



"Latvijas Gāze" Joint Stock Company

Unaudited Financial Report of 3 months of 2013

Prepared in accordance with the International Financial Reporting Standards

Riga, 2013






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Information on the Company

Name of the Company	JSC Latvijas Gāze
Legal status of the Company	Joint Stock Company
Registration number, venue and date	000300064 Riga, March 25, 1991
	Reregistered in the Commercial Register December 20, 2004 with common registration No 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 – March 31, 2013

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>		

**JSC “Latvijas Gāze”
Unaudited financial report
3 months 2013**

Council members (since July 6, 2012) – 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 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 1983 - 1984 University of Qualification Raising for Executives, Faculty of International Relations</p>
	<p>Matthias Kohlenbach – Vice-Chairman of the Council</p> <p>Since July 2012 Member of the Board of Management of E.ON Ruhrgas International GmbH 2009 – 2012 Head of Corporate Law Department of E.ON Ruhrgas</p> <p>Degree of doctor in Law</p>	 <p>Andreas Rau – Council member</p> <p>Since 2012 Member of the Board of Directors of SPP a.s., Bratislava 2006 – 2011 Member / Chairman of the Board of Directors of EUSTREAM a.s., Bratislava 1995 – 1997 Master’s degree in European Studies from the University of Aachen 1989 – 1995 Diploma in Mechanical Engineering / Energy Technology from the University of Bochum</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 H. 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>Peter Klingenberger – Council member</p> <p>Since October 2010 Chairman of the Board of Management of E.ON Gas Storage GmbH April 2009 Managing Director of E.ON Gas Storage GmbH</p> <p>1978 – 1986 Studied mining and economics in Aachen Received a Dipl.-Ing. and a Dr.- Ing. degree</p>	 <p>Vlada Rusakova (Влада Русакова) – Council member</p> <p>Since 2003 Head of the Strategic Development Department, OJSC Gazprom 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>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>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 specialty in Industry Planning</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 6, 2012)</p> <p>Kirill Seleznev (Кирилл Селезнев) – Chairman of the Council Juris Savickis – Vice-Chairman of the Council Peter Frankenberg – Vice-Chairman of the Council Joachim Hockertz – Council member Mario Nullmeier – Council member Uwe Fip – Council member Heinz Watzka – Council member Yelena Karpel (Елена Карпель) – Council member Alexander Krasnenkov (Александр Красненков) – Council member Vlada Rusakova (Влада Русакова) – Council member Igor Nazarov (Игорь Назаров) – Council member</p>

Report of the Board of Directors

The Joint Stock Company “Latvijas Gāze” (hereinafter – the Company) is the only natural gas transmission, storage, distribution and sale operator in Latvia. The company supplies natural gas to 442.2 thousand customers in Latvia, and in winter – also to Estonia, the Northwestern part of Russia and Lithuania from the Inčukalns Underground Gas Storage Facility (hereinafter – Inčukalns UGS).

The goal of the Company 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 the Company 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 the Company 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 the Company 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. Operation of the Company in the reporting period

In 3 months of the year 2013, the Company sold to the consumers 625.0 million m³ of natural gas. In comparison with the respective period of 2012, the natural gas sales decreased by 1.7 % due to the differences in outdoor air temperature and investments by heat supply companies in the use of renewable energy resources and a partial replacement of fossil fuels with woodchip.

The gas injection season at the Inčukalns UGS began on April 17, 2013. Upon starting natural gas injection, the reserves of active gas at the Inčukalns UGS were 182.35 million nm³.

Over 3 months of 2013, the consumers were sold natural gas and provided services for LVL 176.0 million, which is by 1.1 % less than in the respective period of 2012.

The decrease of income over the respective period of 2012 has taken place because natural gas sales decreased and in the 1st quarter of 2013, due to changes in oil product quotations and currency rates, the residential and industrial customers were applied differential natural gas sale end-user tariffs corresponding to a natural gas sale price 2.4% above that of the 3 months of 2012. The income saw decrease both in the industrial and household sector.

