34.0%	34.0%	34.0%
“Itera Latvija” LLC	16.0%	16.0%	16.0%
Others	2.8%	2.8%	2.8%
TOTAL	100.0 %	100.0 %	100.0 %

2) The composition of shareholders of the “Latvijas Gāze” JSC as to the industries they represent as of December 31, 2010:



3) The number of shares held by the members of the Board and the Council of the “Latvijas Gāze” JSC as of December 31, 2010:

Board members		Number of shares
Chairman of the Board	Adrians Dāvis	417
Vice-Chairman of the Board	Joerg Tumat	900
Vice-Chairman of the Board	Alexander Miheyev	417
Board member	Anda Ulpe	729
Board member	Gints Freibergs	416
Council members		Number of shares
Chairman of the Council	Kirill Seleznev	0
Vice-Chairman of the Council	Peter Frankenberg	0
Vice-Chairman of the Council	Juris Savickis	0
Council member	Joachim Hockertz	0
Council member	Uwe Fip	0
Council member	Mario Nullmeier	0
Council member	Heinz Watzka	0
Council member	Yelena Karpel	0
Council member	Alexander Krasnenkov	0
Council member	Vlada Rusakova	0
Council member	Igor Nazarov	0

¹ Shareholders owning at least 5 % of capital

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4) The price of shares at NASDAQ OMX Riga in 9 months of 2011 and in the respective period of previous years.

As from February 15, 1999, the shares of LG are quoted at the NASDAQ OMX Riga exchange, and their trading code as from August 1, 2004 is GZE1R.

ISIN	LV0000100899
Exchange code	GZE1R
List	Second list
Nominal value	1.00 LVL
Total number of securities	39 900 000
Number of securities in public trading	25 328 520
Guaranteers of liquidity	None

	2007 9m	2008 9m	2009 9m	2010 9m	2011 9m
<u>Share price (LVL):</u>					
First	10.35	7.25	4.55	4.57	4.80
Highest	11.25	8.20	6.00	6.00	7.00
Lowest	9.65	6.00	3.32	4.57	4.60
Average	10.48	7.06	4.23	5.29	5.21
Last	9.95	6.00	5.00	5.07	5.35
Change	-3.86%	-17.24%	9.89%	10.94%	11.46%
Number of transactions	697	1 372	925	675	1 009
Number of shares traded	142 110	37 383	48 608	50 878	162 762
Turnover (million LVL)	1.490	0.264	0.206	0.269	0.849
Capitalization (million LVL)	397.005	239.400	199.500	202.293	213.465

Source: NASDAQ OMX Riga

The capitalization value of LG in 9 months of 2011 reached 213.5 million lats - by 11.2 million lats more than in 9 months of the previous reporting period. By share market capitalization LG took the 1st place among companies quoted at NASDAQ OMX Riga and the 6th place among companies quoted at NASDAQ OMX Baltic (2010 9m: accordingly 1st and 7th).

5) The dynamics of LG share price and indexes.

The shares of LG are included in the following index baskets	OMXBGI, OMXBPI, OMXRGI
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OMX Baltic (OMXB) – PI, GI

OMX Baltic is an all-share index consisting of all the shares listed on the Main and Secondary lists of the Baltic exchanges with exception of the shares of the companies where a single shareholder controls at least 90% of the outstanding shares. The aim of the index is to reflect the current status and changes in the NASDAQ OMX Baltic Market. The base date for the OMXB is December 31, 1999, with a base value of 100. The index is calculated in Euro and is available as PI and GI. The index values are disseminated with 60 seconds interval.

OMX Riga All Share (OMXR) - GI

OMX Riga is an all-share index consisting of all the shares listed on the Main and Secondary lists on the NASDAQ OMX Riga with exception of the shares of the

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companies where a single shareholder controls at least 90% of the outstanding shares. The aim of the index is to reflect the current status and changes on the Riga market. The base date for the OMXR is December 31, 1999, with a base value of 100. The index is available as GI. The index values are disseminated with 60 seconds interval.

LG share price and extension of OMX Riga GI and OMX Baltic GI (01.01.2007. - 30.09.2011.).



Source: NASDAQ OMX Riga

Indexes/Shares	01.01.2007.	30.09.2011.	Change
OMX Riga GI	655.54	382.79	-41.61%
OMX Baltic GI	552.94	346.81	-37.28%
LG share price (LVL)	10.32	5.35	-48.16%

