



"Latvijas Gāze" Joint Stock Company

Unaudited Financial Report of 9 months of 2010

Prepared according to the Requirements of International Financial Reporting Standards

Riga, 2010






Contents

Information on the Company	3
Report on activity of the “Latvijas Gāze” JSC in the 9 months of the year 2010	5
Shares and shareholders	8
Balance sheet	11
Consolidated income statement – by function of expense.....	12
Consolidated statement of recognized income and expense	12
Cash flow statement	13
Changes in equity capital.....	14
Notes to the financial statements.....	15

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, 2010

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>		

“Latvijas Gāze” Joint Stock Company
Unaudited financial report
9 months 2010

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

	<p>Kirill Seleznev (Кирилл Селезнев) – Chairman of the Council, Represents the interest of OJSC Gazprom</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, Represents the interest of LLC ITERA Latvija</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>Dr. Peter Andreas Frankenberg – Vice-Chairman of the Council, Represents the interest of E.ON Ruhrgas International GmbH</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 1992 Dr. rer. oec. (PhD), International Accounting, Ruhr University Bochum</p>		<p>Joachim Hockertz – Council member, Represents the interest of E.ON Ruhrgas International GmbH</p> <p>2000 – 2002 Head of the Baltic Office of Ruhrgas AG 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, Represents the interest of E.ON Ruhrgas International GmbH</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, Represents the interest of E.ON Ruhrgas International GmbH</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, Represents the interest of E.ON Ruhrgas International GmbH</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, Represents the interest of OJSC Gazprom</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>Alexander Krasnenkov (Александр Красненков) – Council member, Represents the interest of OJSC Gazprom</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, Represents the interest of OJSC Gazprom</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>Igor Nazarov (Игорь Назаров) – Council member, Represents the interest of LLC ITERA Latvija</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 Juris Savickis – Vice-Chairman of the Council Achim Saul – Vice-Chairman of the Council Joachim Hockertz – Council member Uwe Fip – Council member Mario Nullmeier – 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 on activity of the “Latvijas Gāze” JSC in the 9 months of the year 2010

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 442.1 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 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 Company in the reporting year

In 9 months of 2010 LG sold to consumers 1 200.9 million m³ of gas, which is by 25.6% or 244.9 million m³ more than it had been budgeted and by 22.8% more than in the respective period of 2009.

The increase of natural gas consumption among both industrial and residential customers during the 9 months of 2010 stems from the protractedly low air temperature in the 1st quarter of 2010 and competitive natural gas sale price because clients received natural gas from Inčukalns Underground Gas Storage Facility (hereinafter - Inčukalns UGS) which was bought in autumn 2009 for considerably lower price than fuel oil price in the market because of the rising oil product quotations in the stock exchange. In the beginning of 2009 there was opposite trend – heat supply companies began to use fuel oil and other alternative fuel because of the high natural gas prices.

The gas injection season at the Inčukalns UGS began in April 11, 2010. Upon the commencement of natural gas injection, the reserves of active gas at the Inčukalns UGS were 51.4 million nm³.

The gas injection season at the Inčukalns UGS was completed on October 18, 2010 and over the season 2010, 2 034.5 million nm³ of natural gas were injected into the Inčukalns UGS, reaching the active gas volume of 1 991.5 million nm³ at the end of the injection season.

In 9 months of 2010, consumers were sold natural gas and provided services for LVL 230.4 million, which is by 3.2 % less than in the respective period of 2009, still by 29.4% more than planned in the budget of 2010. The fall of income towards the respective period of 2009 stems from the industrial users and residential customers being applied the discriminative natural gas sale end tariffs in the 1st quarter of 2010. These tariffs corresponded to the natural gas sale price, which was by 82.6 % lower than in Q1 of 2009. The income, compared to 2009, decreased both from industrial and household customers. The income from transmission and storage, for its part,

“Latvijas Gāze” Joint Stock Company
Unaudited financial report
9 months 2010

increased, as other countries used the services of the Inčukalns UGS more intensively due to the cold weather, as well as there were higher tariffs of natural gas storage in the 1st quarter of 2010.

