KLAIPĖDOS NAFTA
AKCINĖ BENDROVĖ

SC KLAIPĖDOS NAFTA

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

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015
(UNAUDITED)

CONTENT PAGE

(all amounts are in EUR thousand unless otherwise stated)

Statement of financial position

	Notes	30-06-2015	31-12-2014
ASSETS		*(unaudited)*	*(audited)*
Non-current assets			
Intangible assets		586	623
Property, plant and equipment	3	179,072	182,830
Long-term receivables	5	2,035	1,681
Investment into associates		4,125	4,098
Total non-current assets		185,818	189,232
Current assets			
Inventories	6	1,693	1,600
Prepayments		663	962
Trade receivables	7	26,279	1,887
Refunds of income taxes		-	408
Other receivables	8	2,672	8,643
Other financial assets	9	-	8,284
Cash and cash equivalents	10	21,008	10,902
Total current assets		52,315	32,686
Total assets		238,133	221,918

(cont'd on the next page)

Explanatory note, set out on pages 8 - 14, is an integral part of these financial statements.

(all amounts are in EUR thousand unless otherwise stated)

Statement of financial position (cont'd)

	Notes	30-06-2015	31-12-2014
EQUITY AND LIABILITIES		*(unaudited)*	*(audited)*
Equity			
Share capital	1	110,376	110,231
Share premium		3,913	3,914
Legal reserve		8,107	7,644
Reserve for own shares		15,929	15,929
Other reserves		36,442	27,740
Retained earnings		9,458	9,257
Total equity		184,225	174,715
Non-current liabilities			
Deferred income tax liability		1,072	1,124
Non-current employee benefits		201	301
Loan	11	29,797	29,832
Grants related to assets		89	-
Total non-current liabilities		31,159	31,257
Current liabilities			
Loan	11	55	55
Trade payables	12	7,687	12,680
Payroll related liabilities	13	1,707	1,396
Income tax payable		563	-
Prepayments received		11,902	1
Dividends payable		11	11
Other payables and current liabilities	14	824	1,803
Total current liabilities		22,749	15,946
Nuosavo kapitalo ir įsipareigojimų iš viso		238,133	221,918

Explanatory note, set out on pages 8 - 14 an integral part of these financial statements.

(all amounts are in EUR thousand unless otherwise stated)

Statement of comprehensive income

	Notes	For the six months period ended 30 June 2015	For the three months period ended 30 June 2015	For the six months period ended 30 June 2014	For the three months period ended 30 June 2014
		(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
Sales	15	53,871	27,257	16,726	7,782
Cost of sales	16	(40,508)	(20,458)	(10,676)	(5,081)
Gross profit		13,363	6,799	6,049	2,701
Operating expenses		(2,072)	(1,217)	(1,978)	(961)
Other income		175	11	17	5
Profit from operating activities		11,467	5,593	4,088	1,745
Income from financial activities	17	475	400	198	180
Loss from financial activities	17	(1,054)	(256)	(3)	(1)
Profit before income tax		10,888	5,738	4,283	1,923
Income tax expense		(1,430)	(753)	(612)	(250)
Net profit		9,458	4,985	3,670	1,673
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		-	-	-	-
Total comprehensive income		9,458	4,985	3,670	1,673
Basic and diluted earnings (losses) per share, in EUR	18	0.02	0.01	0.01	0.004

Explanatory note, set out on pages 8 - 14, is an integral part of these financial statements.

(all amounts are in EUR thousand unless otherwise stated)

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 December 2013 (*audited)*		110,231	3,914	7,128	15,929	18,036	10,324	165,562
Net profit for the six months		-	-	-	-	-	3,670	3,670
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	-	3,670	3,670
Dividends declared		-	-	-	-	-	(103)	(103)
Transfers between reserves		-	-	516	-	9,705	(10,221)	-
Balance as at 30 June 2014 (*unaudited)*		110,231	3,914	7,644	15,929	27,740	3,670	169,129
Balance as at 31 December 2014 (audituota)		110,231	3,914	7,644	15,929	27,740	9,257	174,715
Currency conversion difference		145	-	-	-	-	-	145
Net profit for the six months		-	-	-	-	-	9,458	9,458
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	-	(92)	(92)
Dividends declared		-	-	463	-	8,702	(9,165)	-
Transfers between reserves		-	-	-	-	-	9,458	9,458
Balance as at 30 June 2015 (*unaudited)*		110,376	3,913	8,107	15,929	36,442	9,458	184,225

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(all amounts are in EUR thousand unless otherwise stated)

Cash flow statement

	Notes	For the six months period ended 30 June 2015	For the six months period ended 30 June 2015
		(unaudited)	*(unaudited)*
Cash flows from operating activities			
Net profit	18	9,458	3,670
Adjustments for noncash items:			
Depreciation and amortization	3	6,409	3,646
Impairment of inventory value		(43)	-
Accrued income		(203)	(398)
Change in non-current liabilities for employees		(100)	22
Change in allowance for doubtful receivables		(1)	(1)
Change in vacation reserve	13	75	96
Impairment of inventory value	6	182	-
Other non-cash adjustments		145	-
Income tax expenses		1,430	613
Interest income	17	(8)	(26)
		17,344	7,622
Changes in working capital:			
(Increase) decrease in inventories	6	(275)	(173)
Decrease (increase) in prepayments		299	(1)
Decrease (increase) in trade and other accounts receivable		(18,572)	1,049
Increase (decrease) in trade and other payables	11, 12, 14	(6,007)	(4,142)
(Decrease) increase in prepayments received		11,901	(12)
Increase (decrease) in other current liabilities and payroll related liabilities		236	80
		4,926	4,423
Income tax (paid)		(511)	(256)
Interest received	17	8	27
Net cash flows from operating activities		4,423	4,194
Cash flows from investing activities			
(Acquisition) of property, plant, equipment and intangible assets		(2,569)	(13,824)
Sales of investments held-to-maturity		8,284	8,731
(Acquisition) of other Investments		(28)	(19)
Grants, subsidies		89	
Net cash flows from investing activities		5,776	(5,112)
Cash flows from financing activities			
Dividends (paid)		(92)	(103)
Received loans		239	116
Interest (paid)		(240)	(79)
Net cash flows from financing activities		(93)	(66)
Net increase (decrease) in cash flows		**10,106**	**(984)**
Cash and cash equivalents on 1 January	10	**10,902**	**26,035**
Cash and cash equivalents on 30 June	10	**21,008**	**25,051**

Explanatory note, set out on pages 8 - 14, is an integral part of these financial statements.

EXPLANATORY NOTES TO FINANCIAL STATEMENTS

1 General information

Stock Company 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 are holding oil terminal supplies, oil products transhipment services and other related services, as well as the liquefied natural gas terminal (hereinafter referred to as "LNGT") to receive and store liquefied natural gas, regasify it and supply it to Gas Grid.

National Commission for Energy Control and Prices (hereinafter referred to as "NCC") issued Natural Gas Regasification License to the Company on 27 November 2014.

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

As of 30, June 2014 all the shares were owned by 1,849 shareholders. The Company's share capital – EUR 110,375,793.36 (one hundred tenmillion three hundred seventy-five thousand seven hundred ninety-three) and 36 cents 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 twenty nine(0,29) euro cents. 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 the year 2015 and 2014 first term. The Company's shares are listed in the Baltic Secondary List on the NASDAQ OMX Vilnius Stock Exchange (ISIN code LT0000111650, abbreviation KNF1L).

As of 30 June 2015 and 30 June 2014 the shareholders of the Company were:

	30 June 2015		30 June 2014	
	Number of shares held (thousand)	Part of ownership (%)	Number of shares held (thousand)	Part of ownership (%)
State of Lithuania represented by the Ministry of Energy (Gediminas av. 38/2, Vilnius, 302308327)	275,241	72.32	275,241	72.32
Concern JSC Achemos grupė (Jonalaukis village, Jonava district, 156673480)	38,975	10.24	38,975	10.24
Other (less than 5 per cent each)	66,390	17.44	66,390	17.44
Total	380,606	100.00	380,606	100.00

The average number of employees on 30 June 2015 was 370 (379 – on 30 June 2014).

