



"Latvijas Gāze" Joint Stock Company

Unaudited Financial Report of 6 months of 2012

Prepared in accordance with the International Financial Reporting Standards

Riga, 2012

Contents

Information on the Company	3
Report of the Board of Directors	5
Statement of Director's responsibility	11
Balance sheet	12
Income statement	13
Statement of comprehensive income	13
Statement of cash flows	14
Statement of changes in equity	15
Notes to the financial statements	16

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 – June 30, 2012

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

	Adrians Dāvis – Chairman of the Board Since 1997 – Chairman of the Board of the JSC “Latvijas Gāze”; involved in gas industry since 1965 1997 Physical Energy Institute of Latvian Science Academy, academic degree of doctor in engineering (Dr.sc.ing.).		Alexander Miheyev (Александр Михеев) – Board member, Vice-Chairman of the Board Since 2003 First Deputy Head of the Marketing, Gas and Liquid Hydrocarbon Processing Department of the OJSC Gazprom; involved in gas industry since 1968 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
	Jörg Tumat – Board member, Vice-Chairman of the Board (since 2006) 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. 2001 – 2004 the University of Hagen, Diploma in Business Administration (Dipl.-Betriebswirt)		Anda Ulpe – Board member Since 1997 Board member of the JSC “Latvijas Gāze”; involved in gas industry since 1984 2002 the University of Latvia, Master Degree of Social Sciences in Economics
	Gints Freibergs – Board member Since 1997 Board member of the JSC “Latvijas Gāze”; involved in gas industry since 1984 1984 Polytechnical Institute of Riga, engineer in industrial heat power		

JSC “Latvijas Gāze”
Unaudited financial report
6 months 2012

Council members (since July 6, 2012) – names, surnames, posts, recent professional experience and education

	Kirill Seleznev (Кирилл Селезнев) – Chairman of the Council, Represents the interest of OJSC Gazprom Since March 20, 2003 Head of the Gas and Liquid Hydrocarbon Sales and Processing Department, OJSC Gazprom; Member of Management Committee, OJSC Gazprom 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		Juris Savickis – Vice-Chairman of the Council, Represents the interest of LLC ITERA Latvija Since 1996 LLC “ITERA Latvija”, president 1970 – 1972 Polytechnical Institute of Riga, Graduate school 1983 - 1984 University of Qualification Raising for Executives, Faculty of International Relations
	Matthias Kohlenbach – Vice-Chairman of the Council, Represents the interest of E.ON Ruhrgas International GmbH 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 Degree of doctor in Law		Andreas Rau – Council member, Represents the interest of E.ON Ruhrgas International GmbH 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
	Mario Nullmeier – Council member, Represents the interest of E.ON Ruhrgas International GmbH Since 2005 Head of the Baltic Office of E.ON Ruhrgas International AG in Tallinn, Estonia 2000 Master Degree in Global Business Administration		Uwe Fip – Council member, Represents the interest of E.ON Ruhrgas International GmbH Since 2002 E.ON Ruhrgas AG – Senior Vice-President, Head of Eastern Department of Gas Supplies Master in Oil Engineering, Degree in Business Management (Diploma – Merchant)
	Peter Klingenberg – Council member, Represents the interest of E.ON Ruhrgas International GmbH 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 1978 – 1986 Studied mining and economics in Aachen Received a Dipl.-Ing. and a Dr.- Ing. degree		Vlada Rusakova (Влада Русакова) – Council member, Represents the interest of OJSC Gazprom Since 2003 Head of the Strategic Development Department, OJSC Gazprom Since 2003 Board member of the OJSC Gazprom 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
	Alexander Krasnenkov (Александр Красненков) – Council member, Represents the interest of OJSC Gazprom Since 2006 General Director of the LLC “Baltic Liquefied Gas” Graduated from the International Institute of Finance and Economics, speciality of international economics and international relations		Yelena Karpel (Елена Карпель) – Council member, Represents the interest of OJSC Gazprom Since 2004 Gazprom’s Council Member by the resolution of the Company’s Shareholders’ Meeting 1968 Korotchenko Kiev Institute of National Economy getting specialty in Industry Planning
	Igor Nazarov (Игорь Назаров) – Council member, Represents the interest of LLC ITERA Latvija Since 2007 Director of the Export Department, NGK ITERA (Moscow, Russia) 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)	Names, surnames and posts of Council members (before July 6, 2012)	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

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 441.7 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 6 months of 2012, the Company sold to the consumers 837.1 million nm³ of natural gas. Compared to the respective period of 2011, natural gas sales have decreased by 9.5 % and is 0.3% or 2.9 million nm³ under the volume planned in the budget of 2012.

