



**SC KLAIPĖDOS NAFTA**

**INTERIM CONDENSED FINANCIAL STATEMENTS,  
PREPARED ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS, AS  
ADOPTED BY THE EUROPEAN UNION**

**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2013  
(UNAUDITED)**

CONTENT	PAGE
FINANCIAL STATEMENTS.....	3 – 17
Statement of financial position.....	3 – 4
Statement of comprehensive income.....	5
Statement of changes in equity.....	6
Cash flow statement.....	7 – 8
Explanatory note.....	9 – 16
CONFIRMATION OF RESPONSIBLE PERSON.....	17

## Statement of financial position

	Notes	2014-03-31 <i>(unaudited)</i>	2013-12-31 <i>(audited)</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets		1,263	1,266
Property, plant and equipment	3	539,487	516,650
Long-term receivables		3,300	2,776
Investment into subsidiaries		-	-
Investment into associates		989	989
<b>Total non-current assets</b>		<b>545,039</b>	<b>523,681</b>
<b>Current assets</b>			
Inventories	5	1,632	1,155
Prepayments		596	558
Trade receivables	6	11,205	11,052
Refunds of income taxes		5,442	5,644
Other receivables	7	16,964	13,703
Other financial assets	8	30,179	30,146
Cash and cash equivalents	9	69,327	89,895
<b>Total current assets</b>		<b>135,345</b>	<b>152,153</b>
<b>Total assets</b>		<b>680,384</b>	<b>675,834</b>
<b>ASSETS</b>			

*(cont'd on the next page)*

Explanatory note, set out on pages 8 - 15, is an integral part of these financial statements.

## Statement of financial position (cont'd)

	Notes	2014-03-31 <i>(unaudited)</i>	2013-12-31 <i>(audited)</i>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1	380,606	380,606
Share premium		13,512	13,512
Legal reserve		24,611	24,611
Reserve for own shares		55,000	55,000
Other reserves		62,273	62,273
Retained earnings		42,544	35,649
<b>Total equity</b>		<b>578,546</b>	<b>571,651</b>
<b>Non-current liabilities</b>			
Deferred income tax liability		7,099	6,935
Non-current employee benefits		939	837
Loan	10	51,212	51,212
<b>Total non-current liabilities</b>		<b>59,250</b>	<b>58,984</b>
<b>Current liabilities</b>			
Loan	10	138	134
Trade payables	11	10,029	25,189
Payroll related liabilities	12	7,171	4,782
Provisions		-	-
Income tax payable		-	-
Prepayments received		-	40
Dividends payable		39	39
Other payables and current liabilities	13	25,211	15,015
<b>Total current liabilities</b>		<b>42,588</b>	<b>45,199</b>
<b>Total equity and liabilities</b>		<b>680,384</b>	<b>675,834</b>




Explanatory note, set out on pages 8 - 15 an integral part of these financial statements.

<u>General Manager</u>	<u>Rokas Masiulis</u>		<u>28 May 2014</u>
<u>Director of Finance and Administrative Department</u>	<u>Mantas Bartuška</u>		<u>28 May 2014</u>
<u>Head of Accounting Department</u>	<u>Asta Sedlauskienė</u>		<u>28 May 2014</u>

## Bendrujų pajamų ataskaita

	Notes	For the three months period ended 31 March 2014 <i>(unaudited)</i>	For the three months period ended 31 March 2013 <i>(unaudited)</i>
Sales	14	30.882	42.153
Cost of sales	15	(19.322)	(23.867)
<b>Gross profit</b>		<b>11.560</b>	<b>18.286</b>
Operating expenses		(3.512)	(2.978)
Other income		41	50
<b>Profit from operating activities</b>		<b>8.089</b>	<b>15.358</b>
Income from financial activities	16	63	147
Loss from financial activities	16	(6)	(19)
Share of the associate's net profit (loss)		-	-
<b>Profit before income tax</b>		<b>8.146</b>	<b>15.486</b>
Income tax expense		(1.251)	(2.279)
<b>Net profit</b>		<b>6.895</b>	<b>13.207</b>
Other comprehensive income (expenses)		-	-
Items that will not be subsequently reclassified to profit or loss		-	-
Items that may be subsequently reclassified to profit or loss		-	-
<b>Total comprehensive income</b>		<b>6.895</b>	<b>13.207</b>
Basic and diluted earnings (losses) per share, in LTL	17	0,02	0,03