2 Accounting principles

1 January 2015 - Introduction of the euro in the Republic of Lithuania Day, so this day and accordingly changed the Company's functional currency. The recalculation of the litas to the euro has been applied in the euro exchange rate of conversion and smooth at 3.45280 for 1 euro, which irrevocably set by the EU Council.

The financial statements are presented in Euro and all values are rounded to the nearest thousand (EUR 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 2014. The principles used in preparation of financial statements were presented in more detail in the Notes to the Financial Statements for 2014.

These financial statements have been prepared on a historical cost basis.

The financial year of the Company coincides with the calendar year.

The numbers in tables may not coincide due to rounding of particular amounts to EUR thousand. Such rounding errors are not material in these financial statements.

(all amounts are in EUR thousand unless otherwise stated)

3 Non-current tangible assets

During the six months of 2015 the Company continued works in the following projects:

- *Liquefied natural gas terminal project.* 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. On December 2014 the Terminal was capable of operating in the manner intended by management, except HDD access, which is intended to be completed per year 2015. As of 30 June 2015 the investments into implementation of LNG Terminal's project amounted to EUR 15,528 thousand (During the six months period of 2015 investment amounted to EUR 1,693 thousand).
- *Liquefied natural gas (LNG) onshore reloading station.* The foreseen start of the Company's LNG reloading station activities and supply of services is the beginning of 2017. Currently, the business unit engaged in this activity required the construction of infrastructure projects and creation of business conditions. As of 30 June 2015 the investments amounted to EUR 166 thousand (During the six months period of 2015 investment amounted to EUR 166 thousand).
- *Modernization works of fire protection system* – investments for the upgrade of mechanical and automatic sections of the fire protection system. In 2014 the trestle firefighting equipment was upgraded as well as the reconstruction of automatic section initiated. As of 30 June 2015 the investments amounted to EUR 286 thousand (During the six months period of 2015 investment amounted to EUR 82 thousand).
- *Repairs of treatment plant's.* In order to upgrade the machinery and work performance of the treatment plant, the repairs value of treatment plant's amounted to EUR 143 thousand invested as of 30 June 2015 (During the six months period of 2015 investment amounted to EUR 26 thousand).
- *Other investment.* There were invested EUR 941 thousand as of 30 June 2015 (During the six months period of 2015 investment amounted to EUR 495 thousand).
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Part of the Company's property, plant and equipment with the acquisition cost of EUR 27,229 thousand as on 30 June 2015 was completely depreciated (EUR 24,791 thousand on 31 December 2014), however, it was still in operation.

The depreciation of the Company's non-current tangible assets for the first six month of 2015 amounts to EUR 6,420 thousand (EUR 3,.622 thousand – in 2014 first term). EUR 6,299 thousand of amortisation charge has been included into cost of sales (EUR 3,543 thousand - in 2014 first term) EUR 11 thousand of amortisation charge was transferred to inventory value (EUR 24 thousand – in 2014), and the remaining amount EUR 110 (EUR 79 – in 2014 first term) has been included into operating expenses in the Statement of comprehensive income.

4 Operating segments

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

- KN – oil terminal in Klaipėda supplying oil products, providing transhipment and other related services.
- SGD – LNG terminal in Klaipėda, which receives and stores liquefied natural gas, regasifies it and supplies to Gas Main.
- SKB - 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 30 June 2015 and Statement of financial position as of 30 June 2014, are described below:

For the six months period ended 30 June 2015	SGD	SKB	KN	Iš viso
Revenues from external customers	32,367	1,148	20,356	53,871
Profit before income tax	1,407	408	9,073	10,888
Segment net profit	1,223	355	7,880	9,458
Interest revenue	3	-	9	12
Interest expense	(243)	-	-	(243)
Depreciation and amortisation	(2,552)	(419)	(3,328)	(6,409)
Impairment of assets	2,239	51	279	2,569
Segment total assets	94,430	13,554	130,149	238,133
Segment loands and related liabilities	29,852	-	-	29,852
Segment total liabilities	44,965	4,383	4,560	53,908

For the six months period ended 30 June 2015	SGD	SKB	KN	Iš viso
Revenues from external customers	-	940	15,786	16,726
Profit before income tax	(905)	215	4,973	4,283
Segment net profit	(775)	184	4,261	3,670
Interest revenue	-	-	26	26
Depreciation and amortisation	(23)	(403)	(3,220)	(3,646)
Impairment of assets	12,903	33	865	13,801
Segment total assets	34,097	14,641	14,8857	197,595
Segment loands and related liabilities	14,832	-	-	14,832
Segment total liabilities	26,138	949	1,379	28,466

(all amounts are in EUR thousand unless otherwise stated)

5 Long-term receivables and accrued income

	30-06-2015	31-12-2014
Long-term accrued income	2,035	1,681

Subačius fuel storage reservoirs rent agreement signed with the Lithuanian petroleum products Agency in 2012 for the duration of 10 years is treated as operating leasing contract, The rent tariffs are different for the first 5 years and for the remaining period, Therefore the rent income are recognised on a straight line basis over the lease term, i.e. the income are calculated on average tariff of the all leasing term (10 years).

6 Inventories

	30-06-2015	31-12-2014
Diesel fuel for the Terminal purpose	1,186	733
Oil products for sale	285	422
Liquefied natural gas in the connecting pipeline	63	63
Fuel for transport and other equipment	27	43
Spare parts, construction materials and other inventories	1,988	2,013
Total inventories	3,549	3,274
Write-down of spare parts, construction materials and other inventories	(1,856)	(1,674)
	1,693	1,600

As of 30 June 2015 the Company had accounted write-off of inventories in the amount of EUR 1,856 thousand (EUR 1,674 thousand on 31 December 2014), 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 EUR 182 thousand for the six months ended of 30 June 2015 (31 December 2014 - EUR 10 thousand) are included under operating expenses in the profit (loss).

As of 30 June 2015 the Company stores 1.8 thousand MWh (As of 31 December 2014 - 1.8 thousand MWh) natural gas in the connecting pipeline of the Liquefied natural gas terminal to ensure activities.

Oil products for sale are energy products collected in the Waste Water Treatment Facilities. On 30 June 2015 the Company stored 3,099 tons of oil products collected in its Waste Water Treatment Facilities (30 June 2014– 4,865 tons).

As of 30 June 2015 the Company stored 195,9 thousand tons of oil products delivered for transhipment in its storage tanks (196.6 thousand tons as on 31 December 2014). 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.

As of 30 June 2015 the Company stored 173 thousand MWh (As of 31 December 2014 - 1,087 thousand MWh of natural gas products delivered for transhipment in the Liquefied natural gas terminal. Such natural gas 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 for these products.

7 Trade receivables

	30-06-2015	31-12-2014
Receivables from natural gas regasification service	23,715	-
Receivables for trans-shipment of oil products and other related services	2,564	1,887
	26,279	1,887

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

8 Other receivables

	30-06-2015	31-12-2014
Unbilled revenue from natural gas regasification service	1,332	5,793
Short-term accrued income for storage of oil products	411	562
Receivable compensation for the Liquefied natural gas terminal project	710	767
VAT receivable	5	1,468
Other receivables	214	53
	2,672	8,643

(all amounts are in EUR thousand unless otherwise stated)

9 Other financial assets

	30-06-2015	31-12-2014
Cession of rights in Vnesekonom bank	29	29
Loan to UAB „Žavesys“	101	101
Less: impairment allowance for receivables	(130)	(130)
Total loans and receivables	-	-

	30-06-2015	31-12-2014
Cash deposits	-	8,284
Total other financial assets	-	8,284

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

Currency	30-06-2015	31-12-2014
EUR	-	8,284

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 EUR 80,295 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 EUR 28.96 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.

