



"Latvijas Gāze" Joint Stock Company

Unaudited Financial Report of 9 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 – September 30, 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”
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Council members (since July 5, 2013) – 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>Achim Saul – Vice-Chairman of the Council</p> <p>Since May 2013 CEO Essen Operations, E.ON Global Commodities SE; Chairman of the Management Board, E.ON Ruhrgas International GmbH</p> <p>2012 – 2013 Member of the Board of Management, E.ON Ruhrgas AG</p> <p>Degree of doctor in Engineering</p>		<p>Matthias Kohlenbach – Council member</p> <p>Since July 2012 Member of the Board of Management of E.ON Ruhrgas International GmbH</p> <p>2009 – 2012 Head of Corporate Law Department of E.ON Ruhrgas</p> <p>Degree of doctor in Law</p>
	<p>Rainer Link – Council member</p> <p>Since 2013 Member of the Management Board of Essen Operations, E.ON Global Commodities SE, Germany</p> <p>Member of the Management Board of E.ON Ruhrgas International GmbH, Germany</p> <p>Since 2012 Member of the Management Board of E.ON Ruhrgas Portfolio GmbH, Germany</p> <p>2012 – 2013 Head of Portfolio Development Division, E.ON Ruhrgas AG, Germany</p> <p>Degree of doctor in Economics</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>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>Nikolay Dubik (Николай Дубик) – Council member</p> <p>Since 2008 Member of Management Committee of JSC “Gazprom”, Head of legal Department</p> <p>MBA degree at the Academy of National Economy under the Russian Federation Government</p> <p>Graduated from Lomonosov Moscow State University in majoring law</p>		<p>Elena 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>Elena Mikhaylova (Елена Михайлова) – Council member</p> <p>Since 2012 Member of the Gazprom Management Committee, Head of the Asset Management and Corporate Relations Department of Gazprom</p> <p>2011 – 2012 Head of the Asset Management and Corporate Relations Department of Gazprom</p> <p>MBA degree at the Academy of National Economy under the Russian Federation Government</p> <p>Law degree at the Moscow State Industrial University</p>	<p>Names, surnames and posts of Council members (before July 5, 2013)</p>	<p>Kirill Seleznev (Кирилл Селезнев) – Chairman of the Council</p> <p>Juris Savickis – Vice-Chairman of the Council</p> <p>Matthias Kohlenbach – Vice-Chairman of the Council</p> <p>Andreas Rau – Council member</p> <p>Mario Nullmeier – Council member</p> <p>Uwe H. Fip – Council member</p> <p>Peter Klingenberger – Council member</p> <p>Vlada Rusakova (Влада Русакова) – Council member</p> <p>Alexander Krasnenkov (Александр Красненков) – Council member</p> <p>Elena Karpel (Елена Карпель) – Council member</p> <p>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 9 months of the year 2013, the Company sold to consumers 1045.9 million m³ of natural gas. The natural gas sales were 2.8% higher than in the respective period of 2012 and 3.0% or 30.9 million m³ above the budgeted volume.

The gas injection season at the Inčukalns UGS began on April 17, 2013. At the start of natural gas injection, the reserves of active gas at the Inčukalns UGS were 182.35 million m³.

The injection season at the Inčukalns UGS was completed on October 14, 2013, with 2 136.7 million m³ of natural gas injected over the season and 2 300 million m³ of active gas present at the end of the season.

Over 9 months of 2013, consumers were sold natural gas and provided services for LVL 293.6 million, which is 0.03 % more than in the respective period of 2012.

The changes in gas sales did not increase the total income because in 9 months of 2013, due to changes in oil product quotations and currency rates, industrial and residential customers were applied differential natural gas sale end-user tariffs corresponding to a natural gas sale price 0.8% lower than that of 9 months of 2012. Year-on-year there was an increase of income in the industrial sector and a decrease in the household sector.

The Company completed 9 months of 2013 with a profit of LVL 9.7 million, which is 40.6% higher than in the respective period of 2012 when the Company profited LVL 6.9 million.