The Company completed 3 months of 2013 with a profit of LVL 4.3 million, which is 10.3% higher than in the respective period 2012 when the Company profited LVL 3.9 million.

Within the framework of the capital investment programme, LVL 2.4 million of investment funds was spent over 3 months of 2013, mostly on the renovation of gas transmission and distribution pipelines, the modernization of technological equipment and the reconstruction of wells.

Report of the Board of Directors (continued)

1. Operation of the Company in the reporting period (continued)

The key indices of the Company:

	2013 Q1	2012 Q1	2011 Q1	2013 Q1	2012 Q1	2011 Q1
	LVL'000	LVL'000	LVL'000	EUR'000	EUR'000	EUR'000
Net turnover	176 037	178 028	145 818	250 479	253 311	207 479
EBITDA	13 920	20 045	15 721	19 807	28 521	22 369
EBITDA, %	7.91	11.26	10.78	7.91	11.26	10.78
Profit of operational activity	8 069	8 104	10 491	11 482	11 531	14 927
Profitability of operational activity (%)	4.58	4.55	7.19	4.58	4.55	7.19
Profit of reporting period	4 281	3 937	6 683	6 092	5 602	9 509
Commercial profitability (%)	2.43	2.21	4.58	2.43	2.21	4.58
Total liquidity	2.42	2.45	1.84	2.42	2.45	1.84
Total assets	562 212	562 118	482 788	799 956	799 822	686 945
Equity	431 090	433 143	345 648	613 387	616 307	491 813
Return on assets (ROA), %	0.76	0.75	1.45	0.76	0.75	1.45
Return on equity (ROE), %	0.99	1.01	1.96	0.99	1.01	1.96
Number of shares	39 900	39 900	39 900	39 900	39 900	39 900
	LVL	LVL	LVL	EUR	EUR	EUR
Profit per share	0.107	0.099	0.167	0.153	0.140	0.238
P/E	58.72	63.31	36.74	58.72	63.31	36.74
BV	10.80	10.86	8.66	15.37	15.45	12.33
P/BV	0.58	0.58	0.71	0.58	0.58	0.71
Share price at the end of the period	6.300	6.247	6.153	8.964	8.889	8.755

2. Research and development

In order to ensure a continuous natural gas supply to the customers and a safe operation of the gas supply system, the Company has developed the “Plan of measures for improvement of gas supply system safety of Joint Stock Company “Latvijas Gāze” in 2010 to 2015”. It has been drawn up on the basis of opinions of the Russian companies “Gazobezopasnostj” and “Ļentransgaz”, the institutes “VNIIGAZ” and “Giprospepgaz”, 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 the modernization options. The plan of measures envisages investments in the improvement of safety in the total amount of LVL 50.6 million (EUR 72.0 million).

In 2011, the OJSC “Gazprom VNIIGAZ” drew up a concept of the modernization and improvement of operation safety of technological equipment at the Inčukalns UGS till 2025. The concept features two development scenarios – with and without an increase of the capacity of natural gas storage. The projected costs are LVL 253 million (EUR 360 million) and LVL 133.5 million (EUR 190 million) respectively. Based on this document, the Company prepared a

Report of the Board of Directors (continued)

2. Research and development (continued)

project "Modernization and expansion of Inčukalns UGS" and together with the JSC "Lietuvos Dujos" – a project "Increase of capacity of Latvian-Lithuanian interconnection". Both were submitted to the European Commission for inclusion in the European list of common interest projects, as stipulated by the Infrastructure Regulation.

Both projects are featured in the initial list of projects of common European interest. In the case of a favourable decision, financing from the European funds could be available for their implementation.