10 Cash and cash equivalents

	30-06-2015	31-12-2014
Cash at bank	21,008	10,902

Cash in bank earns variable interest depending on the closing balance of every day. As of 30 June 2015 the Company had one night term deposits of EUR 10,676 thousand (as of 31 December 2014 – EUR 1,827 thousand).

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

Currency	30-06-2015	31-12-2014
EUR	21,008	10,902
	21,008	10,902

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

	30-06-2015	31-12-2014
AA -	10,699	1,829
A	10,236	17,261
A +	73	96
	21,008	19,186

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.

11 Financial liabilities

	30-06-2015	31-12-2014
European Investment Bank's loan	29,797	29,832
Payable loan interest	55	55
	29,852	29,887

12 Trade debts and other payables

	30-06-2015	31-12-2014
Payable to contractors	1,452	6,191
Payable for rent of land	237	190
Payable for railway services	162	135
Other trade payables	5,836	6,164
	7,687	12,680

Trade payables are non-interest bearing and are normally settled on 30-day payment terms**.** On 30 June 2015 trade payables of EUR 4,742 thousand were denominated in USD (EUR 7.8 thousand were denominated in GBP – on 31 December 2014).

(all amounts are in EUR thousand unless otherwise stated)

13 Liabilities related to labour relations

	30-06-2015	31-12-2014
Salaries payable	303	3
Social insurance payable	278	2
Income tax payable	82	2
Mokėtinos garantinio fondo įmokos	1	-
Accrued vacation reserve	796	721
Accrual of bonuses	246	668
Other owerdraw of salary	1	-
	1.707	1.396

14 Other current liabilities

	30-06-2015	31-12-2014
Accrued tax expenses and liabilities	562	163
Accrued expenses and liabilities	232	1.574
Other liabilities	30	66
	824	1.803

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

15 Sales income

	For the six months period ended 30 June 2015	For the six months period ended 30 June 2014
Income from LNGT services regulated by NCC	32,367	-
Sales of oil transhipment services	20,244	16,340
Other sales related to transhipment	1,260	386
	53,871	16,726

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

16 Cost of sales

	For the six months period ended 30 June 2015	For the six months period ended 30 June 2014
FSRU rent and other expences	25,264	-
Depreciation and amortization	6,299	3,543
Wages, salaries and social security	3,196	2,900
Natural gas	1,314	1,744
Rent of land and quays	974	312
Railway services	968	601
Electricity	687	765
Insurance of assets	665	216
Tax on real estate	316	180
Repair and maintenance of non-current assets	168	181
Transport	112	22
Work safety costs	88	66
Services for tankers	65	37
Rent of facilities	22	-
Other	370	109
	40,508	10,676

17 Income (expenses) from financial and investment activities – net

	For the six months period ended 30 June 2015	For the six months period ended 30 June 2014
Income from currency exchange	459	-
Interest income	12	27
Fines collected	4	171
Financial income, total	475	198
(Losses) from currency exchange	(665)	(3)
Interest (expenses)	(240)	-
Other financial activity (expenses)	(149)	-
Financial activity expenses, total	(1,054)	(3)
Financial result, total	(579)	195

18 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:

	For the six months period ended 30 June 2015	For the six months period ended 30 June 2014
Net profit attributable to shareholders	9,458	3,670
Weighted average number of ordinary shares (thousand)	380,606	380,606
Earnings per share (in EUR)	0.02	0.01

19 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 six months of 2015 and 2014 were as follows:

Transactions with Lithuanian State controlled enterprises and institutions:

		Pirkimai	Pardavimai	Gautinos sumos	Mokėtinos sumos
State Tax Inspectorate at the Finance Ministry of the Republic of Lithuania	2015 six month	33,658	-	-	3,979
	2014 six month	21,112	-	5,703	3,108
State Social Insurance Fund Board under the MMSL	2015 six month	1,505	-	-	278
	2014 six month	1,501	-	-	264
State Enterprise Klaipeda State Seaport	2015 six month	389	22	710	237
	2014 six month	312	3,901	-	189
SC Lithuanian Railways owned by the State of Lithuania represented by TM	2015 six month	1,013	-	-	162
	2014 six month	613	-	-	120
SC“Lesto”, owned by the State of Lithuania represented by EM	2015 six month	288	-	-	46
	2014 six month	372	-	-	53
SC „Lietuvos dujos“, owned by the State of Lithuania represented by EM	2015 six month	233	-	-	34
	2014 six month	1,400	1,400	-	394
JSC Lietuvos dujų tiekimas	2015 six month	897	-	-	100
	2014 six month	-	-	-	-
SC Amber Grid	2015 six month	223	41,090	23,715	35
	2014 six month	86	-	-	14
VĮ Lietuvos naftos produktų agentūra	2015 six month	-	605	122	-
	2014 six month	-	728	121	-
Other related parties	2015 six month	36	3	-	8
	2014 six month	-	4	2	-
Transactions with related parties, in total:	2015 six month	38,242	41,720	24,547	4,879
	2014 six month	25,396	6,033	5,826	4,142

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.

(all amounts are in EUR thousand unless otherwise stated)

19 Related party transactions (cont'd)

	For the six months period ended 30 June 2015	For the six months period ended 30 June 2014
Labour related disbursements	1,130	1,035
Number of managers	36	34

During the first six months of the years 2015 and 2014 the Management of the Company did not receive any loans, guarantees, or any other payments or property transfers were made or accrued.

20 Subsequent events

- On 10 July 2015 the Connecting Europe Facility (CEF, part of the EU financing program) Coordination Committee approved the financial support of preliminary EUR 6 million for the construction of SC Klaipedos nafta (hereinafter - the Company) Liquefied natural gas (LNG) onshore reloading station. The support shall be dedicated for the joint project of Helsingborg port and Klaipedos nafta (HEKLA) as both parties together submitted investment application through the Baltic Port Organization which actively encourage and support the LNG activities development in the Baltic region. The foreseen start of the Company's LNG reloading station is the beginning of 2017. SC Klaipedos nafta previously has received the EU support for the LNG reloading station FEED and other preparation works.

- On 5 August 2015 the Board of AB Klaipėdos Nafta (the Company) consented that the Company takes necessary preparatory actions related to the possible decision to redeem the floating liquefied natural gas (LNG) storage and regasification unit for the purpose of decreasing annual LNG terminal exploitation costs.

  With regard to that, the Board of the Company decided to initiate public procurement procedures for the purchase of financial services (credit) amounting up to EUR 300 mln. On 6 August 2016 the Company announced the Draft Technical Specification as well as the Draft Term-sheet of the Procurement Contract. It is anticipated to use the credit for the purpose of fulfilment of financial obligations of the Company arising under the Contract on Lease, Operation and Maintenance (Repair) of the Floating Liquefied Natural Gas Storage and Regasification Unit (with amendments and supplements to it) signed by and between the Company and Höegh LNG Limited on 2 March 2012. It is envisaged that the procurement contract shall enter into force only subject to adoption of all necessary legal acts related to the commitment regarding the redemption of a floating LNG storage and regasification unit, and approval of the contract by the General Meeting of Shareholders of the Company and the Board.

- 25 August 2015 at 1.00 p.m. was convened an extraordinary general meeting of shareholders of the Company on the initiative and by the decision of the Board of AB Klaipėdos nafta. The meeting was held in the registered office of the Company at Burių st.19, Klaipėda.

Agenda of the meeting:

1. Regarding the approval of the decision of AB Klaipėdos Nafta's Board to implement liquefied natural gas distribution station investment project.
2. Regarding the approval of the decision of AB Klaipėdos Nafta's Board to implement oil terminal expansion investment project.