The gas injection season at the Inčukalns UGS began on April 25, 2012. Upon starting natural gas injection, the reserves of active gas at the Inčukalns UGS were 144.72 million nm³. It is planned that 2180.4 million nm³ of natural gas would be injected into the Inčukalns UGS in 2012.

Over 6 months of 2012, the consumers have been sold natural gas and provided services for LVL 239.6 million, which is by 22.2 % more than in the respective period of 2011 and by 0.9 % more than budgeted.

The rise of income over the respective period of 2011 has taken place because in the 1st half year of 2012 the industrial and residential customers were applied differential natural gas sale end-user tariffs corresponding to a natural gas sale price, which was by 34 % higher than in the 1st half year of 2011 due to quotations of the heavy fuel oil prices and changes in currency exchange rates. Compared to 2011, the income grew in both the industrial and the household customers sector.

The Company completed 6 months of 2012 with a profit of LVL 5.8 million, which is by 28.4 % less than in the respective period of 2011 when the profit amounted to LVL 8.1 million.

Within the framework of the capital investment programme, LVL 6.43 million of investment funds were spent over 6 months of 2012, mostly on the renovation of gas transmission and distribution pipelines, the modernization of technological equipment and wells.

Report of the Board of Directors (continued)

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

The key indices of the Company:

	2012 H1 LVL'000	2011 H1 LVL'000	2010 H1 LVL'000	2012 H1 EUR'000	2011 H1 EUR'000	2010 H1 EUR'000
Net turnover	239 584	196 063	177 730	340 898	278 973	252 887
Profit before income tax, interest payments, depreciation and amortization (EBITDA)	27 921	22 665	22 862	39 729	32 250	32 530
Profit before income tax, interest payments, depreciation and amortization to net turnover (EBITDA %)	11.65%	11.56%	12.86%	11.65%	11.56%	12.86%
Profit of operational activity	10 287	12 193	12 325	14 638	17 350	17 537
Profitability of operational activity (%)	4.29%	6.22%	6.93%	4.29%	6.22%	6.93%
Profit of reporting period	5 853	8 152	7 909	8 328	11 600	11 253
Commercial profitability (%)	2.44%	4.16%	4.45%	2.44%	4.16%	4.45%
Total liquidity	2.33	1.75	2.09	2.33	1.75	2.09
Total assets	572 051	500 561	449 470	813 955	712 235	639 538
Equity	435 069	347 122	336 905	619 047	493 911	479 373
Return on assets (ROA)	1.09%	1.72%	1.78%	1.09%	1.72%	1.78%
Return on equity (ROE)	1.50%	2.38%	2.37%	1.50%	2.38%	2.37%
Number of shares	39 900	39 900	39 900	39 900	39 900	39 900
	LVL	LVL	LVL	EUR	EUR	EUR
Profit per share	0.147	0.204	0.198	0.209	0.291	0.282
Share price over earnings per share (P/E)	42.06	32.40	28.00	42.06	32.40	28.00
Share book value (BV)	10.90	8.70	8.44	15.51	12.38	12.01
Price to book value (P/BV)	0.57	0.76	0.66	0.57	0.76	0.66
Share price at the end of period	6.17	6.62	5.55	8.78	9.42	7.90

2. Research and development

In order to ensure uninterrupted natural gas supply to consumers and safe operation of the natural gas supply system, the Company 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 “Giprospecgaz”, as well as the German companies “Pipeline Engineering GmbH”, “Untergrundspeicher und Geotechnologie – Systeme GmbH”, “E.ON Engineering GmbH”, “E.ON Ruhrgas International AG” and other partners regarding the technical condition of equipment and modernization possibilities.

The action plan envisages investment in safety improvement in the total amount of LVL 50.6 million (EUR 72.0 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.

Report of the Board of Directors (continued)

2. Research and development (continued)

In 2011, the OJSC „Gazprom VNIIGAZ” prepared a programme of modernization of the Inčukalns UGS up to 2025. The concept covers two development scenarios – with and without increasing the natural gas storage capacity. The projected costs are LVL 253 million (EUR 360 million) and LVL 133.5 million (EUR 190 million) respectively.

3. International cooperation

Work on attracting and adopting funds from European Commission (hereinafter – EC). On 17th August 2010 the Company 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 a total of EUR 10.0 million was granted – EUR 7.5 million for reconstruction of wells at the Inčukalns UGS and EUR 2.5 million for construction of a new underwater pass and receiving trap inspection with gauges.

