



"Latvijas Gāze" Joint Stock Company

Unaudited Financial Report of 12 months of 2014

Prepared in accordance with the International Financial Reporting Standards

Riga, 2015

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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 – December 31, 2014

Board members (term of office of the Board – August 16, 2012 to August 16, 2015, for Mario Nullmeier term is January 1, 2014 to December 31, 2016) - 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>Mario Nullmeier – Board member, Vice-Chairman of the Board</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>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>	<p>Names, surnames and posts of Council members (before January 1, 2014)</p>	<p>Adrians Dāvis – Chairman of the Board Alexander Miheyev (Александр Михеев) – Board member, Vice-Chairman of the Board Jörg Tumat - Board member, Vice-Chairman of the Board Anda Ulpe - Board member Gints Freibergs - Board member</p>

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Council members (term of office of the Council - January 1, 2014 to December 31, 2016) – 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>Jörg Tumat - Council member</p> <p>Since 2013 Member of the Board of E.ON Russia</p> <p>2006 – 2013 Member of the Board, Vice-chairman of the Board of JSC „Latvijas Gāze”</p> <p>2001 – 2004 the University of Hagen, Diploma in Business Administration (Dipl.-Betriebswirt)</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>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>Vlada Rusakova (Влада Русакова) – Council member</p> <p>Since 2013 Vice president of OJSC Rosneft, Head of gas business development department</p> <p>2003-2012 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 January 1, 2014)</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>Matthias Kohlenbach – Council member</p> <p>Rainer Link – Council member</p> <p>Mario Nullmeier – Council member</p> <p>Uwe H. Fip – Council member</p> <p>Vlada Rusakova (Влада Русакова) – Council member</p> <p>Nikolay Dubik (Николай Дубик) – Council member</p> <p>Elena Karpel (Елена Карпель) – Council member</p> <p>Elena Mikhaylova (Елена Михайлова) – 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 442.6 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 12 months of the year 2014, the Company sold to the consumers 1 293.9 million m³ of natural gas. In comparison with the respective period of 2013, the natural gas sales decreased by 10.9 % 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 natural gas withdrawal season in 2014 was longer than planned because due to urgent repairs on the gas transmission pipeline Torzhok-Valdai, a natural gas feed from the Inčukalns UGS was necessary till 23rd May. Despite the delay of the injection season, the Inčukalns UGS was filled in time, as this year, due to the mild winter, the volume of gas to be injected was lower.

The injection season at the Inčukalns UGS was completed on October 23, 2014, with 1 907.1 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 12 months of 2014, the consumers were sold natural gas and provided services for EUR 503.1 million, which is by 12.4 % less than in the respective period of 2013.

The decrease of income year-on-year stems from the lower natural gas sales volume and fact that during 12 months of 2014, 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 4.9% below that of the 12 months of 2013. The income saw decrease both in the industrial and household sector.

The Company completed 12 months of 2014 with a profit of EUR 30.07 million, which is 1.9% higher than in the respective period 2013 when the Company profited EUR 29.5 million. The increase of profit stems from an adjustment of the provisions made in earlier periods for personnel expenses to meet liabilities under the Collective Agreement (EUR 1.2 million).

Report of the Board of Directors (continued)

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

Within the framework of the capital investment programme, EUR 30.0 million of investment funds was spent over 12 months of 2014, mostly on the renovation of gas transmission and distribution pipelines, the modernization of technological equipment and the reconstruction of wells.

Inčukalns UGS

During the reporting period, the Inčukalns UGS saw completion of the modernisation of 4 production wells, while on 4 other production wells it is still underway. EUR 5.9 million were spent in 2014.

Operation Unit “Gas Transport”

The elimination of the damage found in the diagnostics of gas transmission pipelines is in progress. EUR 4.0 million have been spent on the renovation of gas transmission pipelines and on the reconstruction and replacement of valve units of gas transmission pipelines.