Within the capital investment programme, LVL 10.5 million of investment funds have been spent in 9 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 9m	2012 9m	2011 9m	2013 9m	2012 9m	2011 9m
	LVL'000	LVL'000	LVL'000	EUR'000	EUR'000	EUR'000
Net turnover	293 616	293 544	247 161	417 778	417 675	351 678
EBITDA	30 933	34 441	28 430	44 014	49 005	40 452
EBITDA, %	10.54%	11.73%	11.50%	10.54%	11.73%	11.50%
Profit of operational activity	13 524	11 110	12 674	19 243	15 808	18 032
Profitability of operational activity (%)	4.61%	3.78%	5.13%	4.61%	3.78%	5.13%
Profit of reporting period	9 736	6 907	9 192	13 853	9 827	13 078
Commercial profitability (%)	3.32%	2.35%	3.72%	3.32%	2.35%	3.72%
Total liquidity	1.55	1.45	1.42	1.55	1.45	1.42
Total assets	635 069	638 818	520 873	903 622	908 957	741 135
Equity	416 663	412 187	328 230	592 859	586 489	467 029
Return on assets (ROA), %	1.53%	1.19%	1.85%	1.53%	1.19%	1.85%
Return on equity (ROE), %	2.35%	1.87%	2.83%	2.35%	1.87%	2.83%
Number of shares	39 900	39 900	39 900	39 900	39 900	39 900
	LVL	LVL	LVL	EUR	EUR	EUR
Profit per share	0.244	0.173	0.230	0.347	0.246	0.328
P/E	27.74	33.85	23.22	27.74	33.85	23.22
BV	10.44	10.33	8.23	14.86	14.70	11.70
P/BV	0.65	0.57	0.65	0.65	0.57	0.65
Share price at the end of the period	6.77	5.86	5.35	9.63	8.34	7.61

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 “Giprospeccgaz”, 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.

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.

On the 1st August 2013, has been received last payment from the European Commission - EUR 3.0 million. The rest amount of totally granted EUR 10.0 million has been received on April 17, 2011 – EUR 1.95 million and 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:

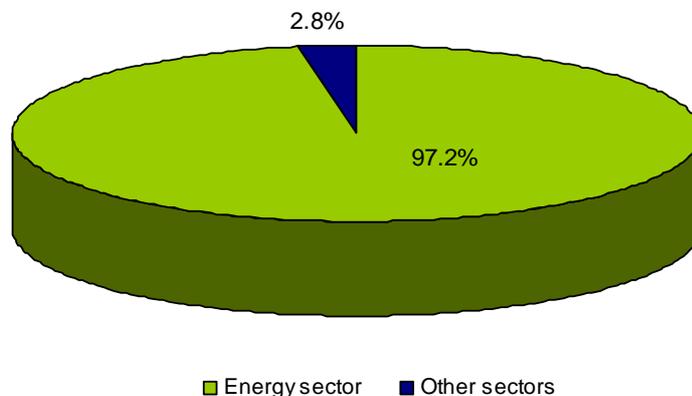
Share	31.12.2012.	31.12.2011.	31.12.2010.
"E.ON Ruhrgas International" GmbH	47.2%	47.2%	47.2%
"Gazprom" OJSC	34.0%	34.0%	34.0%
"Itera Latvija" LLC	16.0%	16.0%	16.0%
Others	2.8%	2.8%	2.8%
TOTAL	100.0 %	100.0 %	100.0 %

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 July 5, 2013:

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	Achim Saul	0
Council member	Matthias Kohlenbach	0
Council member	Rainer Link	0
Council member	Mario Nullmeier	0
Council member	Uwe H. Fip	0
Council member	Vlada Rusakova	0
Council member	Nikolay Dubik	0
Council member	Elena Karpel	0
Council member	Elena Michaylova	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 9m	2012 9m	2011 9m	2010 9m	2009 9m
<u>Share price (LVL):</u>					
First	6.11	5.895	4.80	4.57	4.55
Highest	6.93	6.350	7.00	6.00	6.00
Lowest	6.03	5.380	4.60	4.57	3.32
Average	6.31	5.853	5.21	5.29	4.23
Last	6.77	5.860	5.35	5.07	5.00
Change	10.80%	-0.59%	11.46%	10.94%	9.89%
Number of transactions	1 152	1 392	1 009	675	925
Number of shares traded	102 420	145 232	162 762	50 878	48 608
Turnover (million LVL)	0.646	0.850	0.849	0.269	0.206
Capitalization (million LVL)	270.123	233.814	213.465	202.293	199.500

Source: NASDAQ OMX Riga

The capitalization value of the Company in 9 months of 2013 reached 270.1 million lats - by 36.3 million lats more than in 9 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 9m: accordingly 1st and 4th).

The dynamics of the Company share price and indexes.

The shares of the Company are included in the following index baskets	OMXBGI, OMXR
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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 and OMX Baltic GI (01.01.2010. - 30.09.2013.)



