

SC KLAIPĖDOS NAFTA

UNAUDITED INTERIM FINANCIAL STATEMENTS AS AT 31 DECEMBER 2009

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**INTERIM FINANCIAL STATEMENTS
FOR THE YEAR 2009
(NOT AUDITED)**

CONFIRMATION OF RESPONSIBLE PERSONS

Following the Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission and Article 22 of the Law on Securities of the Republic of Lithuania, we, Jurgis Aušra, Director General of SC Klaipėdos Nafta, and Johana Bučienė, Chief Financier of SC Klaipėdos Nafta, hereby confirm that to the best of our knowledge, the attached interim financial statements of SC Klaipėdos Nafta for the 12 months of 2009, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted to be used in the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of SC Klaipėdos Nafta.

Director General



Jurgis Aušra

Chief Financier



Johana Bučienė

Interim income statement

	Notes	For the year 2009		For the year 2008, audited	
		31 December	4 Quarter, October- December	31 December	4 Quarter, October- December
Sales	7	116 349	32 649	119 612	28 409
Cost of sales	7	(63 971)	(17 653)	(67 021)	(16 129)
Gross profit		52 378	14 996	52 591	12 280
Operating expenses		(11 465)	(4 249)	(19 089)	(11 830)
Operating profit		40 913	10 747	33 502	450
Other operating income (expenses), net		20	10	48	41
Income from financial and investment activities		1 783	683	775	277
Expenses from financial and investment activities		(87)	(3)	(1 285)	(308)
Profit before tax		42 629	11 437	33 040	460
Income tax	8	4 931	- 1 492	4 442	- 145
Net profit		37 698	12 929	28 598	605
Basic and diluted earnings per share (in LTL)		0,11	x	0,08	x

Director General

Jurgis Aušra



10 February 2010

SC KLAIPĖDOS NAFTA, company code 110648893, Burių Str. 19, Klaipėda
UNAUDITED INTERIM FINANCIAL STATEMENTS AS AT 31 DECEMBER 2009
 (all amounts are in LTL thousand unless otherwise stated)

Interim balance sheet

	Notes	2009-12-31	2008-12-31
ASSETS		Unaudited	Audited
Non-current assets			
Intangible assets	3	103	64
Tangible assets	3	410 113	413 673
Non-current financial assets	3	75	75
Total non-current assets		410 291	413 812
Current assets			
Inventories and prepayments			
Inventories	4	3 397	3 541
Prepayments		496	406
<i>Total inventories and prepayments</i>		<i>3 893</i>	<i>3 947</i>
Amounts receivable within one year			
Trade receivables		4 955	5 026
Other amounts receivable		901	4 286
<i>Total Amounts receivable within one year</i>		<i>5 856</i>	<i>9 312</i>
Other current assets, term deposits	6	4 744	19 847
Cash and cash equivalents	5	41 188	8 594
Total current assets		55 681	41 700
Total assets		465 972	455 512
EQUITY AND LIABILITIES			
Equity			
Authorized capital	1	342 000	342 000
Legal reserve		15 670	14 240
Other reserves		50 171	36 534
Retained earnings		37 698	28 598
Total equity		445 539	421 372
Amounts payable after one year and liabilities			
Non-current loans			
Deferred tax liability	10	10 782	14 828
Total Amounts payable after one year and liabilities		10 782	14 828
Amounts payable within one year and liabilities			
Current portion of non-current loans			
Dividends payable	10		15 605
Trade and other payables	1	103	68
Payroll related liabilities		6 199	2 096
Payroll related liabilities		1 215	1 325
Other current liabilities		2 134	218
Total amounts payable within one year and liabilities		9 651	19 312
Total equity and liabilities		465 972	455 512

Director General

Jurgis Aušra

10 February 2010

Interim statement of changes in equity

	Authorized capital	Legal reserve	Other reserves	Retained earnings	Total
At 31 December 2007	342 000	13 790	35 221	8 737	399 748
Net profit for the period	-	-	-	28 598	28 598
Dividends approved	-	-	-	(6 974)	(6 974)
Transfer from reserves	-	-	(8 698)	8 698	-
Transfer to reserves	-	450	10 011	(10 461)	-
At 31 December 2008	342 000	14 240	36 534	28 598	421 372
Net profit for the period	-	-	-	37 698	37 698
Dividends approved	-	-	-	(13 532)	(13 531)
Transfer from reserves	-	-	(5 230)	5 230	-
Transfer to reserves	-	1 430	18 866	(20 296)	-
At 31 December 2009	342 000	15 670	50 170	37 698	445 539