As at June 30, 2012, LVL 23.5 million has been spent on the project – EUR 15.6 million on the modernization of wells at the Inčukalns UGS and EUR 7.9 million construction of a new underwater pass and receiving trap inspection with gauges.

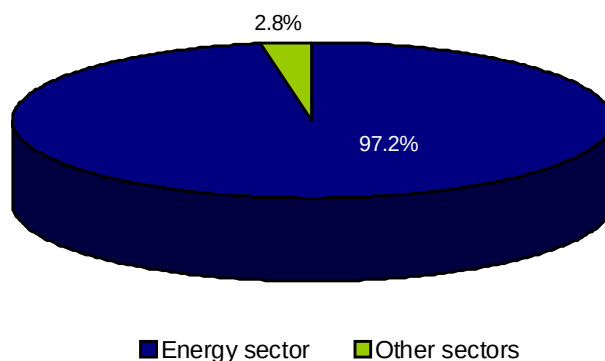
As at June 30, 2012, funding has been received from the EC in the amount of EUR 7.0 million (on April 17, 2011 – EUR 1.95 million, on April 1, 2012 – EUR 5.05 million).

4. Shares and shareholders

The composition of shareholders of the Company¹ as of December 31, 2011 and previous 2 periods:

Share	31.12.2011.	31.12.2010.	31.12.2009.
“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, 2011:



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, 2011:

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 Fip	0
Council member	Peter Klingenberg	0
Council member	Vlada Rusakova	0
Council member	Alexander Krasnenkov	0
Council member	Yelena Karpel	0
Council member	Igor Nazarov	0

The price of the shares of the Company at NASDAQ OMX Riga in 6 months of 2012 and in the respective period of previous years.

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

	2008 H1	2009 H1	2010 H1	2011 H1	2012 H1
<u>Share price (LVL):</u>					
First	7.25	4.55	4.57	4.80	5.895
Highest	8.20	5.23	6.00	7.00	6.300
Lowest	6.00	3.32	4.57	4.60	5.520
Average	7.26	3.95	5.20	5.08	5.970
Last	7.00	4.28	5.55	6.62	6.170
Change	-3.45%	-5.93%	21.44%	37.92%	3.48%
Number of transactions	966	470	342	628	783
Number of shares traded	22 950	27 190	19 832	131 688	82 632
Turnover (million LVL)	0.167	0.107	0.103	0.668	0.493
Capitalization (million LVL)	279.300	170.772	221.445	264.138	246.183

Source: NASDAQ OMX Riga

Report of the Board of Directors (continued)

4. Shares and shareholders (continued)

The capitalization value of the Company in 6 months of 2012 reached 246.2 million lats - by 17.9 million lats less than in 6 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 3rd place among companies quoted at NASDAQ OMX Baltic (2011 H1: 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 (01.01.2008. - 30.06.2012.)



Source: NASDAQ OMX Riga

Report of the Board of Directors (continued)

4. Shares and shareholders (continued)

Indexes/Shares	01.01.2008.	30.06.2012.	Change
OMX Riga GI	595.30	373.26	-37.30%
OMX Baltic GI	515.40	367.48	-28.70%
The Company's share price (LVL)	7.12	6.17	-13.34%

Chairman of the Board

A. Dāvis

Board meeting minutes No. 34 (2012)
Riga, August 21, 2012

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 12 to 18 are prepared in accordance with the underlying accounting records and source documents and present fairly the financial position of the Company as of 30 June 2012 and the result of its operations and cash flows for the period ended 30 June 2012.