Having begun in 2013, the construction of new passages of the gas transmission pipelines Pskov-Riga and Izborsk-Inčukalns UGS across the Gauja River, including the transposition of inverted siphons and cables to a safer and flood-proof location using the sloped drilling method, continued in 2014, with EUR 7.6 million spent over the year. The works are due for completion in 2015, with the total costs of the project estimated to EUR 13.8 million.

The year 2014 saw completion of the assembly for the capital repair of the passages of the gas transmission pipeline Riga-Panevežys across the Mēmele and Mūsa River with the replacement of pipes and valve units. EUR 1.7 million were spent in 2014. The repair is due for completion in 2015, with the total costs of the project estimated to EUR 2.3 million.

Distribution system

In 2014, EUR 1.2 million were spent on the construction of gas distribution pipelines and EUR 2.5 million on the renovation of existing gas pipelines.

The replacement and reconstruction of electric protection equipment is in progress, with EUR 0.3 million spent for this purpose.

The key indices of the Company

	2014	2013	2012
	EUR'000	EUR'000	EUR'000
Net turnover	503 076	573 963	608 154
Profit before income tax, interest payments, depreciation and amortization (EBITDA)	68 975	67 925	76 244
Profit before income tax, interest payments, depreciation and amortization to net turnover (EBITDA %)	13.71%	11.83%	12.54%
Profit of operational activity	35 143	34 821	34 787
Profitability of operational activity (%)	6.99%	6.07%	5.72%
Profit of reporting period	30 069	29 457	30 167
Commercial profitability (%)	5.98%	5.13%	4.96%

Report of the Board of Directors (continued)

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

	2014	2013	2012
	EUR'000	EUR'000	EUR'000
Total liquidity	3.66	1.77	1.94
Total assets	747 970	868 226	829 240
Equity	610 182	608 721	607 275
Return on assets (ROA)	3.72%	3.47%	4.05%
Return on equity (ROE)	4.93%	4.84%	5.49%
Number of shares	39 900	39 900	39 900
	EUR	EUR	EUR
Profit per share	0.754	0.738	0.756
P/E	12.13	12.72	11.31
BV	15.29	15.26	15.22
P/BV	0.60	0.62	0.56
Dividends per share	-	0.72	0.71
Return on dividends (dividends per share/ profit per share)	-	0.98	0.94
Share price at the end of the period	9.14	9.39	8.55

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 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 EUR 360 million and EUR 190 million respectively. Based on this document, the Company prepared a 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.

3. International cooperation

The year 2014 saw further work on the implementation of projects of common European interest. The European Commission continued the evaluation of projects of Polish-Lithuanian and Finnish-Estonian gas transmission pipeline interconnections and a regional liquefied natural gas terminal in Finland or Estonia.

The first round of submission of projects for co-funding began in May 2014. Within the required timeframe the Company submitted documents on the first stage of the project of modernisation of the Inčukalns UGS. Under the European Commission decision dated

Report of the Board of Directors (continued)

3. International cooperation (continued)

November 21, 2014, the project has not been recommended for co-funding, as in the first round the selection was limited to gas projects ensuring the diversification of gas supply sources and the necessary interconnections.

The European Commission has promoted the construction of the Polish-Lithuanian interconnection (GIPL) and a further study on the Finnish-Estonian interconnection for co-funding, whereas the construction of a liquefied natural gas terminal in Finland has not been selected.