3. International cooperation

The work on the attraction and utilisation of funds of the European Union. On August 17, 2010, the Company received the resolution No. C(2010) 5554 of the European Commission dated 13.08.2010 on the award of a financial grant to the Action No. EEPR-2009-INTg-RF-LV-LT-SI2.566527/SI2.566531/SI2. 566541/SI2.566543 in compliance with the EC Regulation No. 663/2009 on gas and electricity interconnections. Under this resolution, a total of EUR 10.0 million was granted – EUR 7.5 million for the modernization of wells at the Inčukalns UGS and LVL 2.5 million for a gas passage across the River Daugava and the construction of pig receiver with a view to stabilize natural gas supplies between Lithuania and Latvia in emergency situations. The planned works were completed in 2011, and two more wells of the Inčukalns UGS were modernized in 2012 using the funds granted but not spent.

As at March 31, 2013, EUR 24.1 million has been spent on the project in total, incl. EUR 16.2 million on the modernization of the Inčukalns UGS wells and LVL 7.9 million on the gas passage across the River Daugava and the construction of a pig receiver.

As at March 31, 2013, a total of EUR 7.0 million has been received from the European Commission (on April 17, 2011 – EUR 1.95 million, on April 1, 2012 – EUR 5.05 million).

4. Shares and shareholders

The composition of shareholders of the Company¹ as of December 31, 2012 and previous 2 periods:

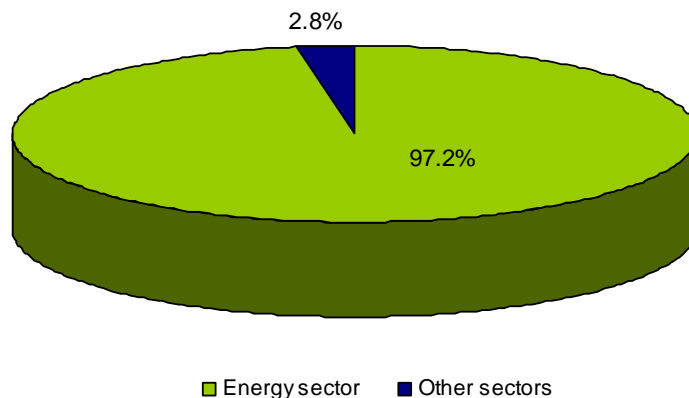
Share	31.12.2012.	31.12.2011.	31.12.2010.
"E.ON Ruhrgas International" GmbH	47.2%	47.2%	47.2%
"Gazprom" OJSC	34.0%	34.0%	34.0%
"Itera Latvija" LLC	16.0%	16.0%	16.0%
Others	2.8%	2.8%	2.8%
TOTAL	100.0 %	100.0 %	100.0 %

¹ Shareholders owning at least 5 % of capital

Report of the Board of Directors (continued)

4. Shares and shareholders (continued)

The composition of shareholders of the Company as to the industries they represent as of December 31, 2012:



The number of shares held by the members of the Board and the Council of the Company as of December 31, 2012:

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	Juris Savickis	0
Vice-Chairman of the Council	Matthias Kohlenbach	0
Council member	Andreas Rau	0
Council member	Mario Nullmeier	0
Council member	Uwe H. Fip	0
Council member	Peter Klingenberger	0
Council member	Vlada Rusakova	0
Council member	Alexander Krasnenkov	0
Council member	Yelena Karpel	0
Council member	Igor Nazarov	0

As from February 15, 1999, the shares of the Company 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

Report of the Board of Directors (continued)

4. Shares and shareholders (continued)

	2013 Q1	2012 Q1	2011 Q1	2010 Q1	2009 Q1
<u>Share price (LVL):</u>					
First	6.110	5.895	4.800	4.57	4.55
Highest	6.530	6.300	6.400	5.33	5.23
Lowest	6.030	5.520	4.600	4.57	3.45
Average	6.205	5.910	4.922	5.01	3.99
Last	6.300	6.247	6.153	5.05	3.49
Change	3.11%	5.97%	28.19%	10.50%	-23.30%
Number of transactions	400	441	400	184	253
Number of shares traded	44 392	42 689	117 120	11 150	15 040
Turnover (million LVL)	0.275	0.252	0.576	0.056	0.059
Capitalization (million LVL)	251.370	249.255	245.505	201.495	139.251