Decisions adopted:

1. Regarding the approval of the decision of AB Klaipėdos Nafta's Board to implement liquefied natural gas distribution station investment project:
   "To approve the decision of AB Klaipėdos Nafta's Board:
   i) AB Klaipėdos Nafta to implement liquefied natural gas distribution station investment project for the price not exceeding 27.17 mln. EUR (without VAT).
   ii) To establish that all works under contracts with the winners of tenders regarding the procurement of abovementioned works are to be finished within 15 months as of the signing of EPC contract. To authorise and oblige the General Manager of AB Klaipėdos Nafta to sign such contracts.
   iii)To establish that abovementioned decisions No 1 and No 2 of AB Klaipėdos Nafta's Board shall enter into force upon the approval of the General Shareholder Meeting of AB Klaipėdos Nafta as of the day of such approval."
2. Regarding the approval of the decision of AB Klaipėdos Nafta's Board to implement oil terminal expansion investment project:
   "To approve the decision of AB Klaipėdos Nafta's Board:
   i) AB Klaipėdos Nafta to implement oil terminal expansion (the expansion of the oil truck lot capacities, construction of fuel oil with water tanks and expansion of light oil product tanks) investment project for the price not exceeding 9.55 mln. EUR (without VAT).
   ii) To establish that abovementioned decision of AB Klaipėdos Nafta's Board shall enter into force upon the approval of the General Shareholder Meeting of AB Klaipėdos Nafta as of the day of such approval."

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, Mantas Bartuška, General Manager of SC Klaipėdos Nafta, Marius Pulkauninkas, Finance and Administrative Department Director of SC Klaipėdos Nafta, and Asta Sedlauskienė, Head of Accounting Division hereby confirm that to the best of our knowledge the above-presented unaudited Interim condensed Financial Statements of SC Klaipėdos Nafta for the first six month period ended on 30th June 2015, 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	Mantas Bartuška
Director of Finance and Administrative Department	Marius Pulkauninkas
Head of Accounting Division	Asta Sedlauskienė

INTERIM REPORT FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

Klaipeda

31 August 2015

CONTENT

Abbreviations:

KN - Oil terminal in Klaipeda segment;

LNGT – Liquefied Natural Gas Terminal;

LNG – Liquefied Natural Gas;

SKB – Subacius fuel storage facility;

HFO – Heavy Oil Products;

LOP - Light Oil Products;

OPP – Oil-Processing Plant (refinery);

SE KSSA – State Enterprise Klaipeda State Seaport Authority;

NCECP - National Control Commission for Energy control and prices;

EIB – European Investment Bank;

NIB - Nordic Investment Bank.

MANAGEMENT REPORT

Management's comment on financial results for the six months of 2015:

The Company in the second quarter of 2015 continued its successful operation and demonstrated good financial results: **net profit for the 6 month of 2015 comprise Eur 9.46 million, i.e. comparing to the same period of 2014 it has increased by 157.7 per cent (Eur 3.67 million for 6 month of 2014). EBITDA for the 6 month of 2015 has increased by 131.2 per cent: from EUR 7.71 million in 2014 to Eur 17.82 million in 2015.** Net profit was increased by Eur 3.66 million because of successful operations of oil terminal primary driven by the significantly increased petroleum products transhipment volume and the net result from the LNG terminal operation for the 6 month of 2015 comprising Eur 1.23 million that increased the net profit change by Eur 2.0 million.

The net profit for the second quarter of 2015 comprise Eur 4.99 million which compared to the second quarter of 2014 (total Eur 1.67 million) almost tripled. The net profit of the previous quarter is also 11.6 per cent of Eur 0.57 million higher comparing to the first quarter (total Eur 4.47 million). The petroleum products transhipment in the second quarter increased by 23.5 per cent (to 1.84 million tons when in the first quarter – 1.49 million tons) and this was the main reason for the net profit increase.

Total petroleum products transhipment in the oil terminal for the first half of 2015 has increased by 37.8 per cent and comprises 3.33 million tons. The key factor for the transhipment increase was the supportive macroeconomic environment for the oil refining companies, i.e. increased refining margins and fall down of the crude oil prices. Such circumstances allowed the largest client of the Company SC Orlen Lietuva to increase its refining volumes and correspondingly to increase petroleum products transhipment (increase in 2015 by 29.8 per cent or by 0.47 million tons comparing to the 6 month of 2014) through the Company's terminal. Transhipment volumes were also increased by the transit cargos from Belorussian and Russian refineries which have increased by 43.0 per cent.

The LNG terminal of the Company that has started out its activities on the 27 November 2014 in 2015 operated smoothly and during the 6 month of 2015 has regasified 2.64 million MWh of natural gas.

The started activities of the LNG terminal and increased transhipment volumes of the petroleum products were the key drivers that the sales revenues of the Company for the 6 month of 2015 have increased 3.2 times comparing to the same period of 2014 and comprise Eur 53.87 million. During the first half of 2015 the Company recognized total sales revenues of Eur 32.37 million from the natural gas regasification activities in the LNG terminal. Revenues from the petroleum products transhipment revenues are higher by Eur 4.32 million comparing to 2014 year (increase by 27.1 per cent). The LNG terminal sales revenues are recognized on a monthly basis and are equal to the one twelfth of the sum of necessary LNG Terminal operation costs and return on investments into LNG Terminal infrastructure for the year 2015, approved by the National Commission for Energy Control and Prices (NCECP).

Summarizing the financial results it's obvious that they are very good and meet the best expectations of the management of the Company. The started out new activity of the LNG terminal operator benefits not only for all Lithuania gas consumers as the alternative source of the gas but also generates the return on investments for the Company. Significantly increased petroleum products transhipment volume and reduced oil purchase prices let the oil terminal to increase its profit by 1.85 times in the first half of 2015.

SC Klaipedos nafta total assets as of 30 June 2015 comprise Eur 238.1 million; comparing to the 31 December 2014 it has increased by 7.3 per cent (or Eur 16.2 million). Current assets of the Company have increased by Eur 19.63 million (or by 60.1 per cent) and comprise Eur 52.32 million therein trade and other receivables comprise Eur 28.95 million. The amount has increased almost 2.7 times because gas transmission system operator (SC Amber Grid) has not collected and has not paid the Security Supplement (total approximately Eur 25 million) that is calculated to the natural gas transmission price. The debt has incurred because of unpaid Security Supplement funds by SC Achema.

The return on equity ratio (ROE) calculating for the last 12 month has increased to 8.4 per cent (from 4.7 per cent for the last 12 month as of 30 June 2014).

During the first 6 month of the 2015 the Company invested EUR 2.57 million for the acquisition of the non-current assets. The major part of this investment was dedicated for the finishing works of the LNG terminal infrastructure.

Although the invested amount of cash for the first half of 2015 is not very significant but the significant work has been done in **planning and projecting the construction of an on-shore small-scale LNG reloading station in Klaipeda port** where LNG bunkering and LNG truck loading services are foreseen. This investment is about to meet the growing demand of the LNG in the Baltics and Poland. It is anticipated that LNG supply from the Klaipeda sea port will develop new market that will enable industry LNG users to switch to the more environmentally friendly and more effective type of fuel. On 21 July 2015 a public tender for the LNG reloading station projecting and construction has been announced and the start of the activities of the station is foreseen in the beginning of 2017.

The first half of 2015 is also remarkable as the start of the new activity of the Company – consultations services. After start of the exploitation of the LNG terminal the Company became visible for other terminals developers worldwide as the Company having grown up expertise professionals capable positively contribute to the LNG industry. In June 2015 the Company signed a contract based on which the Company shall help to implement LNG terminal project in the port of Cartagena, Columbia. This is the first such type contract in the energy sector in the Republic of Lithuania.