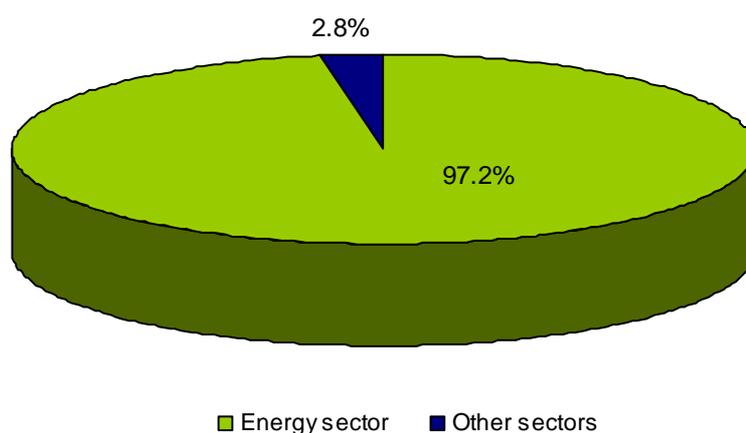
The second list of projects of common European interest is currently under preparation, and the Company has repeatedly submitted both projects for inclusion in the list, as stipulated in the Infrastructure Regulation.

4. Shares and shareholders

The composition of shareholders of the Company¹ as of December 31, 2014 and previous 2 periods:

Share	31.12.2014.	31.12.2013.	31.12.2012.
“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 %

The composition of shareholders of the Company as to the industries they represent as of December 31, 2014:



¹ Shareholders owning at least 5 % of capital

Report of the Board of Directors (continued)

4. Shares and shareholders (continued)

The number of shares held by the members of the Board and the Council of the Company as of December 31, 2014:

Board members		Number of shares
Chairman of the Board	Adrians Dāvis	417
Vice-Chairman of the Board	Mario Nullmeier	0
Vice-Chairman of the Board	Alexander Miheyev	0
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	Jörg Tumat	0
Council member	Uwe H. Fip	0
Council member	Rainer Link	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	1.40 EUR
Total number of securities	39 900 000
Number of securities in public trading	25 328 520
Guaranteers of liquidity	None

	2014	2013	2012	2011	2010
<u>Share price (EUR):</u>					
First	9.390	8.694	8.388	6.830	6.503
Highest	10.400	9.861	9.035	9.960	8.537
Lowest	8.900	8.580	7.655	6.547	6.503
Average	9.470	9.049	8.342	7.570	7.328
Last	9.140	9.391	8.551	8.041	6.972
Change	-2.66%	8.02%	1.94%	17.73%	7.21%
Number of shares traded	118 685	121 774	168 115	218 132	85 493
Turnover (million EUR)	1.123	1.101	1.403	1.651	0.626
Number of transactions	1 290	1 479	1 767	1 284	988
Capitalization (million EUR)	364.686	374.701	341.185	320.836	278.183

Source: NASDAQ OMX Riga

Report of the Board of Directors (continued)

4. Shares and shareholders (continued)

The capitalization value of the Company in 12 months of 2014 reached EUR 364.7 million - by EUR 10.0 million less than in 12 months of the previous reporting period. By share market capitalization the Company took the 1st place among companies quoted at Nasdaq Riga and the 5th place among companies quoted at Nasdaq Baltic (2013: 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, OMXBPI, OMXRGI
-----------------------------------------------------------------------	------------------------