LG completed 9 months of 2010 with a profit of LVL 9.2 million, which is by 58.6 % higher than in the respective period of 2009 when the profit amounted to LVL 5.8 million.

Within the framework of the capital investment programme, LVL 15.0 million of investment funds were taken up over 9 months of 2010. The funds were mostly spent on the construction of new gas pipelines and the renovation of existing ones, reconstruction of wells, modernization of technological equipment, as well the reconstruction of engineering buildings and constructions.

The key indices of the Company:

	2010 9M	2009 9M	2008 9M	2010 9M	2009 9M	2008 9M
	LVL'000	LVL'000	LVL'000	EUR'000	EUR'000	EUR'000
Net turnover	230 356	238 140	211 668	327 767	338 843	301 176
Profit before income tax, interest payments, depreciation and amortization	27 907	20 752	16 385	39 708	29 527	23 314
Profit before income tax, interest payments, depreciation and amortization to net turnover	12,11%	8,71%	7,74%	12,11%	8,71%	7,74%
Profit of operational activity	12 224	5 483	2 245	17 393	7 802	3 194
Profitability of operational activity (%)	5,31%	2,30%	1,06%	5,31%	2,30%	1,06%
Profit of reporting period	8 985	5 479	(1 062)	12 785	7 796	(1 511)
Commercial profitability (%)	3,90%	2,30%	(0,50)%	3,90%	2,30%	(0,50)%
Total liquidity	1,53	0,99	1,18	1,53	0,99	1,18
Total assets	471 857	493 445	537 751	671 392	702 109	765 151
Equity	322 113	315 439	304 781	458 326	448 829	433 664
Return on assets (ROA)	1,86%	1,06%	(0,20)%	1,86%	1,06%	(0,20)%
Return on equity (ROE)	2,82%	1,77%	(0,34)%	2,82%	1,77%	(0,34)%
Number of shares	39 900	39 900	39 900	39 900	39 900	39 900
	LVL	LVL	LVL	EUR	EUR	EUR
Profit per share	0,225	0,137	(0,027)	0,320	0,195	(0,038)
Share price over earnings per share (P/E)	22,51	36,41	(225,42)	22,51	36,41	(225,42)
Share book value (BV)	8,07	7,91	7,64	11,49	11,25	10,87
Price to book value (P/BV)	0,63	0,63	0,79	0,63	0,63	0,79
Share price at the end of period	5,07	5,00	6,00	7,21	7,11	8,54

Important activities

Work on introduction of excise tax on natural gas. On 22nd April 2010 parliament of Republic of Latvia confirmed changes in law, according to which:

- introduction of excise tax on natural gas will be postponed from 1st May 2010 till 1st July 2010;

- excise tax will be applied to natural gas which will be supplied to end users - households and industrial users, who use natural gas for thermal energy production and car fuel.

LVL 631.6 thousands were calculated and paid as an excise tax to state budget for natural gas supplied to end users in July and August 2010.

Referring to low resident paying capacity and increase in natural gas purchase price because of oil quotation, opposition parties proposed changes in law “About excise tax” in concordance with which excise tax would not be adjusted from 01.09.2010. till 30.06.2011. Parliament confirmed proposed changes in an extraordinary meeting on 25th August 2010.

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 “Gazobezopasnostj” and “Lentransgaz”, the institutes “VNIIGAZ” and “Giprospekgaz”, 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.