Balance sheet

	Note	30.09.2011. LVL'000	30.09.2010. LVL'000	30.09.2011. EUR'000	30.09.2010. EUR'000
ASSETS					
<u>Non-current assets</u>					
Property, plant and equipment		313 394	314 333	445 919	447 256
Intangible assets		1 962	1 963	2 792	2 793
Trade receivables		3	4	4	6
Total non-current assets		315 359	316 300	448 715	450 055
<u>Current assets</u>					
Inventories	1	103 982	66 816	147 953	95 071
Trade receivables		12 235	12 373	17 409	17 605
Current income tax receivable		4 502	4 451	6 406	6 333
Other current assets		38 932	49 908	55 395	71 013
Cash and cash equivalents		45 863	22 009	65 257	31 316
Total current assets		205 514	155 557	292 420	221 338
TOTAL ASSETS		520 873	471 857	741 135	671 393
EQUITY AND LIABILITIES					
<u>Equity</u>					
Share capital		39 900	39 900	56 773	56 773
Share premium		14 320	14 320	20 376	20 376
Revaluation reserve	2	185 385	186 191	263 779	264 926
Other reserves		76 883	71 910	109 395	102 319
Retained earnings	3	11 742	9 792	16 706	13 933
Total equity		328 230	322 113	467 029	458 327
<u>Liabilities</u>					
<u>Non-current liabilities</u>					
Deferred income tax liabilities		27 822	29 700	39 587	42 259
Accruals for post employment benefits and other employee benefits		5 295	4 664	7 534	6 636
Deferred income		14 817	13 655	21 083	19 429
Total non-current liabilities		47 934	48 019	68 204	68 324
<u>Current liabilities</u>					
Trade payables		103 929	67 592	147 877	96 175
Corporate income tax payable		4 301	5 447	6 120	7 750
Deferred income		6 766	832	9 627	1 184
Other current liabilities		29 713	27 854	42 278	39 633
Total current liabilities		144 709	101 725	205 902	144 742
Total liabilities		192 643	149 744	274 106	213 066
TOTAL EQUITY AND LIABILITIES		520 873	471 857	741 135	671 393

Consolidated income statement – by function of expense

	Note	30.09.2011. LVL'000	30.09.2010. LVL'000	30.09.2011. EUR'000	30.09.2010. EUR'000
Revenue	4	247 161	230 356	351 678	327 767
Cost of sales	5	(218 354)	(202 690)	(310 690)	(288 402)
Gross profit		28 807	27 666	40 988	39 365
Administrative expenses	6	(11 844)	(11 755)	(16 852)	(16 726)
Other income	7	1 713	1 464	2 437	2 082
Other expenses	8	(6 002)	(5 151)	(8 541)	(7 329)
Operating profit		12 674	12 224	18 032	17 392
Finance income, net	9	815	2 208	1 160	3 142
Profit before income tax		13 489	14 432	19 192	20 534
Income tax expense		(4 297)	(5 447)	(6 114)	(7 750)
Profit for the period		9 192	8 985	13 078	12 784

Consolidated statement of recognized income and expense

Items net of tax					
Disposal of revalued property, plant and equipment	2	397	198	565	282
Net income recognised directly in equity		397	198	565	282
Profit for the period		9 192	8 985	13 078	12 784
Total recognised income for the period		9 589	9 183	13 643	13 066

Cash flow statement

	30.09.2011.	30.09.2010.	30.09.2011.	30.09.2010.
	LVL'000	LVL'000	EUR'000	EUR'000
Cash flow from operating activities				
Cash generated from operations	45 549	17 924	64 810	25 504
Interest received	880	2 301	1 252	3 274
Income tax paid	(5 734)	(3 111)	(8 159)	(4 427)
Net cash generated from operating activities	40 695	17 114	57 903	24 351
Cash flow from investing activities				
Purchase of property, plant and equipment	(12 148)	(14 855)	(17 285)	(21 137)
Proceeds from sale of property, plant and equipment	19	49	27	70
Purchase of intangible assets	(326)	(149)	(464)	(212)
Net cash used in investing activities	(12 455)	(14 955)	(17 722)	(21 279)
Cash flow from financing activities				
Dividends paid	(19 950)	(15 960)	(28 386)	(22 709)
Net cash (used in) / generated from financing activities	(19 950)	(15 960)	(28 386)	(22 709)
Net (decrease) / increase in cash and cash equivalents	8 290	(13 801)	11 795	(19 637)
Cash and cash equivalents at the beginning of the year	37 573	35 810	53 462	50 953
Cash and cash equivalents at the end of the year	45 863	22 009	65 257	31 316

Changes in equity capital

	Share capital LVL'000	Share premium LVL'000	Revaluation reserve LVL'000	Other reserves LVL'000	Retained earnings LVL'000	Total LVL'000
31 December, 2009	39 900	14 320	186 360	69 540	18 940	329 060
Income in year 2010, total	-	-	(169)	-	9 183	9 014
Transfer to reserves	-	-	-	2 370	(2 370)	-
Dividends for 2009	-	-	-	-	(15 960)	(15 960)
Rounding	-	-	-	-	(1)	(1)
30 September, 2010	39 900	14 320	186 191	71 910	9 792	322 113
31 December, 2010	39 900	14 320	185 754	71 910	27 076	338 960
Income in year 2011, total	-	-	(369)	-	9 589	9 220
Transfer to reserves	-	-	-	4 972	(4 972)	-
Dividends for 2010	-	-	-	-	(19 950)	(19 950)
Rounding	-	-	-	1	(1)	-
30 September, 2011	39 900	14 320	185 385	76 883	11 742	328 230