Director General

Jurgis Aušra



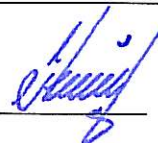
10 February 2010

Interim cash flow statement

	Notes	2009-12-31	2008-12-31
		Unaudited	Audited
Cash flows from operating activities			
Cash receipts (inc. VAT) of the accounting period			
Cash receipts from clients		140 420	121 820
Other receipts		123 545	121 070
		16 875	750
Cash payments of the accounting period		- 62 931	- 84 605
Cash payments to the suppliers of goods and service providers		- 33 857	- 39 646
Cash payments related to labour relations		- 19 353	- 19 298
Taxes paid to the budget		- 6 703	- 6 023
Other payments		- 3 018	- 19 638
Net Cash flows from operating activities		77 789	37 216
Cash flows from investing activities			
Acquisition of non-current assets (except investments)		- 15 672	- 7 362
Transfer of non-current assets (except investments)			
Acquisition of investments			
Transfer of investments			
(Investments) into short-term deposits			
Other increase of cash flows from investing activities			
Net Cash flows from investing activities		- 15 672	- 7 362
Cash flows from financial activities			
Cash flows associated with the owners of the Company		- 13 534	- 6 975
Share issue (acquisition)			
Dividend payment		- 13 534	- 6 975
Cash flows associated with other financing sources		- 15 684	- 16 721
Decrease of financial debts		- 15 684	- 16 721
Loan repayment		- 15 605	- 15 605
Interests paid		- 79	- 1 210
Payments of lease (financial lease)			94
Net cash flows from financial activities		- 29 218	- 23 696
Cash flows of special items			
Increase of cash flows of special items			0
Decrease of cash flows of special items			
Impact of currency exchange rate alteration on the balance of cash and cash equivalents		- 5	- 15
Net increase (decrease) in cash flows		32 594	6 143
Cash and cash equivalents at the beginning of the period		8 594	2 451
Cash and cash equivalents at the end of the period		41 188	8 594

Director General

Jurgis Aušra



10 February 2010

The accompanying Notes are an integral part of these financial statements

Notes to the interim financial statements

1 General information

SC Klaipėdos Nafta (hereinafter referred to as “the Company”) is a public limited liability company registered in the Republic of Lithuania. The address of its registered office is as follows:

Burių Str. 19, Klaipėda,
Lithuania.

The Company was established by SC Naftos Terminalas (Lithuania) and Lancater Steel Inc. (USA) acquiring correspondingly 51 and 49 percent of shares. The Company was registered on 27 September 1994.

The Company’s authorized capital as on 31 December 2009 – LTL 342 000 000 (three hundred forty two million) is fully paid. It is divided into 342 000 000 (three hundred forty two million) ordinary shares with a par value of LTL 1.

Following resolution No. 722, dated 8 July, 2009, of the Government of the Republic of Lithuania “Regarding implementation of property and non-property rights of the State in state enterprises, stock companies and closed stock companies acting in the sphere of energy”, the Ministry of Economy transferred management of SC Klaipėdos Nafta’s shares belonging to the State to the Ministry of Energy. All the shares are owned by 1415 shareholders, 70,63 % of the shares (241 544 426 shares) belong to the State.

The Company has not acquired any own shares and has arranged no deals regarding acquisition or transfer of its own shares during the year 2009. The Company’s shares are listed in the Baltic Secondary List on the NASDAQ OMX Vilnius Stock Exchange.

As at 31 December 2008 and 31 December 2009 the shareholders of the Company were:

	31 December 2009		31 December 2008	
	Number of shares held (thousand)	Part of ownership (%)	Number of shares held (thousand)	Part of ownership (%)
Government of the Republic of Lithuania, represented by the Ministry of Energy	241 544	70,63	241 544	70,63
SC Achema	31 265	9,14	26 022	7,61
Swedbank funds	8 720	2,55	7 131	2,09
Skandinaviska Enskilda Banken funds	10 539	3,08	11 386	3,33
Other (less than 5 per cent each)	49 932	14,60	55 917	16,34
Total	342.000	100,00	342.000	100,00

The General Shareholders’ Meeting, held on 23 April 2009, approved profit appropriation for the financial year of 2008 and allocated dividends in the amount of LTL 13 532 000 to the shareholders for the year 2008. According to the Contract with SEB Bankas the Company transferred the dividends of the year 2008 to the Bank and the Bank paid the dividends to the shareholders. The dividends of the year 2008 in the amount of LTL 13 494 271 were paid to the shareholders in the year 2009 (dividends of the year 2008 in the amount of LTL 9 557 249 were transferred to the main shareholder - the State of Lithuania); LTL 37 729 were not paid because part of the shareholders did not inform about their data or did not address the Bank so that the amounts of the dividends payable could be transferred to them.