(all amounts are in EUR thousand unless otherwise stated)

REPORTING PERIOD

The Interim Report is prepared for the period from 1 January 2014 until 30 June 2015. In this Interim Report, SC Klaipėdos Nafta is referred to as the Company.

DETAILS ABOUT THE COMPANY (ISSUER)

Name of the Company:	SC Klaipedos Nafta
Legal status:	Stock Company
Authorized share capital:	110,375,793.36 EUR
Date and place of registration:	27 September 1994, State Enterprise Centre of Registers
Company code:	110648893
Address:	Buriu Street 19, 91003 Klaipeda
Register of the Company:	State Enterprise Centre of Registers
Telephone numbers:	+370 46 391772
Fax numbers:	+370 46 311399
E-mail address:	info@oil.lt
Internet page:	www.oil.lt, www.sgd.lt

MAIN ACTIVITY OF THE COMPANY AND RELATIVE INFORMATION

Activity of SC Klaipedos Nafta is constituted of three main directions:

- Activity of Oil and Oil Products terminal (KN);
- Activity of Liquefied Natural Gas Terminal (LNGT);
- Activity of the Subacius fuel storage facility (SKB).

Operation of the LNG terminal was commenced on 27 November 2014 upon the obtainment of natural gas regassification license issued by the National Control Commission for Prices and Energy (NCECP).

The mission of the Company is to be a reliable import and export terminal of oil products and a LNG import terminal for Lithuania and neighbour countries, also to enable the region's oil refineries to export on a continuous basis their production by tankers through the Company's terminal to the Western European and further markets and ensure supply of alternative natural gas to consumers from Lithuania and neighbour countries.

The vision of the Company is to be a financially sustainable oil products and LNG transhipment terminal, also invest in initiatives that will increase economic benefits for investors in time.

The strategic objectives of SC Klaipedos Nafta**:**

- To improve effectiveness of the Company;
- To improve internal processes;
- To assure requirements of safety standards;
- To diversify activities of the Company;
- To become a main Centre of Oil and Gas in Lithuania.

The Company is a strategic company of Lithuanian national security and energy sectors:

- By reference to the adopted Law of 10 October 2002 regarding companies and equipment and other important companies of strategic value for national security of Lithuanian Republic, the Company was defined as a company of strategic value for national security.
- The Company ensures a possibility to import oil and oil products in Lithuania.
- The Company was granted for storage of the obligatory reserve of oil products of the Republic of Lithuania.

Information about the investments into associated companies:

The Company has invested into the following companies as of 30 June 2015:

Name of the Company	Address	Part of Owned Shares in per cents	Activities
JSC LITGAS*	14 Zveju str., LT-092101 Vilnius	33.33	Confirmed as an assigned LNG supplier through the LNG Terminal on 10 February 2014.
JSC BALTPOOL	9 A. Juozapaviciaus str., LT-09311, Vilnius	33	Development of activity of energy resources (bio-fuel, gas) exchange, administration of PSO funds.
Sarmatia Sp. z o.o.	ul. Nowogrodzka 68, Prima court, 02-014 Warsaw, Poland	1	Analysis and engineering of possibilities to construct oil pipeline between Asian states and the Baltic sea.

* On 21 May 2015, the Company announced the invitation for the interested investors to acquire shares controlled by the Company of JSC LITGAS (total 1/3 of shares). The sale of shares is executed in order to implement unbundling of the activities in the natural gas sector according to the recommendations of European Commission.

Participation in Associations

The Company has been acting as a member of the following associations as of 30 June 2015:

- Association of Lithuanian Stevedoring Companies www.ljkka.lt;
- Gas Infrastructure Europe (GIE) division Gas LNG Europe (GLE) www.gie.eu.com.

The oil and oil products terminal

Be The Company is one of the largest oil and oil products terminals on the Baltic States market of oil and oil products transit. The terminal's core activity is to tranship oil products delivered by rail tank-cars from Lithuania, Belarus, Russia and other countries into tankers. Most commonly transhipped oil products are as follows: fuel oil, vacuum gas oil (HFO), gasoline, diesel fuel, jet fuel (LOP). The ordinary annual terminal capacity amounts up to 7.1 million tons of oil products per year. Shipment batches are stored in onshore storage, overall volume of which amounts 450 thousands m^3. Loading into tankers is performed at two jetties, each 270 m length.

The Klaipeda oil terminal is traditionally known as one of the best transhipment terminal of heavy oil products (fuel oil and VGO), effectively operated at low air temperatures. KN is well technologically prepared to tranship heavy oil products in cold season. The Company operates own boiler station with three boilers with their overall capacity of 100 MW.

Also the Company is capable to provide Lithuania with imported oil products that are delivered into the Klaipeda sea port by tankers. In the terminal there is a road tanker loading station intended to transport imported light oil products by roads.

At the present time Klaipedos Nafta provides the following services at the oil and oil products terminal:

- Transhipment of crude oil and oil products from rail tank-cars into tankers;
- Transhipment of crude oil and oil products from tankers into rail tank-cars and road tankers;
- Accumulation of crude oil and oil products;
- Collection of waste water from sea vessels which is contaminated with oil products;
- Blending of heavy and light oil products;
- Mooring of sea vessels;
- Assessment of quality parameters of oil products;
- Supply of fuel and water to sea vessels.

The Subacius fuel storage facility

After the approval of the share emission agreement with the Republic of Lithuania on 11 June 2012, the Company started to manage the Subacius fuel storage facility (SKB) in Kunciu village, Kupiskis district. The infrastructure of the Subacius fuel storage facility consists of the following: (1) the park of 338 thousands m^3 of storage tanks adapted to store light oil products; (2) the rail access point modernised in 2007 which can simultaneously handle 14 rail tank wagons; (3) modern loading station of rail tank-cars; (4) renovated laboratory able to detect the main quality parameters of oil products; (5) vehicles and other service buildings and equipment.

Main operations of the Subacius fuel storage facility are the following: long-term storage of oil products (currently the major part of storage tanks are filled with the obligatory reserve of oil products of the Republic of Lithuania), and the loading of tank trucks which service the entities in the Aukstaitija region.

The results of activities of Subacius fuel storage facility for the six months of 2015 are presented in the Explanatory note "Information of segments" of the Company's financial statements for the six months of 2015.

Liquefied Natural Gas Terminal

Main functions of the LNG terminal are as follows:

- LNG storage, regasification, and gas transfer to the national gas system;
- LNG reloading.

The LNG terminal supplements and expands the existing natural gas supply infrastructure, provides additional opportunities for supply diversification, eliminates the dependence on the single external supplier of natural gas since 2015, ensures safe natural gas supply, and complies with the requirements of the directive N-1 infrastructure standard, i.e., forms particular assumptions for independent gas supply in Lithuania, required in order to meet the unconventional demand.

About half billion cubic metres of gas are expected to be regasified during the year 2015, while in the future, its annual capacity factually could reach 3 billion cubic metres (maximum capacity 4 billion cubic meters). In 2014 Lithuania consumed almost 2.6 billion cubic meters of gas, which almost all (excluding 1 LNG carrier) was imported by single supplier – Russian gas concern OAO "Gazprom". Thus in the future the LNG Terminal's designed capacity can ensure all the volume of natural gas to be consumed in Lithuania and supplied to the markets of Latvia and Estonia.

The results of activities of LNG Terminal for the six months of 2015 are present in the Explanatory note "Information of segments" of the Company's financial statements for the six months of 2015.