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General Manager	Rokas Masiulis		28 May 2014
Director of Finance and Administrative Department	Mantas Bartuška		28 May 2014
Head of Accounting Department	Asta Sedlauskienė		28 May 2014

## Statement of changes in equity

Notes	Share capital	Share premium	Legal reserve	Reserve for own shares	Other reserves	Retained earnings	Total
Balance As at 31 March 2013 ( <i>audited</i> )	380,606	13,512	22,561	55,000	23,727	41,006	536,412
Net profit for the three months	-	-	-	-	-	13,207	13,207
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	13,207	13,207
Balance as at 31 March 2013( <i>unaudited</i> )	380,606	13,512	22,561	55,000	23,727	54,213	549,619
Balance As at 31 March 2013 ( <i>audited</i> )	380,606	13,512	24,611	55,000	62,273	35,649	571,651
Net profit for the three months	-	-	-	-	-	6,895	6,895
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	6,895	6,895
Balance as at 31 March 2013( <i>unaudited</i> )	380,606	13,512	24,611	55,000	62,273	42,544	578,546




Explanatory note, set out on pages 8 - 15, is an integral part of these financial statements.

General Manager	Rokas Masiulis		28 May 2014
Director of Finance and Administrative Department	Mantas Bartuška		28 May 2014
Head of Accounting Department	Asta Sedlauskienė		28 May 2014

## Cash flow statement

	Notes	For the three months	For the three months
		period ended 31 March 2014 <i>(neauditauta)</i>	period ended 31 March 2013 <i>(neauditauta)</i>
<b>Cash flows from operating activities</b>			
Net profit	17	6.895	13.207
<b>Adjustments for noncash items:</b>			
Depreciation and amortization		6.351	6.184
Change in vacation reserve		436	325
Change in employee benefit liabilities		103	40
Change in allowance for doubtful receivables		-	(1)
Impairment of inventory value		(35)	-
Accrued emission rights		-	149
Accrued income		(598)	(721)
Income tax expenses		1.251	2.279
Interest income	16	(54)	(147)
		<b>14.349</b>	<b>21.315</b>
<b>Changes in working capital:</b>			
(Increase) decrease in inventories		(442)	(366)
Decrease (increase) in prepayments		(38)	6
Decrease (increase) in trade and other accounts receivable		(152)	4.308
Decrease (increase) in other receivables		5.067	1
Increase (decrease) in trade and other payables		(6.249)	(760)
(Decrease) increase in prepayments received		(40)	(53)
Increase (decrease) in other current liabilities and payroll related liabilities		1953	(1.381)
		<b>14.448</b>	<b>23.070</b>
Income tax (paid)		(884)	-
Interest received		20	79
<b>Net cash flows from operating activities</b>		<b>13.584</b>	<b>23.149</b>
<b>Cash flows from investing activities</b>			
(Acquisition) of property, plant, equipment and intangible assets		(34.018)	(5.669)
(Acquisition) of Investments held-to-maturity		-	(59.292)
Sales of investments held-to-maturity		-	60.334
<b>Net cash flows from investing activities</b>		<b>(34.018)</b>	<b>(4.627)</b>
<b>Cash flows from financing activities</b>			
Dividends (paid)		(134)	-
<b>Net cash flows from financing activities</b>		<b>(134)</b>	<b>-</b>
<b>Net increase (decrease) in cash flows)</b>		<b>(20.568)</b>	<b>18.522</b>
<b>Cash and cash equivalents on 1 January</b>		<b>89.895</b>	<b>79.834</b>
<b>Cash and cash equivalents on 31 March</b>		<b>69.327</b>	<b>98.356</b>

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General Manager	Rokas Masiulis		28 May 2014
Director of Finance and Administrative Department	Mantas Bartuška		28 May 2014
Head of Accounting Department	Asta Sedlauskienė		28 May 2014

## Explanatory notes to 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, 91003 Klaipėda, Lithuania.

The main activities of the Company – oil products transshipment services and other related.

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

As at 31 March 2014 all the shares were owned by 1,037 shareholders. The Company’s share capital – LTL 380,606,184 (three hundred eighty million six hundred six thousand one hundred eighty-four) is fully paid. It is divided into 380,606,184 (three hundred eighty million six hundred six thousand one hundred eighty-four) ordinary shares with a par value of one (1) LTL. 72.32 % of the shares (275,241,290 shares) are owned by the State of Lithuania, represented by the Ministry of Energy.