As on 31 December 2009 the Company owes its shareholders the dividends in the amount of LTL 9 353 allocated in the year 1999; the amount of LTL 772 allocated in 2000; the amount of LTL 17 051 allocated in 2002; the amount of LTL 21 402 allocated in 2003; the amount of LTL 7 431 allocated in 2006; the amount of LTL 9 251 allocated in 2007, the amount of LTL 37729 allocated in 2008. The total amount of the unpaid dividends to the shareholders is LTL 102 989. It is accounted for in the line “Dividends payable” of the interim balance sheet.

In the year 2009 the average listed number of employees was 301 (as compared to 301 employees in 2008).

2 Accounting principles

The interim financial statements for the twelve months period ended 31 December 2009 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual financial statements as at 31 December 2009.

The Company’s interim financial statements have been prepared according to the accounting principles used in preparation of the annual financial statements for the year 2008, except for the newly adopted standards and interpretations.

3 Non-current tangible assets

Movements of the Company's non-current tangible assets during 2009 are specified as follows:

	Buildings and structures	Machinery, equipment and other non-current assets	Construction in progress and prepayments	Total
Cost on 1 January 2009	410 386	321 256	4 777	736 419
Additions during the period	66	552	16 110	16 728
Prepayments			12	12
Retirements and sales	(381)	(831)	159	(1 053)
Transfers	117	2 588	-2 705	0
Cost on 31 December 2009	410 188	323 565	18 353	752 106
Depreciation and impairment on 1 January 2009	138 516	184 230	0	322 746
Depreciation for the period	10 542	9 653	0	20 195
Depreciation of disposals	(172)	(827)	0	(999)
Increase during the period		51		51
Balance on 31 December 2009	148 886	193 108	0	341 993
Carrying amount on 31 December 2008	271 870	137 026	4 777	413 673
Carrying amount on 31 December 2009	261 302	130 458	18 353	410 113

The repayment of bank loans was covered by the guarantee issued by the Ministry of Finance of the Republic of Lithuania. After repayment of all the loans to the Banks on 31 January 2009, the Ministry of Finance of LR on 23 April 2009 relinquished the pledge of the property with the balance value in the amount of LTL 78 973 thousand as on 31 December 2008. The Company has no pledged property on 31 December 2009.

Depreciation expenses for the year 2009 amounted to LTL 20 248 thousand (during the year 2008 – LTL 19 869 thousand).

The Company has invested PLZ 90 thousand (equivalent to LTL 75 182 as on 31 December 2009) into a newly organized company named SARMATIA. Poland, Lithuania, the Ukraine, Georgia and Azerbaijan are seeking to realize an alternative project of the pipeline Odessa-Brody-Plock-Gdansk by which crude oil from the Caspian region will reach Europe. The Company has acquired 1 % of SARMATIA shares.

4 Inventories

	2009-12-31 Unaudited	2008-12-31 Audited
Spare parts, construction materials and other inventories	2 641	3 320
Oil products	2 470	2 056
	5 111	5 376
To subtract: impairment of the net value	(1 714)	(1 835)
	3 397	3 541

Impairment has been accounted for construction materials and spare parts, which were not used during the reconstruction.

Oil products are energy products collected in the Waste Water Treatment Facilities. The oil products increased because the Company did not sell any collected energy products during the years 2007 – 2009.

5 Cash and cash equivalents

	<u>31 December 2009</u>	<u>31 December 2008</u>
	<u>Unaudited</u>	<u>Audited</u>
Cash at bank, LTL thous.	8 142	3 672
Short-term deposits, LTL thous.	32 922	4 726
Cash in hand, LTL thous.	124	196
	<u>41 188</u>	<u>8 594</u>

On 31 December 2009 the Company had fifteen term deposits in the amount of LTL 37 666 thousand. The duration of the deposits: 90 – 122 days and the annual interest rate: 4,3 – 8,2 per cent. On 31 December 2008 the Company had six term deposits in the amount of LTL 24 573 thousand with the duration of 91 – 180 days and the annual interest rate 5,4 – 8,5 per cent. Two term deposits in the amount of LTL 4 744 thousand, with the duration terms of more than 3 months, have been accounted for under other current assets caption (note 6).