Source: NASDAQ OMX Riga

The capitalization value of the Company in 3 months of 2013 reached 251.4 million lats - by 2.1 million lats more than in 3 months of the previous reporting period. By share market capitalization the Company took the 1st place among companies quoted at NASDAQ OMX RIGA and the 4th place among companies quoted at NASDAQ OMX Baltic (2012 Q1: accordingly 1st and 3rd).

The dynamics of the Company share price and indexes.

The shares of the Company are included in the following index baskets	OMXBGI, OMXBPI, OMXRGI
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OMX Baltic

An index of all shares, Baltic-wide. Its basket consists of the shares of the Official and Second list of the Baltic exchanges. The index reflects the current situation and changes in the Baltic market overall.

OMX Riga

An index of all shares, local. Its basket consists of the shares of the Official and Second list of the NASDAQ OMX Riga exchange. The index reflects the current situation and changes in the NASDAQ OMX Riga exchange.

Report of the Board of Directors (continued)

4. Shares and shareholders (continued)

The Company share price and changes of OMX Riga GI and OMX Baltic GI (01.01.2010. - 31.03.2013.)



Source: NASDAQ OMX Riga

Indexes/Shares	01.01.2010.	31.03.2013.	Change
OMX Riga GI	278.94	419.79	+50.49%
OMX Baltic GI	264.23	447.61	+69.40%
The Company's share price (LVL)	4.10	6.30	+53.66%

Chairman of the Board

A. Dāvis

Board meeting minutes No. 22 (2013)
 Riga, May 21, 2013

Balance sheet

	Note	<u>31.03.2013.</u> <u>LVL'000</u>	<u>31.03.2012.</u> <u>LVL'000</u>	<u>31.03.2013.</u> <u>EUR'000</u>	<u>31.03.2012.</u> <u>EUR'000</u>
ASSETS					
<u>Non-current assets</u>					
Property, plant and equipment		399 053	403 501	567 801	574 130
Intangible assets		1 902	1 951	2 706	2 776
Trade receivables		2 113	1 898	3 007	2 701
Total non-current assets		403 068	407 350	573 514	579 607
<u>Current assets</u>					
Inventories	1	19 090	20 144	27 163	28 662
Trade receivables		48 896	42 142	69 573	59 963
Current income tax receivable		3 231	4 229	4 597	6 017
Other current assets		42 769	30 467	60 855	43 351
Cash and cash equivalents		45 158	57 786	64 254	82 222
Total current assets		159 144	154 768	226 442	220 215
TOTAL ASSETS		562 212	562 118	799 956	799 822
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	267 172	268 707	380 152	382 335
Other reserves		78 639	76 883	111 893	109 395
Retained earnings	3	31 059	33 333	44 193	47 428
Total equity		431 090	433 143	613 387	616 307
<u>Liabilities</u>					
<u>Non-current liabilities</u>					
Deferred income tax liabilities		40 237	41 204	57 252	58 628
Accruals for post employment benefits and other employee benefits		4 705	4 380	6 695	6 232
Deferred income		20 282	20 272	28 859	28 844
Total non-current liabilities		65 224	65 856	92 806	93 704
<u>Current liabilities</u>					
Trade payables		18 695	16 068	26 601	22 863
Corporate income tax payable		3 825	4 334	5 442	6 167
Deferred income		798	3 568	1 135	5 077
Other current liabilities		42 580	39 149	60 585	55 704
Total current liabilities		65 898	63 119	93 763	89 811
Total liabilities		131 122	128 975	186 569	183 515
TOTAL EQUITY AND LIABILITIES		562 212	562 118	799 956	799 822

JSC "Latvijas Gāze"
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Income statement