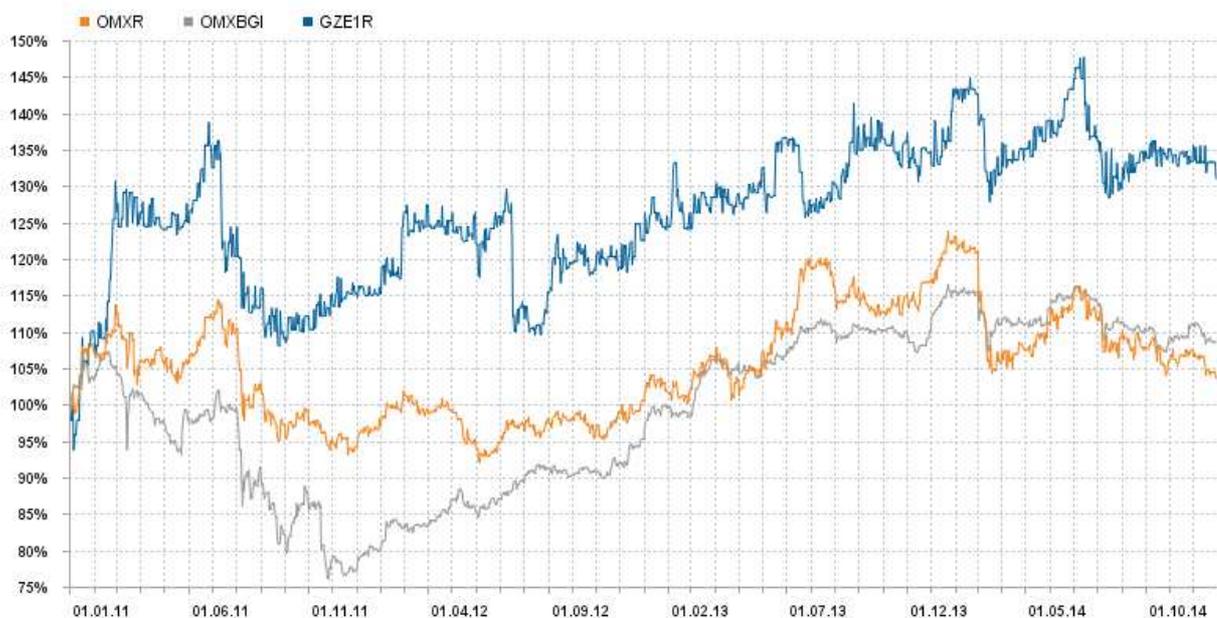
OMX Baltic

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.

The Company share price and changes of OMX Riga GI and OMX Baltic GI (01.01.2011. - 31.12.2014.)



Source: NASDAQ OMX Riga

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Report of the Board of Directors (continued)

4. Shares and shareholders (continued)

Indexes/Shares	01.01.2011.	31.12.2014.	Change
OMX Riga	393.53	408.03	+3.68%
OMX Baltic GI	421.36	457.42	+8.56%
GZE1R (EUR)	6.972	9.140	+31.09%

Chairman of the Board

A. Dāvis

Board meeting minutes No. 9 (2015)
Riga, February 24, 2015

Statement of Director's responsibility

The Board of Directors of the Joint Stock Company "Latvijas Gāze" (hereinafter – the Company) is responsible of the preparation of the interim financial statements of the Company. Interim financial statements of the Company are not audited.

The financial statements on pages 13 to 19 are prepared in accordance with the underlying accounting records and source documents and present fairly the financial position of the Company as of 31 December 2014 and the result of its operations and cash flows for the period ended 31 December 2014.

The financial statements are prepared in accordance with International Financial Reporting Standards on a going concern basis. Appropriate accounting policies have been applied on a consistent basis. The Board of Directors in the preparation of the financial statements has made prudent and reasonable judgements and estimates.

The Board of Directors of JSC "Latvijas Gāze" is responsible for the maintenance of proper accounting records, the safeguarding of the Company's assets and the prevention and detection of fraud and other irregularities in the Company. The Board of Directors is also responsible for operating the Company in compliance with the legislation of the Republic of Latvia.