The Company has not acquired any own shares and has arranged no deals regarding acquisition or transfer of its own shares during three months period in 2013. The Company’s shares are listed in the Baltic Secondary List on the NASDAQ OMX Vilnius Stock Exchange.

As at 31 March 2014 and 31 March 2013 the shareholders of the Company were:

	31 March 2014		31 March 2013	
	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	275,241	72.32	275,241	72.32
UAB Concern Achema Group	38,975	10.24	38,975	10.24
Other (less than 5 per cent each)	66,390	17.44	66,390	17.44
<b>Total</b>	<b>380,606</b>	<b>100.00</b>	<b>380,606</b>	<b>100.00</b>

The average number of employees on 31 March 2014 was 384 (361 – on 31 December 2012).

### 2 Accounting principles

The financial statements are presented in Litas and all values are rounded to the nearest thousand (LTL 000), except when otherwise indicated. The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (hereinafter the EU).

The Company applies the same accounting policies and the same calculation methods in preparing Interim Financial Statements as they have been used for the Annual Financial Statements of the year 2013. The principles used in preparation of financial statements were presented in more detail in the Notes to the Financial Statements for 2013.

### 3 Non-current tangible assets

During the three months of 2014 the Company continued works in the following projects:

- *Liquefied natural gas terminal project.* On 30 June 2011 SC Klaipėdos Nafta signed an Agreement with the Lead Adviser for preparation and implementation of liquefied natural gas (LNG) terminal’s project – the international company FLUOR S.A. The Extraordinary General Shareholders’ Meeting of SC Klaipėdos Nafta held on 27 July 2011 approved the conclusion of the Agreement. The Agreement provides for the Lead Adviser during four years to prepare the technical development plan of the Project, assist in selection of technologies, perform actions in order to get obligatory permits, solve the matters related to the safety of the project, navigation as well as other issues associated with the technical implementation of the Project. Further, the Adviser will perform works related to the economic part – will produce business model of the Terminal, financial model and develop strategy of the Terminal’s performance. The Adviser will also supervise technical realization of the Project during its entire execution period - until the end of 2014 when the Terminal will start its activities.

As of 31 March 2014 the investments into implementation of LNG Terminal’s project amounted to LTL 122,807 thousand – the major part of which was comprised of payments of LTL 34,050 thousand paid according to the Agreement to the Lead Adviser for preparation and implementation of liquefied natural gas terminal’s project, legal and other research services and compensation received from Klaipėda’s Port of Authority. The cost of LTL 49,737 thousand was incurred for the pipeline’s construction and LTL 13,586 thousand for the construction of jetty. During the three months period of 2014 investment amounted to LTL 24,644 thousand



### 3 Non-current tangible assets (con't)

During the three months of 2014 the investment into oil terminal's modernization amounted to LTL 2,145 thousand. The most important and largest investments during 2014 were as follows:

- *The reconstruction of HFO (i.e. heavy fuel oil products) storage tank park* involves demolishing of the 4 old storage tanks with the capacity 5,000 m<sup>3</sup> and construction of 2 new universal storage tanks with the capacity 32,250 m<sup>3</sup>. The aim of this investment is to expand the Company's technological capacity by increasing the Company's overall volume of tanks (a total increase of 44,500 m<sup>3</sup>) and the technological flexibility by enabling the storage of both light and heavy oil and products in new tanks. This increases the flexibility of the terminal as greater amounts of different petroleum products can be handled, as well as its attractiveness to customers because of the possibility to build up larger batches of products for loading onto tankers. During the three month period of 2014 the total value of the implemented works amounted to LTL 1,110 thousand.
- *Adaptation of the HFO storage tanks for LFO (i.e. light oil products) loading.* In addition to the HFO park reconstruction project, in 2014 the Company made additional investments in order to adapt two tanks of 20,000 m<sup>3</sup> in operation to LFO handling (up to then it was possible to load only HFO products). These investments are related to the improvement of technological versatility of the tank park as well. The total value of the works carried out during three months period of 2014 was LTL 31 thousand.
- *Modernization works of fire protection system*– investments for the upgrade of mechanical and automatic sections of the fire protection system. In 2013 the trestle firefighting equipment was upgraded as well as the reconstruction of automatic section initiated. All work is scheduled to be completed in 2014. The overall cost of the works performed during the three month period of 2014 amounted to LTL 980 thousand.
- *Other investment.* During the three month period of 2014 there were invested LTL 24 thousand.