3. International cooperation

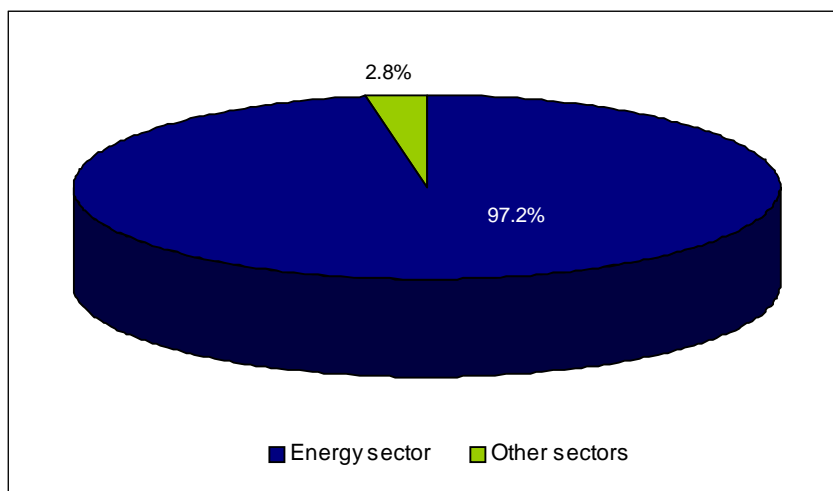
Work on attracting and adopting funds from European Commission (hereinafter – EC). On 17th August 2010 LG received from EC resolution Nr C (2010) 5554 dated 13.08.2010. on receiving financial grant for Action No. EEPR-2009-INTg-RF-LV-LT-SI2.566527/SI2.566531/SI2.566541/SI2.566543 in accordance with Regulation 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.

Shares and shareholders

1) The composition of LG shareholders¹ as of December 31, 2009 and previous 2 periods:

Share	31.12.2009.	31.12.2008.	31.12.2007.
“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, 2009:



3) The number of shares held by the members of the Board and the Council of the “Latvijas Gāze” JSC as of December 31, 2009:

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	Achim Saul	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

4) The price of shares at NASDAQ OMX Riga in 9 months of 2010 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

	2006 9M	2007 9M	2008 9M	2009 9M	2010 9M
Share price (LVL):					
First	9.95	10.35	7.25	4.55	4.57
Highest	11.13	11.25	8.20	6.00	6.00
Lowest	9.27	9.65	6.00	3.32	4.57
Average	10.24	10.48	7.06	4.23	5.29
Last	10.06	9.95	6.00	5.00	5.07
Change	1.11%	-3.86%	-17.24%	9.89%	10.94%
Number of transactions	778	697	1 372	925	675
Number of shares traded	117 494	142 110	37 383	48 608	50 878
Turnover (million LVL)	1.203	1.490	0.264	0.206	0.269
Capitalization (million LVL)	401.394	397.005	239.400	199.500	202.293

Source: NASDAQ OMX Riga

The capitalization value of LG in 9 months of 2010 reached 202.3 million lats - by 2.8 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 7th place among companies quoted at NASDAQ OMX Baltic.

5) The dynamics of LG share price and indexes.

The shares of LG are included in the following index baskets	B10GI, B10PI, OMXBBCAPGI, OMXBBCAPPI, OMXBBGI, OMXBBPI, 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.