Source: NASDAQ OMX Riga

Indexes/Shares	01.01.2010.	30.09.2013.	Change
OMX Riga	278.94	454.09	+62.79%
OMX Baltic GI	264.23	467.62	+76.97%
The Company's share price (LVL)	4.10	6.77	+65.12%

Chairman of the Board

A. Dāvis

Board meeting minutes No. 54 (2013)
 Riga, November 28, 2013

Balance sheet

	Note	30.09.2013. LVL'000	30.09.2012. LVL'000	30.09.2013. EUR'000	30.09.2012. EUR'000
ASSETS					
<u>Non-current assets</u>					
Property, plant and equipment		395 667	402 193	562 983	572 269
Intangible assets		1 632	1 667	2 322	2 372
Trade receivables		4	1 898	6	2 701
Total non-current assets		397 303	405 758	565 311	577 342
<u>Current assets</u>					
Inventories	1	148 659	148 102	211 523	210 730
Trade receivables		18 389	14 254	26 165	20 282
Current income tax receivable		4 729	5 989	6 729	8 522
Other current assets		38 684	48 112	55 042	68 457
Cash and cash equivalents		27 305	16 603	38 852	23 624
Total current assets		237 766	233 060	338 311	331 615
TOTAL ASSETS		635 069	638 818	903 622	908 957
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	266 759	267 915	379 564	381 208
Other reserves		80 040	78 639	113 887	111 893
Retained earnings	3	15 644	11 413	22 259	16 239
Total equity		416 663	412 187	592 859	586 489
<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		4 957	4 589	7 053	6 530
Deferred income		20 103	20 098	28 604	28 597
Total non-current liabilities		65 297	65 891	92 909	93 755
<u>Current liabilities</u>					
Trade payables		121 730	133 599	173 206	190 094
Corporate income tax payable		4 005	4 731	5 698	6 732
Deferred income		806	780	1 147	1 110
Other current liabilities		26 568	21 630	37 803	30 777
Total current liabilities		153 109	160 740	217 854	228 713
Total liabilities		218 406	226 631	310 763	322 468
TOTAL EQUITY AND LIABILITIES		635 069	638 818	903 622	908 957

JSC "Latvijas Gāze"
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Income statement

	Note	30.09.2013. LVL'000	30.09.2012. LVL'000	30.09.2013. EUR'000	30.09.2012. EUR'000
Revenue	4	293 616	293 544	417 778	417 675
Cost of sales	5	(271 476)	(275 563)	(386 275)	(392 091)
Gross profit		22 140	17 981	31 503	25 584
Administrative expenses	6	(6 413)	(5 360)	(9 125)	(7 626)
Other income	7	2 705	3 824	3 848	5 441
Other expenses	8	(4 908)	(5 335)	(6 983)	(7 591)
Operating profit		13 524	11 110	19 243	15 808
Finance income	9	217	528	309	751
Finance expenses	9	-	-	-	-
Finance income, net	9	217	528	309	751
Profit before income tax		13 741	11 638	19 552	16 559
Income tax expense		(4 005)	(4 731)	(5 699)	(6 732)
Profit for the period		9 736	6 907	13 853	9 827

Statement of comprehensive income

Other comprehensive income

Tax sections, net

Revaluation of property, plant and equipment - gross

2	82	98 444	117	140 073
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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

	82	83 683	117	119 070
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Profit for the period

	9 736	6 907	13 853	9 827
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Total comprehensive income for the period

	9 818	90 590	13 970	128 897
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Statement of cash flows

	30.09.2013.	30.09.2012.	30.09.2013.	30.09.2012.
	LVL'000	LVL'000	EUR'000	EUR'000
Cash flow from operating activities				
Cash generated from operations	37 863	30 109	53 874	42 841
Interest received	245	558	349	794
Income tax paid	(2 995)	(3 592)	(4 262)	(5 111)
Net cash generated from operating activities	35 113	27 075	49 961	38 524
Cash flow from investing activities				
Purchase of property, plant and equipment	(10 293)	(11 488)	(14 645)	(16 346)
Purchase of intangible assets	(199)	(159)	(283)	(226)
Proceeds from sale of property, plant and equipment	50	58	71	83
Received term deposits	-	9 207	-	13 100
Term deposits	-	(9 207)	-	(13 100)
Net cash used in investing activities	(10 442)	(11 589)	(14 857)	(16 489)
Cash flow from financing activities				
Dividends paid	(19 950)	(23 940)	(28 386)	(34 064)
Net cash (used in) / generated from financing activities	(19 950)	(23 940)	(28 386)	(34 064)
Net (decrease) / increase in cash and cash equivalents	4 721	(8 454)	6 718	(12 029)
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	27 305	16 603	38 852	23 624

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	-	-	82 809	-	7 781	90 590
Rounding	-	-	1	-	(1)	-
30 September, 2012	39 900	14 320	267 915	78 639	11 413	412 187
31 December, 2012	39 900	14 320	267 362	78 639	26 574	426 795
Income in year 2013, total	-	-	(603)	-	10 421	9 818
30 September, 2013	39 900	14 320	266 759	80 040	15 644	416 663