### 4 Operating segments

The Management of the Company has identified the following business segments:

- KN – oil terminal in Klaipėda supplying oil products, providing transshipment and other related services.
- LNG terminal – strategic project of the Republic of Lithuania, implementation of which will create an alternative source for OAO Gazprom's natural gas in Lithuania. The project shall involve procurement of floating storage and regasification unit, construction of the jetty and installation of superstructure, dredging of jetty's access, building of gas pipeline and all other costs of the project implementation.
- SFB - Subačius fuel base in Kupiškis district provides services of long-term storage of oil products and loading of auto-tankers.

Main indicators of the business segments of the Company included into the statement of comprehensive income for the financial year as of 31 March 2014 and Statement of financial position as of 31 December 2012, are described below:

31 March 2014	SGDT	SKB	KN	Iš viso
Revenues from external customers	-	1,623	29,259	30,882
Profit before income tax	(1,456)	378	9,224	8,146
Segment net profit	(1,456)	378	7,973	6,895
Interest revenue	-	-	54	54
Interest expense	-	-	-	-
Depreciation and amortisation	(30)	(695)	(5,592)	(6,317)
Impairment of assets	24,904	-	2,282	27,186
Segment total assets	113,662	49,716	517,209	680,587
Financial liabilities	51,212	-	-	51,212
Segment total liabilities	85,100	2,783	14,158	102,041
31 March 2013	SGDT	SKB	KN	Iš viso
Revenues from external customers	-	1,617	40,536	42,153
Profit before income tax	(772)	351	15,907	15,486
Segment net profit	(772)	351	13,628	13,207
Interest revenue	-	-	145	145
Interest expense	-	-	-	-
Depreciation and amortisation	(7)	(701)	(5,460)	(6,168)
Impairment of assets	1,238	-	3,665	4,903
Segment total assets	34,611	46,497	494,530	575,638
Financial liabilities	-	-	-	-
Segment total liabilities	2,001	1,331	22,687	26,019

## 5 Inventories

	2014-03-31	2013-12-31
Oil products, for sale	1,001	796
Spare parts, construction materials and other inventories	631	359
	<u>1,632</u>	<u>1,155</u>

As of 31 March 2014 the Company had accounted write-off of inventories in the amount of LTL 5,7738 thousand (LTL 5,808 thousand on 31 December 2013), that have been written off down to the net realisable value. The Company makes write-off the inventories to the net realisable value if they are not used for more than 6 months.

Write-off has been accounted for mostly construction materials and spare parts, which were not used during the reconstruction (1996 – 2005).

Write-off of inventories to the net realizable value of LTL 35 thousand for the year ended of 31 December 2014 (31 December 2013 - LTL 360 thousand) are included under operating expenses in the profit (loss).

As of 31 March 2014 the Company stored 116.2 thousand tons of oil products delivered for transshipment in its storage tanks (115.7 thousand tons as on 31 December 2013). Such oil products are not recognised in the Company's financial statements, they are accounted for in the off-balance sheet accounts as the Company has no ownership rights into oil products.

Oil products for sale are energy products collected in the Waste Water Treatment Facilities. On 31 March 2014 the Company stored 3,587 tons of oil products collected in its Waste Water Treatment Facilities (31 March 2014– 3,522 tons).

## 6 Trade receivables

	2014-03-31	2013-12-31
Receivables for trans-shipment of oil products and other related services	11,320	11,168
Less: impairment allowance	(115)	(116)
	<u>11,205</u>	<u>11,052</u>

Trade and other receivables are non-interest bearing and are generally on 6 - 15 days payment terms.

On 31 March 2014 trade debts to the Company in the amount of LTL 9,199 thousand were denominated in EUR (LTL 8,575 thousand – on 31 December 2013).

## 7 Other receivables

	2014-03-31	2013-12-31
Long term accrued income	3,300	2,776
Long term receivables	3,300	2,776
Accrued income	1,051	978
VAT receivable	6,059	11,127
Other receivables	9,854	1,598
	<u>16,964</u>	<u>13,703</u>

Change in allowance for receivables has been included into operating expenses in the Statement of Comprehensive income.