	Note	31.03.2013. LVL'000	31.03.2012. LVL'000	31.03.2013. EUR'000	31.03.2012. EUR'000
Revenue	4	176 037	178 028	250 479	253 311
Cost of sales	5	(160 803)	(163 077)	(228 802)	(232 038)
Gross profit		15 234	14 951	21 677	21 273
Administrative expenses	6	(1 739)	(1 800)	(2 475)	(2 561)
Other income	7	1 336	1 998	1 901	2 843
Other expenses	8	(6 762)	(7 045)	(9 621)	(10 024)
Operating profit		8 069	8 104	11 482	11 531
Finance income	9	37	168	52	239
Finance expenses	9	-	-	-	-
Finance income, net	9	37	168	52	239
Profit before income tax		8 106	8 272	11 534	11 770
Income tax expense		(3 825)	(4 335)	(5 442)	(6 168)
Profit for the period		4 281	3 937	6 092	5 602

Statement of comprehensive income

Other comprehensive income

Tax sections, net

Revaluation of property, plant and equipment - gross	2	15	98 429	21	140 052
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Deffered income tax liability arising on the revaluation of property, plant and equipment	2	-	(14 761)	-	(21 003)
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Other comprehensive income for the period, net of tax		15	83 668	21	119 049
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Profit for the period		4 281	3 937	6 092	5 602
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Total comprehensive income for the period		4 296	87 605	6 113	124 651
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Statement of cash flows

	31.03.2013.	31.03.2012.	31.03.2013.	31.03.2012.
	LVL'000	LVL'000	EUR'000	EUR'000
Cash flow from operating activities				
Cash generated from operations	68 057	54 227	96 836	77 158
Interest received	47	176	67	250
Income tax paid	(1 497)	(1 796)	(2 130)	(2 555)
Net cash generated from operating activities	66 607	52 607	94 773	74 853
Cash flow from investing activities				
Purchase of property, plant and equipment	(2 385)	(1 218)	(3 394)	(1 733)
Purchase of intangible assets	(67)	(24)	(95)	(34)
Proceeds from sale of property, plant and equipment	19	7	27	10
Received term deposits	-	9 207	-	13 100
Term deposits	(41 600)	(27 850)	(59 191)	(39 627)
Net cash used in investing activities	(44 033)	(19 878)	(62 653)	(28 284)
Net cash (used in) / generated from financing activities	-	-	-	-
Net (decrease) / increase in cash and cash equivalents	22 574	32 729	32 120	46 569
Cash and cash equivalents at the beginning of the year	22 584	25 057	32 134	35 653
Cash and cash equivalents at the end of the year	45 158	57 786	64 254	82 222

Statement of changes in equity

	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, 2011	39 900	14 320	185 105	76 883	29 329	345 537
Income in year 2012, total	-	-	83 601	-	4 004	87 605
Rounding	-	-	1	-	-	1
31 March, 2012	39 900	14 320	268 707	76 883	33 333	433 143
31 December, 2012	39 900	14 320	267 362	78 639	26 574	426 795
Income in year 2013, total	-	-	(189)	-	4 485	4 296
Rounding	-	-	(1)	-	-	(1)
31 March, 2013	39 900	14 320	267 172	78 639	31 059	431 090

	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, 2011	56 773	20 376	263 381	109 395	41 730	491 655
Income in year 2012, total	-	-	118 954	-	5 697	124 651
Rounding	-	-	-	-	1	1
31 March, 2012	56 773	20 376	382 335	109 395	47 428	616 307
31 December, 2012	56 773	20 376	380 422	111 893	37 811	607 275
Income in year 2013, total	-	-	(269)	-	6 382	6 113
Rounding	-	-	(1)	-	-	(1)
31 March, 2013	56 773	20 376	380 152	111 893	44 193	613 387