6 Other current assets

	<u>31 December 2009</u>	<u>31 December 2008</u>
	<u>Unaudited</u>	<u>Audited</u>
Tax overpayment	841	1 293
Short-term deposits	4 744	19 847
Accrued income	-	-
Deferred expenses	487	361
Other receivables	618	568
	<u>6 690</u>	<u>22 069</u>
To subtract: impairment of the value of other current assets	<u>(482)</u>	<u>(485)</u>
	<u>6 208</u>	<u>21 584</u>

The change in the impairment of other current assets during 2009 and 2008 was included into the operating expenses of the income statement.

On 31 December 2009 the Company had two term deposits in the amount of LTL 4 744 thousand with the duration terms of 120 – 122 days and the annual interest rate 6,6 – 6,9 per cent. On 31 December 2008 the Company had four term deposits in the amount of LTL 19 847 thousand with the duration terms of 91 – 180 days and the annual interest rate 5,4 – 8,5 per cent.

7. Income and Cost of sales

During the year 2009 the Company reloaded 7,66 million tones of oil products or, if compared to the transshipment of 2008 (8,21 million tones), by 7 per cent or 0,55 million tones less due to the decreased demand for oil products on the world market in 2009.

Sales income of 2009, if compared to the year 2008, decreased from LTL 119,6 million to LTL 116,3 million or by LTL 3,3 million. 95 % of the revenue of the main operating activities is generated of the income from the transshipment of oil products. Therefore, because of the decreased transshipment of oil products by 7 per cent in the year 2009, the main operating revenues decreased by 3 per cent. The cost of sales of the year 2009 (LTL 63,97 million) in comparison with 2008 (LTL 67,02 million) decreased by 5 per cent or by LTL 3,05 million. The power resources (gas, electricity) expenses amount to 27 per cent and depreciation expenses – to 31 per cent in the cost of sales of the year 2009.

During 2009 the Company:

- reloaded 7,66 million tones of oil products and by 8 per cent exceed the targeted transshipment volume of 7,1 million tones for 2009 corresponding to the designed annual capacity of the Terminal;
- received sales income in the amount of LTL 116,3 million and by 17 per cent exceeded the targeted index of sales income LTL 99,6 million.

8 Income tax

Calculation of the income tax during 2009 can be specified as follows:

Income tax expenses	31 December 2009	31 December 2008
	Unaudited	Audited
Profit before taxation	42 629	33 040
Income tax expenses calculated according to the tariff (15 per cent in 2008; 20 per cent – in 2009) of income tax set up by the law	5 001	4 956
Permanent differences		1 304
Tax tariff change		2 645
Setoff with income tax on dividends		(50)
Adjustment of the income tax of previous year	(70)	(4 413)
Income tax expenses	4 931	4 442

9 Segment information

The activities of the Company are organized as one major segment – provision of oil and oil products storage and transshipment services.

10 Borrowings

	31 December 2009	31 December 2008
	Unaudited	Audited
Non-current borrowings		
Non-current loan *	-	-
Short-term loans		
Current portion of non-current loan*	-	15 605
	-	15 605

*During the reporting period the Company repaid LTL 15 605 thousand of the loans. On 31 December 2009 the Company has no credits.

During the reporting period the Company did not incur any new financial liabilities.

11 Related party transactions

The parties are considered related when one party has the possibility to control the other one or have significant influence over the other party in making financial and operating decisions. The related parties of the Company and transactions with them as of 31 December 2009 as well as of 31 December 2008 were as follows:

- The Government of the Republic of Lithuania (the main shareholder of the Company, represented by the Ministry of Energy);
- Members of the Company Board;
- Management of the Company.

As of 31 December 2009 and as of 31 December 2008 the Company did not have any payables or receivables from the Government of the Republic of Lithuania and the members of the Company Board. During the years 2009 and 2008 the Company has neither accounted nor paid any sums to the members of the Company Board, except for dividends paid to the Government of LR, as described in Note 1.

Management remuneration and other payments

During the year 2009 remuneration in the total amount of LTL 1 143 thousand were accounted for to the Company's management (in 2008 – LTL 1 295 thousand). During the years 2009 and 2008 the Management of the Company did not receive any loans, guarantees, no any other payments or property transfers were made or accrued.

12 Subsequent events

There were no significant subsequent events after the date of the balance sheet preparation in the Company.