## 8 Other financial assets

	2014-03-31	2013-12-31
Cession of rights in Vnesekonombank	100	100
Loan to UAB „Žavesys“	354	354
Less: impairment allowance for receivables	(453)	(454)
Total loans and receivables	<u>-</u>	<u>-</u>
Investments into the government bonds of Lithuanian banks	30,179	30,146
	<u>30,179</u>	<u>30,146</u>
Current part	30,179	30,146
Total other financial assets	<u>30,179</u>	<u>30,146</u>

## 8 Other financial assets (con't)

Carrying values of other financial assets are denominated in the following currencies:

Currency	2014-03-31	2013-12-31
EUR	17,974	17,955
LTL	12,205	12,191
	30,179	30,146

On 24 January 2003 AB „Naftos terminalas“, as a part of settlement for the shares acquired, transferred to the Company the right of demand for the deposit of USD 95,266 thousand (or LTL 277,243 thousand) in the liquidated Vnesekonom bank and the right to the loan provided to UAB “Zavesys”. Cost of sales of the right in the liquidated Vnesekonom bank amounts to LTL 100 thousand. The Company's Management considers the receivables subject to the acquired rights of demand to be doubtful therefore they have been accounted for by cost less 100 per cent allowance.

## 9 Cash and cash equivalents

	2014-03-31	2013-12-31
Cash at bank	69,327	89,895

Calculated values of cash and cash equivalents are denominated in the following currencies:

<b>Currency</b>	2014-03-31	2013-12-31
EUR	61,458	81,620
LTL	7,869	8,275
	69,327	89,895

Calculated values of cash and cash equivalents are denominated in the following currencies:

	2014-03-31	2013-12-31
AA -	58,028	63,682
A +	41,445	56,359
	99,473	120,041

The maximum exposure of these investments to credit risk at the reporting date was represented by carrying value of the securities and term deposits, classified as investments held to maturity.

## 10 Financial liabilities

	2014-03-31	2013-12-31
Loan from European investment bank	51,212	51,212
Payable interests to European investment bank	138	134
	51,350	51,346

## 11 Trade debts and other payables

	2014-03-31	2013-12-31
Payable to contractors	4,689	20,140
Payable for rent of land	652	650
Payable for railway services	261	190
Other trade payables	4,427	4,207
	10,029	25,189

Trade payables are non-interest bearing and are normally settled on 30-day payment terms. On 31 March 2014 trade payables of LTL 1,905 thousand were denominated in EUR (LTL 504 thousand – on 31 December 2013).

## 12 Liabilities related to labour relations

As of 31 March 2014 the Company's liabilities, related to labour relations, were basically comprised of vacation reserve of LTL 2,387 thousand, salaries payable for December of LTL 2,328 thousand, social insurance payable for December of LTL 1,487 thousand, income tax for December of LTL 538 thousand and accrual of bonuses in the amount of LTL 1,862 thousand for the annual results. As of 31 March 2013 the Company's liabilities, related to labour relations, were mainly comprised of vacation reserve of LTL 1,954 thousand, social insurance payable for December of LTL 940 thousand and accrued bonuses in the amount of LTL 411 thousand for the annual results.

### 13 Other current liabilities

	2014-03-31	2013-12-31
Accrued expenses	24,704	13,661
Tax payable on real estate	-	321
Other liabilities	507	1,033
	<u>25,211</u>	<u>15,015</u>

Other liabilities are non-interest bearing and have an average term of one month.

### 14 Sales income

	For the three months period ended 31 March 2014	For the three months period ended 31 March 2013
Sales of oil transhipment services	30,243	41,223
Other sales related to transhipment	639	930
	<u>30,882</u>	<u>42,153</u>

Other sales related to transhipment include moorage, sales of fresh water, transportation of crew and other sales related to transhipment.

### 15 Cost of sales

	For the three months period ended 31 March 2014	For the three months period ended 31 March 2013
Depreciation and amortization	6,194	6,062
Natural gas	4,045	6,749
Wages, salaries and social security	4,749	4,981
Railway services	1,001	2,230
Electricity	1,561	1,937
Rent of land and quays	539	512
Repair and maintenance of non-current assets	68	329
Tax on real estate	311	302
Insurance of assets	371	317
Services for tankers	125	181
Work safety costs	76	103
Emission rights expenses		29
Other	282	135
	<u>19,322</u>	<u>23,867</u>

### 16 Income (expenses) from financial and investment activities – net

	For the three months period ended 31 March 2014	For the three months period ended 31 March 2013
Interest income	54	147
Fines collected	9	-
Total income from financial activity	<u>63</u>	<u>147</u>
(Losses) from currency exchange	<u>(6)</u>	<u>(19)</u>
Total result of the financial activity	<u>57</u>	<u>128</u>

## 17 Earnings per share, basic and diluted

Basic earnings per share are calculated by dividing net profit of the Company by the number of the shares available. Diluted earnings per share equal to basic earnings per share as the Company has no instruments issued that could dilute shares issued.