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

Riga, 21th August 2012

Balance sheet

	Note	30.06.2012. LVL'000	30.06.2011. LVL'000	30.06.2012. EUR'000	30.06.2011. EUR'000
ASSETS					
<u>Non-current assets</u>					
Property, plant and equipment		402 430	313 614	572 606	446 233
Intangible assets		1 816	2 033	2 584	2 893
Trade receivables		1 898	3	2 701	4
Total non-current assets		406 144	315 650	577 891	449 130
<u>Current assets</u>					
Inventories	1	58 893	60 935	83 797	86 703
Trade receivables		18 204	17 426	25 902	24 795
Current income tax receivable		6 025	2 326	8 573	3 310
Other current assets		60 579	20 106	86 196	28 608
Cash and cash equivalents		22 206	84 118	31 596	119 689
Total current assets		165 907	184 911	236 064	263 105
TOTAL ASSETS		572 051	500 561	813 955	712 235
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	268 267	185 708	381 709	264 238
Other reserves		76 883	71 910	109 394	102 319
Retained earnings	3	35 699	35 284	50 795	50 205
Total equity		435 069	347 122	619 047	493 911
<u>Liabilities</u>					
<u>Non-current liabilities</u>					
Deferred income tax liabilities		41 205	27 822	58 629	39 587
Accruals for post employment benefits and other employee benefits		4 484	5 266	6 380	7 493
Deferred income		20 159	14 875	28 684	21 165
Total non-current liabilities		65 848	47 963	93 693	68 245
<u>Current liabilities</u>					
Trade payables		39 375	58 239	56 026	82 867
Corporate income tax payable		4 731	5 648	6 732	8 036
Deferred income		776	9 589	1 104	13 644
Other current liabilities		26 252	32 000	37 353	45 532
Total current liabilities		71 134	105 476	101 215	150 079
Total liabilities		136 982	153 439	194 908	218 324
TOTAL EQUITY AND LIABILITIES		572 051	500 561	813 955	712 235

Income statement

	Note	30.06.2012. LVL'000	30.06.2011. LVL'000	30.06.2012. EUR'000	30.06.2011. EUR'000
Revenue	4	239 584	196 063	340 898	278 973
Cost of sales	5	(222 397)	(174 767)	(316 442)	(248 671)
Gross profit		17 187	21 296	24 456	30 302
Administrative expenses	6	(4 709)	(5 101)	(6 700)	(7 258)
Other income	7	2 936	1 305	4 177	1 857
Other expenses	8	(5 127)	(5 307)	(7 295)	(7 551)
Operating profit		10 287	12 193	14 638	17 350
Finance income	9	297	377	422	536
Finance expenses	9	-	-	-	-
Finance income, net	9	297	377	422	536
Profit before income tax		10 584	12 570	15 060	17 886
Income tax expense		(4 731)	(4 418)	(6 732)	(6 286)
Profit for the period		5 853	8 152	8 328	11 600

Statement of comprehensive income

Other comprehensive income

Tax sections, net					
Revaluation of property, plant and equipment - gross	2	98 440	10	140 068	14
Deffered income tax liability arising on the revaluation of property, plant and equipment	2	(14 761)	-	(21 003)	-
Other comprehensive income for the period, net of tax		83 679	10	119 065	14
Profit for the period		5 853	8 152	8 328	11 600
Total comprehensive income for the period		89 532	8 162	127 393	11 614

Statement of cash flows

	30.06.2012. LVL'000	30.06.2011. LVL'000	30.06.2012. EUR'000	30.06.2011. EUR'000
Cash flow from operating activities				
Cash generated from operations	37 812	55 410	53 801	78 841
Interest received	321	427	457	607
Income tax paid	(3 593)	(2 332)	(5 112)	(3 318)
Net cash generated from operating activities	34 540	53 505	49 146	76 130
Cash flow from investing activities				
Purchase of property, plant and equipment	(6 336)	(6 768)	(9 015)	(9 630)
Purchase of intangible assets	(95)	(199)	(135)	(283)
Proceeds from sale of property, plant and equipment	18	7	25	10
Received term deposits	9 207	-	13 100	-
Term deposits	(40 185)	-	(57 178)	-
Net cash used in investing activities	(37 391)	(6 960)	(53 203)	(9 903)
Net cash (used in) / generated from financing activities				
Net (decrease) / increase in cash and cash equivalents	(2 851)	46 545	(4 057)	66 227
Cash and cash equivalents at the beginning of the year	25 057	37 573	35 653	53 462
Cash and cash equivalents at the end of the year	22 206	84 118	31 596	119 689

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, 2010	39 900	14 320	185 754	71 910	27 076	338 960
Income in year 2011, total	-	-	(46)	-	8 208	8 162
30 June, 2011	39 900	14 320	185 708	71 910	35 284	347 122
31 December, 2011	39 900	14 320	185 105	76 883	29 329	345 537
Income in year 2012, total	-	-	83 161	-	6 371	89 532
Rounding	-	-	1	-	(1)	-
30 June, 2012	39 900	14 320	268 267	76 883	35 699	435 069