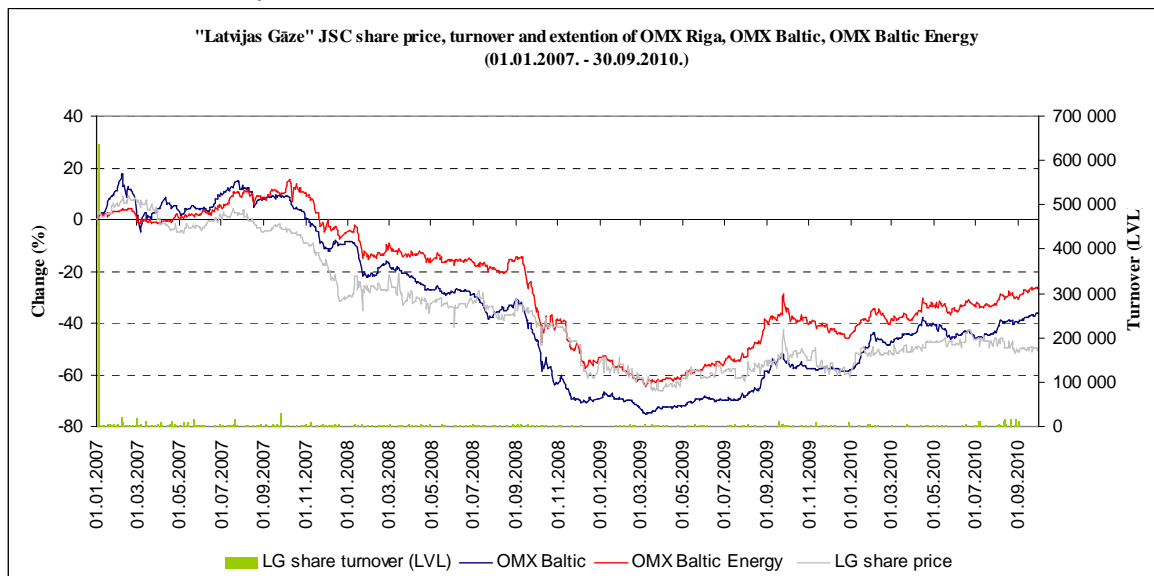
OMX Riga

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.

OMX Baltic Energy

“Latvijas Gāze” Joint Stock Company
Unaudited financial report
9 months 2010

A sector index, Baltic-wide, based on the Global Industry Classification Standard (GICS) developed by Morgan Stanley Capital International Inc. (MSCI) together with Standard & Poor's. The international classification standard GICS was created in order to meet the investors' requirement of more precise, comprehensive and standardized classification of companies. The sector index shows the trends of sector and enables a comparison of similar companies within a sector. The index includes the shares of the Official and Second list of the OMX Baltic market; the indexes are calculated for each GICS sector individually.



Source: NASDAQ OMX Riga

Indexes/Shares	01.01.2007.	30.09.2010.	Changes
OMX Baltic GI	749.13	479.38	-36.01%
OMX Baltic Energy GI	602.43	442.31	-26.58%
LG share price	10.32	5.07	-50.87%
Turnover of LG shares	455.40	857.05	88.20%

Balance sheet

	Note	30.09.2010. LVL'000	30.09.2009. LVL'000	30.09.2010. EUR'000	30.09.2009. EUR'000
ASSETS					
<u>Non-current assets</u>					
Property, plant and equipment		314 333	314 472	447 256	447 453
Intangible assets		1 963	2 012	2 793	2 863
Trade receivables		4	10	6	14
Total non-current assets		316 300	316 494	450 055	450 330
<u>Current assets</u>					
Inventories	1	66 816	91 758	95 071	130 559
Trade receivables		12 373	13 040	17 605	18 554
Current income tax receivable		4 451	5 299	6 333	7 540
Other current assets		49 908	39 215	71 013	55 798
Cash and cash equivalents		22 009	27 639	31 316	39 327
Total current assets		155 557	176 951	221 338	251 778
TOTAL ASSETS		471 857	493 445	671 393	702 108
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	186 191	186 871	264 926	265 893
Other reserves		71 910	69 540	102 319	98 947
Retained earnings	3	9 792	4 808	13 933	6 840
Total equity		322 113	315 439	458 327	448 829
<u>Liabilities</u>					
<u>Non-current liabilities</u>					
Deferred income tax liabilities		29 700	29 915	42 259	42 565
Accruals for post employment benefits and other employee benefits		4 664	4 673	6 636	6 649
Deferred income		13 655	13 594	19 429	19 343
Total non-current liabilities		48 019	48 182	68 324	68 557
<u>Current liabilities</u>					
Trade payables		67 592	96 787	96 175	137 715
Corporate income tax payable		5 447	2 219	7 750	3 157
Deferred income		832	5 148	1 184	7 325
Other current liabilities		27 854	25 670	39 633	36 525
Total current liabilities		101 725	129 824	144 742	184 722
Total liabilities		149 744	178 006	213 066	253 279
TOTAL EQUITY AND LIABILITIES		471 857	493 445	671 393	702 108