Basic and diluted earnings per share are as follows:

	2014	2013
Net profit attributable to shareholders	6,895	13,207
Weighted average number of ordinary shares (thousand)	380,606	380,606
Earnings per share (in LTL)	0.02	0.03

## 18 Related party transactions

The parties are considered related when one party has a possibility to control the other one or has significant influence over the other party in making financial and operating decisions. The related parties of the Company and transactions with them during the three months of 2014, 2013 and 2012 were as follows:

Transactions with Lithuanian State controlled enterprises and institutions:

		Purchases	Sales	Receivables	Payables
State Tax Inspectorate at the Finance Ministry of the Republic of Lithuania	1 January-31 March 2014	22,420	-	11,696	5,103
	1 January-31 March 2013	3,417	-	-	5,349
	1 January-31 March 2012	2,410	-	530	3,889
State Social Insurance Fund Board under the Ministry of Social Security and Labour	1 January-31 March 2014	2,721	-	-	1,487
	1 January-31 March 2013	2,353	-	-	1,189
	1 January-31 March 2012	2,005	-	-	1,024
State Enterprise Klaipėda State Seaport Authority owned by the State of Lithuania represented by the Ministry of transportation	1 January-31 March 2014	652	4763	(6,695)	652
	1 January-31 March 2013	512	-	-	512
	1 January-31 March 2012	514	-	-	514
AB Lithuanian Railways owned by the State of Lithuania represented by the Ministry of transportation	1 January-31 March 2014	1,211	-	-	261
	1 January-31 March 2013	2,230	-	-	604
	1 January-31 March 2012	2,141	-	-	334
AB "Lesto", owned by the State of Lithuania represented by the Ministry of Energy	1 January-31 March 2014	875	-	-	196
	1 January-31 March 2013	1,003	-	-	398
	1 January-31 March 2012	844	-	-	310
AB "Lietuvos dujos", owned by the State of Lithuania represented by the Ministry of Energy	1 January-31 March 2014	4,837	-	-	1,361
	1 January-31 March 2013	8,229	-	-	1,487
	1 January-31 March 2012	8,539	-	-	1,443
VĮ Lietuvos naftos produktų agentūra	1 January-31 March 2014	-	1,257	419	-
	1 January-31 March 2013	-	1,239	413	-
	1 January-31 March 2012	685	34	-	66
Other related parties	1 January-31 March 2014	-	10	3	-
	1 January-31 March 2013	-	15	5	-
	1 January-31 March 2012	33,401	6,054	18,810	9,126
<b>Transactions with related parties, in total:</b>	1 January-31 March 2014	17,744	1,249	416	9,539
	1 January-31 March 2013	16,453	15	535	7,514
	1 January-31 March 2012	22,420	-	11,696	5,103

### Remuneration to the Management and other payments

The Company's Management is comprised of General Manager, Deputy General Manager, Directors of Departments and their Deputies, Managers of Departments.

	For the three months period ended 31 March 2014	For the three months period ended 31 March 2013
Labour related disbursements	2,060	1,501
Number of managers	34	31

In 2014 and 2013 the Management of the Company did not receive any loans, guarantees, or any other payments or property transfers were made or accrued.

## 19 Subsequent events

**On 11 April 2014** the National Commission for Energy Control and Prices (hereinafter, the NCECP) decided to approve the Rules for Use of the Liquefied Natural Gas Terminal (hereinafter, the Rules), which establish the procedure and conditions of use of the liquefied natural gas (hereinafter, LNG) terminal, requirements for persons that intend to use the LNG terminal, their rights, duties and liability, as well as other special requirements, related to the activities of the LNG terminal and its use for bringing LNG and unloading it to the LNG terminal, regasifying LNG and delivering it to the natural gas transmission system or transshipping it into LNG carriers.