Notes to the financial statements

	31.03.2013. <u>LVL'000</u>	31.03.2012. <u>LVL'000</u>	31.03.2013. <u>EUR'000</u>	31.03.2012. <u>EUR'000</u>
1 INVENTORIES				
Materials and spare parts (at net realisable value)	4 172	2 973	5 936	4 230
Gas and fuel (at cost)	14 918	17 171	21 227	24 432
	19 090	20 144	27 163	28 662
2 REVALUATION RESERVE				
At the beginning of the period	267 362	185 105	380 422	263 381
Revaluation of property, plant and equipment	15	98 429	21	140 052
Deferred income tax liability arising on the revaluation of property, plant and equipment	-	(14 761)	-	(21 003)
Disposal of revalued property, plant and equipment	(204)	(67)	(290)	(95)
Rounding	(1)	1	(1)	-
At the end of the period	267 172	268 707	380 152	382 335
3 RETAINED EARNINGS				
At the beginning of the period	26 574	29 329	37 811	41 731
Disposal of revalued property, plant and equipment	204	67	290	95
Profit for the period	4 281	3 937	6 092	5 602
At the end of the period	31 059	33 333	44 193	47 428
4 REVENUE				
Sales per customers' groups are as follows:				
Income from natural gas sales to industrial customers	150 586	151 106	214 264	215 005
Income from natural gas sales to residential customers	20 085	20 915	28 579	29 759
Income from transmission and storage of natural gas	5 236	5 858	7 451	8 335
Other services	130	149	185	212
	176 037	178 028	250 479	253 311
5 COST OF SALES				
Purchase of natural gas	149 945	145 853	213 353	207 530
Salaries	2 611	2 566	3 715	3 651
Social insurance contributions	623	585	886	832
Life, health and pension insurance	200	194	285	276
Materials and spare parts	765	1 080	1 088	1 537
Depreciation and amortisation	5 689	11 676	8 095	16 614
Other	970	1 123	1 380	1 598
	160 803	163 077	228 802	232 038

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6 ADMINISTRATIVE EXPENSES

Salaries	797	824	1 134	1 172
Social insurance contributions	174	176	248	250
Life, health and pension insurance	35	34	50	48
Maintenance and utilities	172	184	245	262
Real estate tax	190	190	270	270
Depreciation and amortisation	143	189	203	269
Bank charges	23	23	33	33
Provisions for impairment of bad and doubtful debts, net	(31)	(27)	(44)	(38)
Other expenses	236	207	336	295
	1 739	1 800	2 475	2 561

7 OTHER INCOME

Penalties from customers	569	490	810	697
Income from contribution to financing of construction works	152	147	216	209
Provisions for slow moving and obsolete inventories impairment	18	17	26	24
Other income	117	668	166	951
Income from increase in exchange rates, net	480	676	683	962
	1 336	1 998	1 901	2 843

8 OTHER EXPENSES

Materials	8	9	11	13
Salaries	42	46	60	65
Social insurance contributions	5	6	7	9
Depreciation and amortisation	19	76	27	108
Sponsorship	7	21	10	30
Loss from sale of fixed assets	93	53	132	75
Other expense	6 588	6 834	9 374	9 724
	6 762	7 045	9 621	10 024

EXPENSES BY NATURE

Purchase of natural gas	149 945	145 853	213 353	207 530
Depreciation and amortisation	5 851	11 941	8 325	16 991
Employee benefit expense	4 487	4 431	6 385	6 303
Material and spare parts	773	1 089	1 099	1 550
Net provisions for impaired receivables	(31)	(27)	(44)	(38)
Other expenses	8 279	8 635	11 780	12 287
	169 304	171 922	240 898	244 623

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9 FINANCE INCOME, NET

Finance income				
- Interest income	37	168	52	239
	<u>37</u>	<u>168</u>	<u>52</u>	<u>239</u>
Finance expenses				
- Interest expenses	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Finance income, net	<u>37</u>	<u>168</u>	<u>52</u>	<u>239</u>