On behalf of the Board of Directors,

Adrians Dāvis
Chairman of the Board

Rīga, 24th February 2015

Balance sheet

	Note	31.12.2014. EUR'000	31.12.2013. EUR'000
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment		561 675	566 108
Intangible assets		2 229	2 790
Trade receivables		8	9
Total non-current assets		563 912	568 907
<u>Current assets</u>			
Inventories	1	80 189	185 167
Trade receivables		51 659	39 462
Current income tax receivable		470	1 688
Other current assets		616	39 448
Cash and cash equivalents		51 124	33 554
Total current assets		184 058	299 319
TOTAL ASSETS		747 970	868 226
EQUITY AND LIABILITIES			
<u>Equity</u>			
Share capital		55 860	56 773
Share premium		20 376	20 376
Revaluation reserve		376 348	378 103
Revaluation reserve of post-employment benefit liabilities and other liabilities towards employees		(80)	-
Other reserves		115 676	113 887
Retained earnings		42 002	39 582
Total equity		610 182	608 721
<u>Liabilities</u>			
<u>Non-current liabilities</u>			
Deferred income tax liabilities		54 645	56 447
Accruals for post employment benefits and other employee benefits		4 486	5 442
Deferred income		28 339	28 763
Total non-current liabilities		87 470	90 652
<u>Current liabilities</u>			
Trade payables		3 784	129 643
Deferred income		1 187	1 161
Other current liabilities		45 347	38 049
Total current liabilities		50 318	168 853
Total liabilities		137 788	259 505
TOTAL EQUITY AND LIABILITIES		747 970	868 226

Income statement

	Note	31.12.2014. EUR'000	31.12.2013. EUR'000
Revenue	2	503 076	573 963
Cost of sales	3	(452 334)	(520 046)
Gross profit		50 742	53 917
Administrative expenses	4	(13 739)	(18 019)
Other income	5	3 303	4 524
Other expenses	6	(5 163)	(5 601)
Operating profit		35 143	34 821
Finance income	7	179	155
Profit before income tax		35 322	34 976
Income tax expense		(5 253)	(5 519)
Profit for the period		30 069	29 457

Statement of comprehensive income

Other comprehensive income

Tax sections, net

Revaluation of property, plant and equipment - gross

239 443

Deffered income tax liability arising on the revaluation of property, plant and equipment

(36) (67)

Revaluation of post-employment benefit liabilities and other liabilities towards employees

(80) -

Other comprehensive income for the period, net of tax

123 376

Profit for the period

30 069 29 457

Total comprehensive income for the period

30 192 29 833

Statement of cash flows

	31.12.2014.	31.12.2013.
	EUR'000	EUR'000
Cash flow from operating activities		
Cash generated from operations	42 515	98 527
Interest received	374	387
Income tax paid	(5 527)	(5 134)
Net cash generated from operating activities	37 362	93 780
Cash flow from investing activities		
Purchase of property, plant and equipment	(29 153)	(27 113)
Purchase of intangible assets	(861)	(1 068)
Proceeds from sale of property, plant and equipment	47	78
EC funding received	3	3 029
Received term deposits	38 900	-
Term deposits	-	(38 900)
Net cash used in investing activities	8 936	(63 974)
Cash flow from financing activities		
Dividends paid	(28 728)	(28 386)
Net cash (used in) / generated from financing activities	(28 728)	(28 386)
Net (decrease) / increase in cash and cash equivalents	17 570	1 420
Cash and cash equivalents at the beginning of the year	33 554	32 134
Cash and cash equivalents at the end of the year	51 124	33 554

Statement of changes in equity

	Share capital	Share premium	Revalu- ation reserve	Revalu- ation reserve of post- employ- ment benefit liabilities	Other reserves	Retained earnings	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 31 December 2012	56 773	20 376	380 422	-	111 893	37 811	607 275
<i>Other comprehensive income</i>							
Revaluation of property, plant and equipment - gross	-	-	443	-	-	-	443
Deferred income tax liability arising on the revaluation of property, plant and equipment	-	-	(67)	-	-	-	(67)
Disposal of revalued property, plant and equipment	-	-	(3 170)	-	-	3 170	-
Deferred income tax on disposal of revalued property, plant and equipment	-	-	476	-	-	(476)	-
<i>Total other comprehensive income</i>	-	-	(2 318)	-	-	2 694	376
Profit for the year	-	-	-	-	-	29 457	29 457
Total comprehensive income for 2013	-	-	(2 318)	-	-	32 151	29 833
<i>Transactions with owners</i>							
Transfers to reserves	-	-	-	-	1 993	(1 993)	-
Dividends for 2012	-	-	-	-	-	(28 386)	(28 386)
Rounding difference	-	-	(1)	-	1	(1)	(1)
Balance as at 31 December 2013	56 773	20 376	378 103	-	113 887	39 582	608 721