After the Board of the Company approves the main terms and conditions of the Rules approved by the NCECP and after the General Manager of the Company approves the Rules, the Company will publish the Rules and start the procedure for allotting the LNG terminal capacities. It is planned that the procedure will be started on 30 April of this year and contracts with the first users will be signed in June or July this year.

The Company, seeking to attract users of the LNG terminal and to satisfy expectations of consumers in the market, has calculated and is announcing preliminary prices of services to be provided by the LNG terminal. They were calculated according to the Methodology of Setting State Regulated Prices in the Natural Gas Sector approved by Resolution No. O3-367 of the NCECP, dated 13 September 2013 (with the latest amendments of 11 April 2014 approved at the meeting of the NCECP). The upper limits for prices of the LNG terminal services and specific prices are set and announced by the NCECP.

Referring to the Methodology of Setting State Regulated Prices in the Natural Gas Sector, the preliminary tariffs of the LNG terminal services are expected to be as follows:

- The price of liquefying (LNG regasification) service (it is established every year and adjusted annually) is LTL 0/MWh (VAT excl.), the service includes mooring of the incoming LNG carrier, unloading LNG into the LNG terminal, temporary storage and regasification;
- The price of LNG transshipping service (it is established for five years) is LTL 3.45 – 5.6/MWh (VAT excl.), the service includes mooring of the incoming LNG carrier, unloading LNG into the LNG terminal, temporary storage and LNG transshipment into the outgoing LNG carrier.

As indicated above, these tariffs are preliminary and have not been approved by the Board of the Company or the NCECP.

**On 11 April 2014**, in performance of the Agreement on the Lease, Operation, and Maintenance (Repair) of the Liquefied Natural Gas Floating Storage and Regasification Unit (hereinafter, the FSRU) for the Term of 10 Years with the FSRU Purchase Right (hereinafter, the Agreement), concluded on 2 March 2012 with Höegh LNG Ltd., the winner of the public procurement organised by the Company “Acquisition of the liquefied natural gas floating storage with regasification unit”, the Novation Agreement (hereinafter, the Novation Agreement) was entered into, according to which a part of rights and obligations of Höegh LNG Ltd. under the Agreement, except for the rights and obligations related to the right of the Company to purchase the FSRU, were assigned to Hoegh LNG Klaipėda, UAB, a company indirectly fully controlled by Höegh LNG Ltd.

Following the Novation Agreement regarding assignment of rights and obligations under the Agreement it is inter alia foreseen that Höegh LNG Ltd. remains jointly and severally liable for all obligations assigned to Hoegh LNG Klaipėda, UAB

**On 18 April 2014** the Board of the Company decided to approve the main provisions of the Rules for Use of the Liquefied Natural Gas Terminal (hereinafter, the Rules) pre-approved by the National Commission for Energy Control and Prices (hereinafter, the NCECP). Following the above-mentioned provisions, on the same day the Rules were also approved by the General Manager of the Company.

The Company notified about the pre-approval of the Rules by the NCECP by giving a notification of material event on 11 April 2014.

**On 23 April 2014** the Government of the Republic of Lithuania, in order to ensure the possibilities of AB Klaipėdos Nafta (hereinafter, the Company) to finance the liquefied natural gas terminal project with own and borrowed funds, adopted a resolution to instruct the Ministry of Energy of the Republic of Lithuania, as the holder of the Company shares, to ensure that its authorised representative in the general meeting of shareholders propose to assign 1 percent of the Company’s profit for 2013 available for distribution for payment of dividend and vote for this proposal.

The proposed amount of dividends per share shall be 0.0009366255 LTL (or 0.0002712655 EUR). Respectively, total amount of dividends to be paid by the company to the shareholders shall amount to 356,485 litų LTL (or 103,245 EUR).

**On 29 April 2014** convened Annual General Meeting of Shareholders of Klaipėdos Nafta AB decisions adopted:

- ✓ “The Auditor’s Report regarding the Financial Statements and Annual Report of the Company for the year 2013 had been heard by the shareholders. Decision on this topic of the Agenda should not be taken.”
- ✓ „The Annual Report of Klaipėdos nafta, AB for the year 2013, as drafted by the Company, assessed by the Auditor and approved by the Board of Klaipėdos nafta, AB had been heard by the Company.
- ✓ “To approve the audited Financial Statements of Klaipėdos nafta, AB for the year 2013.”