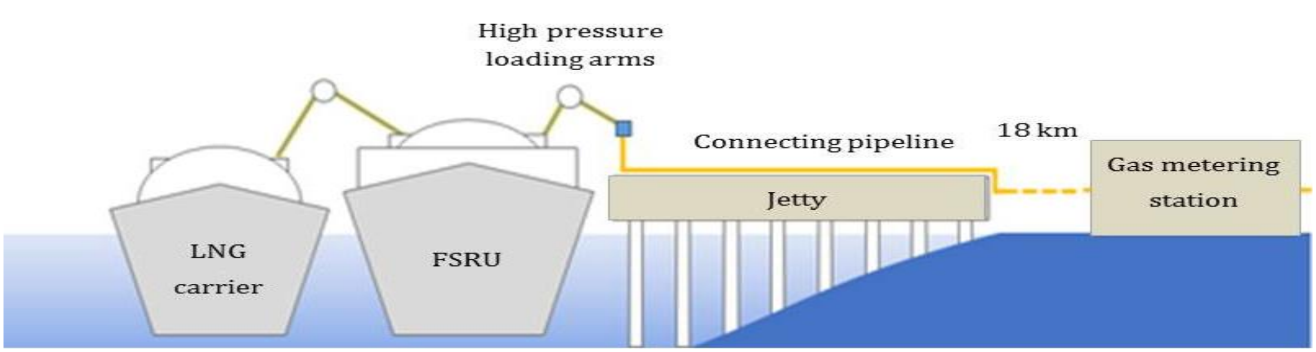
Infrastructure of the Liquefied Natural Gas Terminal

The LNG terminal is based on Floating Storage and Regasification Unit technology. The LNG vessel-storage (FSRU) is leased by the Höegh LNG. Jetty of 450 m length to which the FSRU is permanently moored, has been built in the Curonian Lagoon in the southern part of port of Klaipeda. The LNG terminal is connected to the transmission system operator's – SC Amber Grid – gas grid via 18 km long linking pipeline. The main function of the LNG terminal is to accept and store liquefied natural gas, regasify them and supply to the main gas system.

Characteristics of the Floating Storage and Regasification Unit*	
TECHNOLOGY	Floating Storage and Regasification Unit (FSRU)
PLACE	southern part of Klaipeda state seaport, near Kiaules Nugara island
FSRU SUPPLIER	Norwegian company "Höegh LNG"
TANK	170,000 m^3
LOADING CAPACITIES	9,000 m^3/h of LNG. Loading from vessel to vessel using flexible hoses
FSRU CAPACITIES	2-3 billion m^3 of NG per year (1.5 - 11 million m^3 per day)
MAXIMUM LNG FILLING LEVEL	98 %, at 70kPag
MINIMUM OPERATIONAL LNG HEEL LEVEL	3,500 m^3 of LNG
GAS FLOW TO THE GAS PIPELINE	6 million m^3 per day intending to increase the flow in the future
FSRU PRODUCTION DATE	2014 year
FSRU LENGTH	294 m
FSRU WIDTH	46 m
FSRU DRAUGHT	12.6 m

** Technical Characteristics of Terminal are specified at reference conditions: temperature (combustion/measurement) – 25/0 °C, pressure – 1.01325 bar.*

The main parts of the LNG Terminal are provided below:



(all amounts are in EUR thousand unless otherwise stated)

The LNG Terminal Services

The LNG reloading service consists of the following related and mutually dependent services:

- LNG loading – opportunity to deliver LNG cargo by LNG carriers of 65,000 – 160,000 m³ capacity, to berth them to the FSRU and unload LNG into the Terminal over a period of maximum 48 hours;
- LNG storage at the Terminal until its reloading, but in any case not more than for 60 calendar days.
- LNG regasification at the regasification rate set in the Terminal user's schedule.
- LNG reloading – loading of the LNG quantity set by the Terminal user's schedule into LNG carriers which cannot be smaller than 5,000 m³ over a period of maximum 48 hours.

Prices set for Terminal services are:

- LNG regasification service price (hereinafter referred to as the LNG regasification service), approved by the Company based on LNG regasification service price cap set by the National Control Commission for Prices and Energy (NCECP) on November 20, 2014 by the resolution No. O3-895;
- LNG reloading service price set by the NCECP on November 20, 2014 by the resolution No O3-896.

LNG regasification price cap is being adjusted on yearly basis, LNG reloading price is set for 5 years.

Terminal service	Price set
LNG regasification service* price (set for year 2015)	0.00 EUR/MWh excluding VAT
LNG reloading service price (set for year 2015-2019)	1.14 EUR/MWh excluding VAT

* Additional Security supplement is applied to LNG Terminal users transporting gas via gas transmission system. Additional security supplement is set by NCECP on 20 November 2014 by the resolution No O3-895. Mentioned supplement is designed to cover fixed operating costs of LNG terminal, its infrastructure and tie-in, independently from gas volumes regasified and submitted to gas transmission system and necessary to ensure LNG terminal operation.

Capacities of the LNG Terminal allocated for the year 2015:

Terminal User	Allocated Capacities	Amount of Allocated Capacities	Period
JSC LITGAS	Main regasification capacities	373,990,039 nm³*	January 1, 2015 - September 30, 2015

NOTE: temperature (combustion/measurement) - 25/0 °C, pressure - 1.01325 bar. At 25/0 °C combustion/measurement temperature the quantity is equal to 401,637,600 nm³.

Taking into account the intake capacities of the natural gas transmission system, SC Klaipedos Nafta announced 0.71 billion nm³ available LNG terminal capacities for the period from 1 January 2015 to 30 September 2015.

On 24 April 2015, the Company has announced the annual LNGT capacities allocation procedure and an invitation for the potential users of the LNGT to submit their requests for allocation of LNGT capacities for the upcoming Gas Year, lasting from the 1st of October 2015 to the 1st of October 2016. The total volume of the LNG terminal capacity being allocated is 1.45 bcm per annum, which is equivalent to 2.5 mln m³ of LNG per annum at the following reference conditions: temperature (combustion/measurement)- 25/0 °C, pressure – 1.01325 bar. After the launch of the new gas transmission pipeline connection Klaipeda- Kursenai, regasification restrictions for the LNG terminal will be abolished.

SIGNIFICANT EVENTS OF THE REPORTING PERIOD

On 12 January 2015, the Ministry of Finance of the Republic of Lithuania and the NIB concluded the State guarantee Payment Agreement in the amount of EUR 34,754 thousand to the Company. The State guarantee Payment Agreement ensures the Company's monetary obligations to NIB under the credit agreement signed on 27 November 2014 to 20 years for the co-financing of the LNGT project. The total amount to be granted to the Company shall not exceed EUR 34,754 thousand.

The state guarantee shall be granted upon the fulfilment of all conditions set in the 8 July 2014 Resolution of the Parliament of the Republic of Lithuania No. XIIP-1935 "On granting a state guarantee to the Nordic Investment Bank": the Company shall mortgage/pledge future real property of the LNGT and concurrently related items, i.e. the LNGT link and its technologic commodity, which will be created in the future and/or which will come into the ownership of the Company in the future, upon the implementation of the LNGT project and payment of margin in the amount of EUR 35 thousands to the Ministry of Finance of the Republic of Lithuania.

On 26 January 2015, the Supervisory Board approved the resignation of an independent member of the Audit Committee as well as the Chairman of the Audit committee Mr. Simonas Rimasauskas from the 31st of January, 2015.

On 9 March 2015, the Company concluded the Liquefied Natural Gas Terminal jetty usage agreement with the Klaipeda State Seaport Authority where the main conditions of the jetty rent were agreed.

On 10 April 2015, the NCECP decided to issue a transmission system operator's license of indeterminate duration for SC Amber Grid, with a condition that the Ministry of Energy of the Republic of Lithuania within the period, which would be no longer than 12 months from the date of coming into effect of the present decision by the NCECP, shall perform actions in order that the shares of JSC LITGAS currently held by SC Klaipėdos Nafta are transferred to a business entity, which is not directly or indirectly controlled by the Ministry of Energy of the Republic of Lithuania, as indicated in the Opinion of the European Commission.