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	Share capital	Share premium	Revaluation reserve	Revaluation reserve of post-employment benefit liabilities	Other reserves	Retained earnings	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 31 December 2013	56 773	20 376	378 103	-	113 887	39 582	608 721
<i>Other comprehensive income</i>							
Revaluation of property, plant and equipment - gross	-	-	239	-	-	-	239
Deferred income tax liability arising on the revaluation of property, plant and equipment	-	-	(36)	-	-	-	(36)
Disposal of revalued property, plant and equipment	-	-	(2 304)	-	-	2 304	-
Deferred income tax on disposal of revalued property, plant and equipment	-	-	346	-	-	(346)	-
Revaluation of post-employment benefit liabilities and other liabilities towards employees	-	-	-	(80)	-	-	-
<i>Total other comprehensive income</i>	-	-	(1 755)	(80)	-	1 958	123
Profit for the year	-	-	-	-	-	30 069	30 069
Total comprehensive income for 2014	-	-	(1 755)	(80)	-	32 027	30 192
<i>Transactions with owners</i>							
Transfers to reserves	(913)	-	-	-	1 789	(876)	-
Dividends for 2013	-	-	-	-	-	(28 728)	(28 728)
Rounding difference	-	-	-	-	-	(3)	(3)
Balance as at 31 December 2014	55 860	20 376	376 348	(80)	115 676	42 002	610 182

Notes to the financial statements

	31.12.2014.	31.12.2013.
	EUR'000	EUR'000
1 INVENTORIES		
Materials and spare parts (at net realisable value)	5 912	7 230
Gas and fuel (at cost)	74 277	177 937
	80 189	185 167
2 REVENUE		
Income from natural gas sales to industrial customers	419 167	491 041
Income from natural gas sales to residential customers	59 748	62 857
Income from transmission and storage of natural gas	23 250	19 061
Other services	911	1 004
	503 076	573 963
3 COST OF SALES		
Purchase of natural gas	381 795	447 684
Salaries	16 306	16 670
Social insurance contributions	3 596	3 960
Life, health and pension insurance	1 096	1 135
Materials and spare parts	9 844	10 508
Depreciation and amortisation	32 896	32 181
Other	6 801	7 908
	452 334	520 046
4 ADMINISTRATIVE EXPENSES		
Salaries	4 907	5 149
Social insurance contributions	727	1 124
Life, health and pension insurance	201	206
Maintenance and utilities	946	955
Real estate tax	1 106	1 086
Depreciation and amortisation	832	820
Bank charges	100	122
Provisions for impairment of bad and doubtful debts, net	281	3 237
Other expenses	4 639	5 320
	13 739	18 019
5 OTHER INCOME		
Penalties from customers	1 241	1 413
Income from contribution to financing of construction works	899	876
Provisions for slow moving and obsolete inventories impairment	21	105
Other income	983	986
Income from increase in exchange rates, net	13	948
Interest income	146	196
	3 303	4 524

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6 OTHER EXPENSES

Materials	42	39
Salaries	267	280
Social insurance contributions	31	36
Depreciation and amortisation	105	104
Sponsorship	2 977	2 994
Loss from sale of fixed assets	1 149	1 693
Other expense	592	455
	5 163	5 601

EXPENSES BY NATURE

Purchase of natural gas	381 795	447 684
Depreciation and amortisation	33 833	33 105
Employee benefit expense	27 131	28 560
Material and spare parts	9 886	10 547
Net provisions for impaired receivables	281	3 237
Other expenses	18 310	20 533
	471 236	543 666

7 FINANCE INCOME, NET

Finance income		
- Interest income	179	155