## 19 Subsequent events (con't)

- ✓ "To distribute the Company's profit in the total sum of 35.648.546 LTL (equal to 10.324.532 EUR)."
- ✓ "Based on the results of the Public Tender "Purchase of Audit Services for the Year 2014" the audit company to be assigned for the performance of the audit of the Financial Statements of the Company and assessment of its Annual Report for the year 2014, shall be –"Ernst & Young Baltic", UAB (hereinafter referred to as the Auditor);
- ✓ To authorize the General Manger of the Company to conclude the contract for audit services, based on which the total audit fee in the amount of 54,000.00 LTL (fifty four thousand Lithuanian litas) exclusive of VAT shall be paid for the audit of the Company's Financial Statement, assessment of the Annual Report for the year 2013 and drafting of the Auditor's Report (hereinafter referred to as the Audit Fee), as well as to determine the following conditions of payment:
  - The Audit fee does not include travel and accommodation expenses, incurred by the Auditor in providing services under this Contract. The Client shall reimburse these expenses to the Auditor.
  - The Auditor shall issue invoices for the Audit fee, as follows: 50 percent of the Contract price after completion of the interim audit but not later than 30 November of the relevant year and 50 percent of the Contract price after issuance of draft Auditor's Report on the relevant year Financial Statements by the Auditor. The invoices shall be paid up by the Company within 30 days after issuance of the invoices."

**On 30 April 2014** the Company has announced the first of liquefied natural gas (hereinafter, LNG) terminal capacities allocation procedure and an invitation for the potential users of LNG terminal to submit their requests for allocation of LNG terminal capacities according to the conditions specified in the invitation. Text of the invitation is provided along with this notification on material event (Annex No. 1) as well as is published on the website: [www.sgd.lt](http://www.sgd.lt).

During allocation procedure of LNG terminal capacities the foundation LNG regasification capacities, seasonal LNG regasification capacities as well as seasonal LNG reloading capacities shall be allocated. The Company notified about preliminary tariffs of the LNG terminal services by giving notification of material event on 11 April 2014.

The Company shall accept the requests of potential LNG terminal users until 30 May 2014, 4 p.m., while the agreements with the first users are expected to be signed during the months of June – July 2014.

This procedure and invitation commences open season for the first LNG terminal users who shall be able to receive LNG regasification and (or) LNG reloading services from the beginning of use of LNG terminal capacities. The LNG terminal capacities shall be allocated yearly. The Company plans to constantly update and publish free LNG terminal capacities which shall be subject for allocation according to the needs and technical possibilities.

The Company performs allocation of capacities according to the publicly announced Rules for Use of the Liquefied Natural Gas Terminal (hereinafter, the Rules) which were verified and approved by the National Commission for Energy Control and Prices (hereinafter, the NCECP) and the Board of the Company. The Company notified about the pre-approval of the Rules by NCECP as well as about the approval of the main conditions of the Rules by the Board of the Company by giving notifications of material event on 11 April 2014 and 18 April 2014.

**On 29 April 2014** the Supervisory Council of Klaipėdos nafta, AB, code 110648893, registered at Burių st. 19, Klaipėda (hereinafter, the "Company"), as well, adopted the following decision:

- To renew the mandate of the acting Board of Klaipėdos nafta, AB, consisting of the following Board Members - Valdas Lastauskas, Rokas Masiulis, Rytis Ambrazevičius and Mindaugas Jusius, for the term set forth within the Bylaws of the Company (4 years) or until the time, when the new Board is elected and starts acting.

The Company additionally informs that the Board members, Rytis Ambrazevičius and Mindaugas Jusius, are to be considered the independent Members of the Board. The Board member, Rokas Masiulis, is also the General Manager of Klaipėdos nafta, AB.

No more significant subsequent events have occurred after the date of financial statements.



## Confirmation of responsible persons

Following Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we, Rokas Masiulis, General Manager of SC Klaipėdos Nafta, Mantas Bartuska, Finance Director of SC Klaipėdos Nafta, and Asta Sedlauskienė, Head of Accounting Department hereby confirm that to the best of our knowledge the above-presented unaudited Interim condensed Financial Statements of SC Klaipėdos Nafta for the first three month period ended on 31<sup>st</sup> March 2014, prepared in accordance with the International Financial Reporting Standards 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 and cash flows of SC Klaipėdos Nafta.

General Manager



Rokas Masiulis

Director of Finance and Administrative Department



Mantas Bartuška

Head of Accounting Department



Asta Sedlauskienė