Consolidated income statement – by function of expense

	Note	30.09.2010. LVL'000	30.09.2009. LVL'000	30.09.2010. EUR'000	30.09.2009. EUR'000
Revenue	4	230 356	238 140	327 767	338 843
Cost of sales	5	(202 690)	(218 063)	(288 402)	(310 275)
Gross profit		27 666	20 077	39 365	28 568
Administrative expenses	6	(11 755)	(11 057)	(16 726)	(15 733)
Other income	7	1 464	1 663	2 082	2 366
Other expenses	8	(5 151)	(5 200)	(7 329)	(7 400)
Operating profit		12 224	5 483	17 392	7 801
Finance income	9	2 208	2 222	3 142	3 162
Finance expenses	9	-	(7)	-	(10)
Finance income, net	9	2 208	2 215	3 142	3 152
Profit before income tax		14 432	7 698	20 534	10 953
Income tax expense		(5 447)	(2 219)	(7 750)	(3 157)
Profit for the period		8 985	5 479	12 784	7 796
Earnings per share (EPS)		0.225	0.137	0.320	0.195

Consolidated statement of recognized income and expense

Items net of tax					
Disposal of revalued property, plant and equipment	2	198	355	282	505
Net income recognised directly in equity		198	355	282	505
Profit for the period		8 985	5 479	12 784	7 796
Total recognised income for the period		9 183	5 834	13 066	8 301

Cash flow statement

	30.09.2010.	30.09.2009.	30.09.2010.	30.09.2009.
	LVL'000	LVL'000	EUR'000	EUR'000
Cash flow from operating activities				
Cash generated from operations	17 924	49 466	25 504	70 384
Interest received	2 301	2 481	3 274	3 530
Income tax paid	(3 111)	(3 938)	(4 427)	(5 603)
Net cash generated from operating activities	17 114	48 009	24 351	68 311
Cash flow from investing activities				
Purchase of property, plant and equipment	(14 855)	(9 602)	(21 137)	(13 662)
Proceeds from sale of property, plant and equipment	49	17	70	24
Purchase of intangible assets	(149)	(275)	(212)	(391)
Net cash used in investing activities	(14 955)	(9 860)	(21 279)	(14 029)
Cash flow from financing activities				
Repayment of borrowings	-	(1 788)	-	(2 544)
Interest paid	-	(6)	-	(9)
Dividends paid	(15 960)	(15 162)	(22 709)	(21 574)
Net cash (used in) / generated from financing activities	(15 960)	(16 956)	(22 709)	(24 127)
Net (decrease) / increase in cash and cash equivalents	(13 801)	21 193	(19 637)	30 155
Cash and cash equivalents at the beginning of the year	35 810	6 446	50 953	9 172
Cash and cash equivalents at the end of the year	22 009	27 639	31 316	39 327

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, 2008	39 900	14 320	187 060	66 544	17 131	324 955
Income in year 2009, total	-	-	(189)	-	5 834	5 645
Transfer to reserves	-	-	-	2 996	(2 996)	-
Dividends for 2008	-	-	-	-	(15 162)	(15 162)
Rounding	-	-	-	-	1	1
30 September, 2009	39 900	14 320	186 871	69 540	4 808	315 439
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

	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, 2008	56 773	20 376	266 163	94 684	24 375	462 371
Income in year 2009, total	-	-	(269)	-	8 301	8 032
Transfer to reserves	-	-	-	4 263	(4 263)	-
Dividends for 2008	-	-	-	-	(21 574)	(21 574)
Rounding	-	-	(1)	-	1	-
30 September, 2009	56 773	20 376	265 893	98 947	6 840	448 829
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)
Rounding	-	-	-	-	2	2
30 September, 2010	56 773	20 376	264 926	102 319	13 935	458 329