	Share capital EUR'000	Share premium EUR'000	Revaluation reserve EUR'000	Other reserves EUR'000	Retained earnings EUR'000	Total EUR'000
31 December, 2009	56 773	20 376	265 167	98 947	26 948	468 211
Income in year 2010, total	-	-	(241)	-	13 066	12 825
Transfer to reserves	-	-	-	3 372	(3 372)	-
Dividends for 2009	-	-	-	-	(22 709)	(22 709)
30 September, 2010	56 773	20 376	264 926	102 319	13 933	458 327
31 December, 2010	56 773	20 376	264 303	102 319	38 525	482 296
Income in year 2011, total	-	-	(525)	-	13 643	13 118
Transfer to reserves	-	-	-	7 075	(7 075)	-
Dividends for 2010	-	-	-	-	(28 386)	(28 386)
Rounding	-	-	1	1	(1)	1
30 September, 2011	56 773	20 376	263 779	109 395	16 706	467 029

Notes to the financial statements

	30.09.2011.	30.09.2010.	30.09.2011.	30.09.2010.
	LVL'000	LVL'000	EUR'000	EUR'000
1 INVENTORIES				
Materials and spare parts (at net realisable value)	2 929	3 792	4 168	5 396
Gas and fuel (at cost)	101 053	63 024	143 785	89 675
	103 982	66 816	147 953	95 071
2 REVALUATION RESERVE				
At the beginning of the period	185 754	186 360	264 303	265 167
Revaluation of property, plant and equipment	28	29	40	41
Disposal of revalued property, plant and equipment	(397)	(198)	(565)	(282)
Rounding	-	-	1	-
At the end of the period	185 385	186 191	263 779	264 926
3 RETAINED EARNINGS				
At the beginning of the period	27 076	18 940	38 525	26 948
Disposal of revalued property, plant and equipment	397	198	565	282
Profit for the period	9 192	8 985	13 078	12 784
Transfer to reserves	(4 972)	(2 370)	(7 075)	(3 372)
Dividends for previous period	(19 950)	(15 960)	(28 386)	(22 709)
Rounding	(1)	(1)	(1)	-
At the end of the period	11 742	9 792	16 706	13 933
4 REVENUE				
Income from natural gas sales to industrial customers	210 186	195 608	299 068	278 325
Income from natural gas sales to residential customers	26 168	24 692	37 234	35 133
Income from transmission and storage of natural gas	10 486	9 683	14 920	13 778
Income from natural gas sales to vehicles	-	9	-	13
Other services	321	364	456	518
	247 161	230 356	351 678	327 767
5 COST OF SALES				
Purchase of natural gas	182 059	167 623	259 047	238 506
Salaries	8 491	8 311	12 082	11 826
Social insurance contributions	1 940	1 975	2 760	2 810
Life, health and pension insurance	631	644	898	916
Materials and spare parts	6 203	5 134	8 826	7 305
Depreciation and amortisation	15 282	15 209	21 744	21 641
Other	3 748	3 794	5 333	5 398
	218 354	202 690	310 690	288 402

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6 ADMINISTRATIVE EXPENSES

Salaries	2 227	2 294	3 169	3 264
Social insurance contributions	466	520	663	740
Life, health and pension insurance	112	113	159	161
Maintenance and utilities	515	655	733	932
Real estate tax	492	128	700	182
Depreciation and amortisation	389	396	554	563
Bank charges	60	54	85	77
Provisions for impairment of bad and doubtful debts, net	6 849	6 942	9 745	9 878
Other expenses	734	653	1 044	929
	11 844	11 755	16 852	16 726

7 OTHER INCOME

Penalties from customers	942	665	1 340	946
Income from contribution to financing of construction works	429	414	610	589
Provisions for slow moving and obsolete inventories impairment	70	51	100	72
Other income	272	334	387	475
	1 713	1 464	2 437	2 082

8 OTHER EXPENSES

Materials	33	25	47	35
Salaries	120	90	171	128
Social insurance contributions	18	16	26	23
Depreciation and amortisation	86	77	122	109
Sponsorship	49	120	70	171
Loss from sale of fixed assets	309	85	440	121
Loss from increase in exchange rates, net	1 371	1 579	1 951	2 247
Other expense	4 016	3 159	5 714	4 495
	6 002	5 151	8 541	7 329

EXPENSES BY NATURE

Purchase of natural gas	182 059	167 623	259 047	238 506
Depreciation and amortisation	15 757	15 682	22 420	22 313
Employee benefit expense	14 005	13 963	19 928	19 868
Material and spare parts	6 236	5 159	8 873	7 340
Net provisions for impaired receivables	6 849	6 942	9 745	9 878
Other expenses	11 294	10 227	16 070	14 552
	236 200	219 596	336 083	312 457

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9 FINANCE INCOME, NET

Finance income				
- Interest income	815	2 208	1 160	3 142
	<u>815</u>	<u>2 208</u>	<u>1 160</u>	<u>3 142</u>
Finance income, net	<u>815</u>	<u>2 208</u>	<u>1 160</u>	<u>3 142</u>