	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	-	-	117 826	-	11 071	128 897
Rounding	-	-	1	(1)	1	1
30 September, 2012	56 773	20 376	381 208	111 893	16 239	586 489
31 December, 2012	56 773	20 376	380 422	111 893	37 811	607 275
Income in year 2013, total	-	-	(858)	-	14 828	13 970
30 September, 2013	56 773	20 376	379 564	113 887	22 259	592 859

Notes to the financial statements

	<u>30.09.2013.</u>	<u>30.09.2012.</u>	<u>30.09.2013.</u>	<u>30.09.2012.</u>
	<u>LVL'000</u>	<u>LVL'000</u>	<u>EUR'000</u>	<u>EUR'000</u>
1 INVENTORIES				
Materials and spare parts (at net realisable value)	4 205	3 652	5 983	5 196
Gas and fuel (at cost)	144 454	144 450	205 540	205 534
	148 659	148 102	211 523	210 730
2 REVALUATION RESERVE				
At the beginning of the period	267 362	185 105	380 422	263 381
Revaluation of property, plant and equipment	82	98 444	117	140 073
Deferred income tax liability arising on the revaluation of property, plant and equipment	-	(14 761)	-	(21 003)
Disposal of revalued property, plant and equipment	(685)	(874)	(975)	(1 244)
Rounding	-	1	-	1
At the end of the period	266 759	267 915	379 564	381 208
3 RETAINED EARNINGS				
At the beginning of the period	26 574	29 329	37 811	41 730
Disposal of revalued property, plant and equipment	685	874	975	1 244
Profit for the period	9 736	6 907	13 853	9 827
Transfer to reserves	(1 401)	(1 756)	(1 994)	(2 499)
Dividends for previous period	(19 950)	(23 940)	(28 386)	(34 064)
Rounding	-	(1)	-	1
At the end of the period	15 644	11 413	22 259	16 239
4 REVENUE				
Sales per customers' groups are as follows:				
Income from natural gas sales to industrial customers	252 078	250 966	358 675	357 092
Income from natural gas sales to residential customers	29 930	30 108	42 586	42 840
Income from transmission and storage of natural gas	11 138	11 983	15 848	17 050
Other services	470	487	669	693
	293 616	293 544	417 778	417 675
5 COST OF SALES				
Purchase of natural gas	233 782	230 577	332 642	328 081
Salaries	8 081	7 985	11 498	11 362
Social insurance contributions	1 923	1 817	2 736	2 585
Life, health and pension insurance	597	603	849	858
Materials and spare parts	6 399	7 687	9 105	10 938
Depreciation and amortisation	16 929	22 773	24 088	32 403
Other	3 765	4 121	5 357	5 864
	271 476	275 563	386 275	392 091
6 ADMINISTRATIVE EXPENSES				

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Salaries	2 416	2 364	3 438	3 363
Social insurance contributions	536	511	763	727
Life, health and pension insurance	106	108	151	154
Maintenance and utilities	441	495	627	704
Real estate tax	572	569	814	810
Depreciation and amortisation	426	440	606	626
Bank charges	64	65	91	92
Provisions for impairment of bad and doubtful debts, net	1 109	(74)	1 578	(105)
Other expenses	743	882	1 057	1 255
	6 413	5 360	9 125	7 626

7 OTHER INCOME

Penalties from customers	1 004	911	1 428	1 296
Income from contribution to financing of construction works	457	442	650	629
Provisions for slow moving and obsolete inventories impairment	54	126	77	179
Other income	529	905	753	1 288
Income from increase in exchange rates, net	661	1 440	940	2 049
	2 705	3 824	3 848	5 441

8 OTHER EXPENSES

Materials	20	19	28	27
Salaries	109	125	155	178
Social insurance contributions	17	18	24	26
Depreciation and amortisation	54	119	77	169
Sponsorship	35	36	50	51
Loss from sale of fixed assets	404	734	575	1 044
Other expense	4 269	4 284	6 074	6 096
	4 908	5 335	6 983	7 591

EXPENSES BY NATURE

Purchase of natural gas	235 782	230 577	335 488	328 081
Depreciation and amortisation	17 409	23 332	24 771	33 198
Employee benefit expense	13 785	13 531	19 614	19 253
Material and spare parts	6 419	7 706	9 133	10 965
Net provisions for impaired receivables	(891)	(74)	(1 268)	(105)
Other expenses	10 293	11 186	14 645	15 916
	282 797	286 258	402 383	407 308

9 FINANCE INCOME, NET

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Finance income				
- Interest income	217	528	309	751
	217	528	309	751
Finance expenses				
- Interest expenses	-	-	-	-
	-	-	-	-
Finance income, net	217	528	309	751