On 24 April 2015, the Company has announced the annual liquefied natural gas terminal capacities allocation procedure and an invitation for the potential users of the LNG Terminal to submit their requests for allocation of LNG terminal capacities for the upcoming Gas Year, lasting from the 1st of October 2015 to the 1st of October 2016. The total volume of the LNG terminal capacity being allocated is 1.45 bcm per annum, which is equivalent to 2.5 mln m^3 of LNG per annum at the following reference conditions: temperature (combustion/measurement)- 25/0 ^{o}C, pressure – 1.01325 bar. After the launch of the new gas transmission pipeline connection Klaipeda - Kursenai, regasification restrictions for the LNG terminal will be abolished.

On 30 April 2015, the Board of the Company adopted a decision on initiation of sale of the shares of JSC LITGAS owned by the Company which constitute a tranche of 1/3 of the share capital of JSC LITGAS by public offering.

On 29 April 2015, the General Meeting of Shareholders of the Company was held during which:

- ✓ the set of the audited financial statements of 2014 was approved;
- ✓ The Company's distributable profit (EUR 9,257 thousand) was distributed, part of which was allocated for dividends – EUR 93 thousand or 0,000243221 EUR per share;
- ✓ Audit firm JSC Ernst & Young Baltic was appointed to audit of the Company's Financial Statement, assessment of the Annual Report and preparation of the Auditor's Report for the years 2015 and 2016.

On 12 June 2015, the Board of the Company adopted a decision and approved the launch of new activity – consulting services on LNGT project implementation issues. The Board of the Company, approving the decision, took into account the fact that the Company has successfully implemented Klaipeda LNG terminal project and has accumulated valuable experience, knowledge and skills that can be successfully used for the development of new LNG terminal projects. An analysis of the LNG terminal projects development market and the requests received from the developers show the demand for consultations on LNG terminal project implementation issues and sustainable perspective of such activity.

On 12 June 2015, the Board of the Company approved the main provisions of the new edition of the Rules for Use of the LNGT, as well pre-approved on 8 June 2015 by the resolution No O3-358 of the NCECP. On 15 June 2015, the Rules were also approved by the General Manager of the Company.

New version of the Rules was approved following public consultation announced by NCECP and held during period from 27 April 2015 until 7 May 2015, subject to the Company's evaluation of comments and suggestions submitted by the interested parties during the said consultation.

On 23 June 2015, the Company and BNK (UK) Limited which is an affiliate of the leading exporter of Belarusian oil products – ZAT "Belaruskaja neftenaja kampanija" has signed a long term contract on provision of oil products reloading services in Company's terminal. The term of the Contract is until 31 October 2016 (with option to extend it for one more year). At least 1 million tons of fuel oil is to be reloaded through the Company's terminal during the period up to 31 October 2016.

SIGNIFICANT EVENTS OCCURRED AFTER THE END OF THE REPORTING PERIOD

On 10 July 2015, the Connecting Europe Facility (CEF, part of the EU financing program) Coordination Committee approved the financial support for the construction of the Company's LNG on-shore reloading station. The support shall be dedicated for the joint project of Helsingborg port and Klaipedos Nafta (HEKLA) as both parties together submitted investment application through the Baltic Port Organization which actively encourage and support the LNG activities development in the Baltic region. The foreseen start of the Company's LNG reloading station is the beginning of 2017. The Company previously has received the EU support for the LNG reloading station FEED and other preparation works.

On 5 August 2015, the Board of the Company consented that the Company takes necessary preparatory actions related to the possible decision to redeem the floating LNG storage and regasification unit for the purpose of decreasing annual LNG terminal exploitation costs.

With regard to that, the Board of the Company decided to initiate public procurement procedures for the purchase of financial services (credit) amounting up to EUR 300 million. On 6 August 2016, the Company announced the Draft Technical Specification as well as the Draft Term-sheet of the Procurement Contract. It is anticipated to use the credit for the purpose of fulfilment of financial obligations of the Company arising under the Contract on Lease, Operation and Maintenance (Repair) of the Floating Liquefied Natural Gas Storage and Regasification Unit (with amendments and supplements to it) signed by and between the Company and Höegh LNG Limited on 2 March 2012.

On 25 August 2015, the extraordinary General Meeting of Shareholders of the Company to approve the decisions of the Board of the Company:

- ✓ to implement LNG distribution station investment project for the price not exceeding EUR 27.17 million (without VAT);
- ✓ to implement oil terminal development (the expansion of the oil truck lot capacities, construction of fuel oil with water tanks and expansion of light oil product tanks) investment project for the price not exceeding EUR 9.55 million (without VAT).

Information about public information

Following the requirements of the Law of the Republic of Lithuania, all main events concerning the Company and information about the time and venue of the General Meeting of Shareholders are published on the website of the Company www.oil.lt, www.sgd.lt and in SC NASDAQ OMX Vilnius Stock Exchange.

During the six months of 2015 the Company made 29 official announcements about the significant events and other required information at the NASDAQ OMX Vilnius stock exchange.

RISK FACTORS

Risk Factors of the Oil Terminal:

- Competitive Environment Risk Factors

The main competitors of the Company are the following terminals of Klaipeda and other Baltic Sea and Black sea ports which are transhipping heavy and light oil products exported from Russia, Belarus and Lithuania: Kroviniu terminalas (Lithuania), Ventspils Nafta Terminals (Latvia), Ventbunkers (Latvia), BLB (Latvia), Naftimpex (Latvia), Alexela (Estonia), Vopak EOS (Estonia), Vesta (Estonia), Odessa, Sevastopol, Feodosia terminals (Ukraine), Peterburg Oil Terminal (Russia) and Ust-Luga terminal (Russia). The most significant factors influencing the competitiveness of the Company on the market are as follows: technical characteristics of the port and the terminal (number and depth of the jetties, maximum allowed draughts of sea vessels, capacities of terminal storages, efficiency of the loading equipment, etc.) and infrastructure servicing the terminal (roads, railway networks, etc.), cost of logistics.

It is reasonable to expect that the Company will maintain oil product flow from Russian and Belorussian companies because of the good reputation of the Company, technological advantages, current market share, long-term agreements with cargo owners and benefits of ice-free port.

- Commercial Risk Factors

The main client of the Company is SC ORLEN Lietuva. Its transhipment volume during the six months of 2015 comprised 62 per cent (63 per cent in 2014) of the Company's terminal transhipment amount. The Company has signed a long-term transhipment agreement with ORLEN Lietuva which is valid until 2024 and guarantees stable flows of oil products from ORLEN Lietuva. Nevertheless, the Company is enforced to look for other potential clients, flows of shipments and alternative activities because of public spread topic on possible closing or suspension of ORLEN Lietuva refinery. Also the Company reviews existing expenses and constantly search for possibilities optimisation.

Annual transhipment volume of oil products from Belarusian oil refineries amounts approximately 25 per cent (in 2014 – 29 per cent) of the total transhipment volume of the Company. Since Belarus has no direct access to the sea, Belarus must use transit services of neighbouring countries and their ports in order to export oil products to the Western countries. Therefore, the cooperation with Belarusian companies and institutions is highly important in order to divert their transit of oil products through the Klaipeda port. Due to the significant share of Belarusian transit of oil products in Company's activities there is a risk (including but not limited to political, economic, etc.) that the Belarusian oil refineries may decide to export oil products using ports of other countries (Latvian, Estonian or Ukrainian). The Company may not be able to find new customers within short period of time which would replace the lost transhipment volume and, therefore, may not be able to maintain the same volume of transhipment of oil products as in previous years.

Capacity utilization as well as earnings and profitability of the Company highly depend on the situation on the oil market. In case of low oil refining margins oil refineries reduce the volume of oil refining, i.e., produce less oil products which could be exported using the Company's or other competitive terminals (such process is happening currently). Therefore, due to less profitable oil refining and the relatively decreasing flows of export oil products, the competition for transhipment of these flows is becoming more intense and it affects transhipment volume of the Company and the size of applied tariffs. If the oil refining margins are high, the reverse processes are observed. Therefore the Company aims to conclude the long term contracts that could guarantee the minimum income.