	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, 2010	56 773	20 376	264 303	102 319	38 525	482 296
Income in year 2011, total	-	-	(65)	-	11 679	11 614
Rounding	-	-	-	-	1	1
30 June, 2011	56 773	20 376	264 238	102 319	50 205	493 911
31 December, 2011	56 773	20 376	263 381	109 395	41 730	491 655
Income in year 2012, total	-	-	118 328	-	9 065	127 393
Rounding	-	-	-	(1)	-	(1)
30 June, 2012	56 773	20 376	381 709	109 394	50 795	619 047

Notes to the financial statements

	30.06.2012. LVL'000	30.06.2011. LVL'000	30.06.2012. EUR'000	30.06.2011. EUR'000
1 INVENTORIES				
Materials and spare parts (at net realisable value)	3 607	3 183	5 132	4 529
Gas and fuel (at cost)	55 286	57 752	78 665	82 174
	58 893	60 935	83 797	86 703
2 REVALUATION RESERVE				
At the beginning of the period	185 105	185 754	263 381	264 304
Revaluation of property, plant and equipment	98 440	10	140 068	14
Deferred income tax liability arising on the revaluation of property, plant and equipment	(14 761)	-	(21 003)	-
Disposal of revalued property, plant and equipment	(518)	(56)	(737)	(79)
Rounding	1	-	-	(1)
At the end of the period	268 267	185 708	381 709	264 238
3 RETAINED EARNINGS				
At the beginning of the period	29 329	27 076	41 731	38 525
Disposal of revalued property, plant and equipment	518	56	737	80
Profit for the period	5 853	8 152	8 328	11 600
Rounding	(1)	-	(1)	-
At the end of the period	35 699	35 284	50 795	50 205
4 REVENUE				
Sales per customers' groups are as follows:				
Income from natural gas sales to industrial customers	202 597	164 748	288 271	234 415
Income from natural gas sales to residential customers	26 801	23 341	38 134	33 211
Income from transmission and storage of natural gas	9 887	7 795	14 068	11 092
Other services	299	179	425	255
	239 584	196 063	340 898	278 973
5 COST OF SALES				
Purchase of natural gas	191 721	152 058	272 794	216 359
Salaries	5 275	5 687	7 506	8 091
Social insurance contributions	1 200	1 299	1 708	1 848
Life, health and pension insurance	397	421	565	599
Materials and spare parts	3 952	3 182	5 623	4 528
Depreciation and amortisation	17 219	10 156	24 500	14 451
Other	2 633	1 964	3 746	2 795
	222 397	174 767	316 442	248 671

JSC "Latvijas Gāze"
Unaudited financial report
6 months 2012

6 ADMINISTRATIVE EXPENSES

Salaries	1 591	1 448	2 264	2 060
Social insurance contributions	343	310	488	441
Life, health and pension insurance	71	74	101	105
Maintenance and utilities	350	379	498	539
Real estate tax	379	328	539	467
Depreciation and amortisation	317	259	451	369
Bank charges	45	42	64	60
Provisions for impairment of bad and doubtful debts, net	(33)	(1 219)	(47)	(1 734)
Other expenses	1 646	3 480	2 342	4 951
	4 709	5 101	6 700	7 258

7 OTHER INCOME

Penalties from customers	721	772	1 026	1 098
Income from contribution to financing of construction works	294	285	418	406
Provisions for slow moving and obsolete inventories impairment	53	55	75	78
Other income	784	193	1 116	275
Income from increase in exchange rates, net	1 084	-	1 542	-
	2 936	1 305	4 177	1 857

8 OTHER EXPENSES

Materials	14	22	20	31
Salaries	74	74	105	105
Social insurance contributions	12	12	17	17
Depreciation and amortisation	98	57	140	81
Sponsorship	29	41	41	58
Loss from sale of fixed assets	528	44	751	63
Loss from increase in exchange rates, net	-	969	-	1 379
Other expense	4 372	4 088	6 221	5 817
	5 127	5 307	7 295	7 551

EXPENSES BY NATURE

Purchase of natural gas	191 721	152 058	272 794	216 359
Depreciation and amortisation	17 634	10 472	25 091	14 901
Employee benefit expense	8 963	9 325	12 754	13 266
Material and spare parts	3 966	3 204	5 643	4 559
Net provisions for impaired receivables	(33)	(1 219)	(47)	(1 734)
Other expenses	9 982	11 335	14 202	16 129
	232 233	185 175	330 437	263 480

9 FINANCE INCOME, NET

Finance income

- Interest income

297	377	422	536
297	377	422	536

Finance expenses

- Interest expenses

-	-	-	-
---	---	---	---

Finance income, net

297	377	422	536
-----	-----	-----	-----