Notes to the financial statements

	30.09.2010. LVL'000	30.09.2009. LVL'000	30.09.2010. EUR'000	30.09.2009. EUR'000
1 INVENTORIES				
Materials and spare parts (at net realisable value)	62 763	88 211	89 304	125 513
Gas and fuel (at cost)	4 053	3 547	5 767	5 046
	66 816	91 758	95 071	130 559
2 REVALUATION RESERVE				
At the beginning of the period	186 360	187 060	265 166	266 163
Revaluation of property, plant and equipment	29	166	41	236
Disposal of revalued property, plant and equipment	(198)	(355)	(282)	(505)
Rounding	-	-	1	(1)
At the end of the period	186 191	186 871	264 926	265 893
3 RETAINED EARNINGS				
At the beginning of the period	18 939	17 131	26 948	24 375
Disposal of revalued property, plant and equipment	198	355	282	506
Profit for the period	8 985	5 479	12 784	7 796
Transfer to reserves	(2 370)	(2 996)	(3 372)	(4 263)
Dividends for previous period	(15 960)	(15 162)	(22 709)	(21 574)
Rounding	-	1	-	-
At the end of the period	9 792	4 808	13 933	6 840
4 REVENUE				
Sales per customers' groups are as follows:				
Income from natural gas sales to industrial customers	195 608	201 465	278 325	286 659
Income from natural gas sales to residential customers	24 692	28 879	35 133	41 091
Income from transmission and storage of natural gas	9 683	7 271	13 778	10 346
Income from natural gas sales to vehicles	9	47	13	67
Other services	364	478	518	680
	230 356	238 140	327 767	338 843
5 COST OF SALES				
Purchase of natural gas	167 623	184 999	238 506	263 230
Salaries	8 311	8 972	11 826	12 766
Social insurance contributions	1 975	2 105	2 810	2 995
Life, health and pension insurance	644	649	916	923
Materials and spare parts	5 134	3 419	7 305	4 865
Depreciation and amortisation	15 209	14 745	21 641	20 980
Other	3 794	3 174	5 398	4 516
	202 690	218 063	288 402	310 275

“Latvijas Gāze” Joint Stock Company
Unaudited financial report
9 months 2010

6 ADMINISTRATIVE EXPENSES

Salaries	2 294	2 147	3 264	3 055
Social insurance contributions	520	521	740	741
Life, health and pension insurance	113	113	161	161
Maintenance and utilities	655	692	932	985
Real estate tax	128	121	182	172
Depreciation and amortisation	396	449	563	639
Bank charges	54	334	77	475
Provisions for impairment of bad and doubtful debts, net	6 942	5 958	9 878	8 477
Other expenses	653	722	929	1 028
	11 755	11 057	16 726	15 733

7 OTHER INCOME

Penalties from customers	665	845	946	1 202
Income from contribution to financing of construction works	414	395	589	562
Provisions for slow moving and obsolete inventories impairment	51	29	72	41
Other income	334	394	475	561
	1 464	1 663	2 082	2 366

8 OTHER EXPENSES

Materials	25	18	35	26
Salaries	90	97	128	138
Social insurance contributions	16	16	23	23
Depreciation and amortisation	77	75	109	107
Sponsorship	120	400	171	569
Loss from sale of fixed assets	85	608	121	865
Loss from increase in exchange rates, net	1 579	678	2 247	965
Other expense	3 159	3 308	4 495	4 707
	5 151	5 200	7 329	7 400

EXPENSES BY NATURE

Purchase of natural gas	167 623	184 999	238 506	263 230
Depreciation and amortisation	15 682	15 269	22 314	21 726
Employee benefit expense	13 963	14 620	19 868	20 802
Material and spare parts	5 159	3 437	7 340	4 891
Net provisions for impaired receivables	6 942	5 958	9 878	8 477
Other expenses	13 227	10 037	18 820	14 282
	219 596	234 320	312 457	333 408

“Latvijas Gāze” Joint Stock Company
Unaudited financial report
9 months 2010

9 FINANCE INCOME, NET

Finance income				
- Interest income	2 208	2 222	3 142	3 162
	2 208	2 222	3 142	3 162
Finance expenses				
- Interest expenses	-	7	-	10
	-	7	-	10
Finance income, net	2 208	2 215	3 142	3 152