- Technological Factors

Technological characteristics of the oil terminal are of major importance for quick and effective satisfaction of potential customers' needs and at the same time for generation of additional revenue.

The facilities of the oil terminal, which are located in 35.7 ha area, allow handling of up to 7.1 million tons of exported and imported oil products and crude oil per year. Total capacity of all storage tanks amounts to 450 thousand m^3. Each batch of oil products delivered from different oil refineries is stored separately, i.e., is not mixed with others. This allows preserving the initial quantity and quality of the delivered oil products. Modern laboratory of the oil terminal controls the quality parameters.

The Company seeks to eliminate technological risk factors by constant investments, renovations and proper maintenance of its technological equipment. Also there are installed automatic „AJAX-HEKATRON" fire detection and extinguishing systems, HONEYWELL shutdown system and BAILEY computerized control system of the transhipment process.

The Liquefied Natural Gas Terminal Risk Factors:

- **Legal/ Regulative Risk**

The Law of the Liquefied Natural Gas terminal approved on 12 June 2012 by the Parliament of Lithuanian Republic establishes development of the LNGT at the territory of Lithuanian Republic, main principles and requirements for its operation and exploitation, also composes legal, financial and organizational facilities for the LNGT project implementation. The change of the mentioned law and other already adopted laws regulating the construction, activity and exploitation of the LNGT, could result in significant losses concerning the financial and/or legal liabilities that already has been made. The NCECP establishes and controls potential operational costs of the Liquefied Natural Gas Terminal. Results of the Company's activities are directly related to the abovementioned regulation proceedings. In order to minimise the impact of arising risks on the overall performance the Company carefully analyses international regulation practices applied to the regulated enterprises, actively participates and cooperates with regulating institutions, makes proposals while developing legal / regulative base, including the Legal base regulating the activities of the LNGT operator's activities, if the need arises.

The Company do its best answering the queries and concerns of various institutions and other persons related to the activity of Liquefied Natural Gas Terminal. The goal is to ensure that all the related institutions and society realize the benefit and importance of the Terminal for Lithuania's gas consumers.

- **Legal Compliance Risk Factors**

Legal Compliance Risk shall be deemed as the risk related to the increase of losses and (or) loss of goodwill, and (or) changes in confidence which could be preconditioned by the external factors (for example, infringements of external legal acts, noncompliance with the requirements of supervising institutions, etc.) or internal factors (for example, infringements of internal legal acts and ethical standards, misconducts of employees, etc.). In order to minimise the legal compliance risk, the Company lawyers actively take part in decision making processes of the Company, participate when drafting internal legal acts and Agreements.

- **Operational / Activity Risk Factors**

Operational / Activity Risk means the risk directly related to the increase of losses and (or) loss of goodwill, and (or) changes in confidence which could be preconditioned by the external factors (for example, natural disasters, disruptions in major suppliers' activities, acts of the third parties, etc.) or internal factors (for example, ineffective activity and management, improper and inefficient utilisation of funds, internal control deficiencies, ineffective procedures, malfunctions of information systems, unduly allocation of functions or responsibilities, etc.). Considering that activities of the Liquefied Natural Gas Terminal are new (commenced on 3 December 2014) the aforesaid risk is of a high importance to the Company. When managing this risk the Company intends to implement required organisational measures and procedures as well as information systems to be used for support of business processes that collectively shall ensure proper functioning of internal control system and duly cooperation with the third parties concerned. The Company applies the following means of internal control: sharing of decision making and controlling functions, control of transactions and accountancy, limitation of decision making powers and control of their execution, collegial decision making in re crucial issues, etc.

Infrastructure of the Liquefied Natural Gas Terminal, as well as management and safety processes, cooperation with the third parties concerned and control system have been positively assessed by the representatives of potential Terminal's clients.

(all amounts are in EUR thousand unless otherwise stated)

BUSINESS ENVIRONMENT

Activity of the Oil Terminal in Klaipeda

Load ratio of the Oil Terminal along with the income and profitability of the Company depends on the situation at the oil market. Under low refinery margins the refineries are forced to decrease oil refining volumes, i.e., to produce less oil products and reduce volumes of oil products exported via oil terminals of the Company or other enterprises. Consequently, in case of low profitability of refinery and under relatively declined flows of exported oil products the Company is being involved in rather severe competition for the transhipment of oil products, and this, in its turn, affects transhipment volumes and transhipment rates. The inverse processes occur in case of high refinery margins. Crude oil prices fall down started in the year 2014 continued in 2015. Brent type Crude oil price has fallen down by 43.5 per cent in the second quarter of 2015 comparing to the same period of 2014. This fall down has increased the demand of the petroleum products and most importantly - has increased the refining margins. ERMI index (European Refining Margin Indicator) has risen for almost 5 times comparing the second quarter of 2015 (average 54.1 $/t) to 2014 same period (average 10.0 $/t).

A significant increase in refining margins encouraged oil refineries to increase the manufacturing volumes and correspondingly the sales quantities. As a result in the first half of 2015 transhipment of the petroleum products from SC Orlen Lietuva increased by 31 per cent and transit petroleum products increased by 43 per cent (comparing to the same period of 2014).

The largest clients of the Company’s oil terminal are SC Orlen Lietuva and one of the biggest petroleum products trader in the region Litasco S.A. Also in 2015 the Company has concluded the long term contract for the transhipment of fuel oil with BNK (UK) Limited, which is an affiliate of the leading exporter of Belarusian oil products – ZAT “Belaruskaja neftenaja kampanija” (Belorussian Oil Company - BNK). This new contract shall ensure the larger volume of petroleum products and shall diversify the client’s portfolio in oil products transhipment.

In 2015 after some period the Company managed to renew light petroleum products transhipment from Belorussia. Short-term contracts transhipment contracts (for the certain tankers batches) were signed with the affiliate of the mentioned BNK concern. During the first half of 2015 total 255 thousand tons of diesel and gasoline from Belorussia refineries were reloaded. These short-term transhipment contracts with a well-recognized names and also neighbours of the Country enable diversification of transhipment portfolio. This helps to achieve better financial results and to feel the changes in the market faster and correspondingly react to them attracting the larger volumes of petroleum products to the Klaipeda port.

The oil terminal of the Company has been known as the terminal of the HFO transhipment since the beginning of its activities because of favourable technical characteristics of the port as well as terminal (ice-free port, powerful own boiler, capacity of machineries, reservoirs and other). But the situation in of petroleum products market changes. The refineries of Belorussia and Russia actively perform modernizations. Reacting to those processes the Company has made a number of oil terminal modernizations since 2011 and these initiatives proved to be beneficial as the transhipment volumes has increased (see below).

	The six months of 2015		The six months of 2014		The six months of 2013	
	thousand tons	per cent	thousand tons	per cent	thousand tons	per cent
HFO	1,580	47%	1,428	59%	2,265	63%
LFO	1,656	50%	974	40%	1,293	36%
Transhipment of oil products in Klaipeda	**3,236**	**97%**	**2,402**	**99%**	**3,558**	**100%**
LFO of Subacius fuel storage facility	93	3%	13	1%	11	0%
Total transhipment of oil products	**3,329**	**100%**	**2,415**	**100%**	**3,569**	**100%**

Recently refineries of heavy oil products face noticeable decrease in transhipped volumes caused by extremely high competition with other ports. Russian oil products export decreased in all sea ports of the Baltic States since Russia is interested to tranship oil products through its own sea ports, the most actively used for this purpose terminal primary is Ust-Luga with gradually increasing designed capacity for 30 million tons per year.

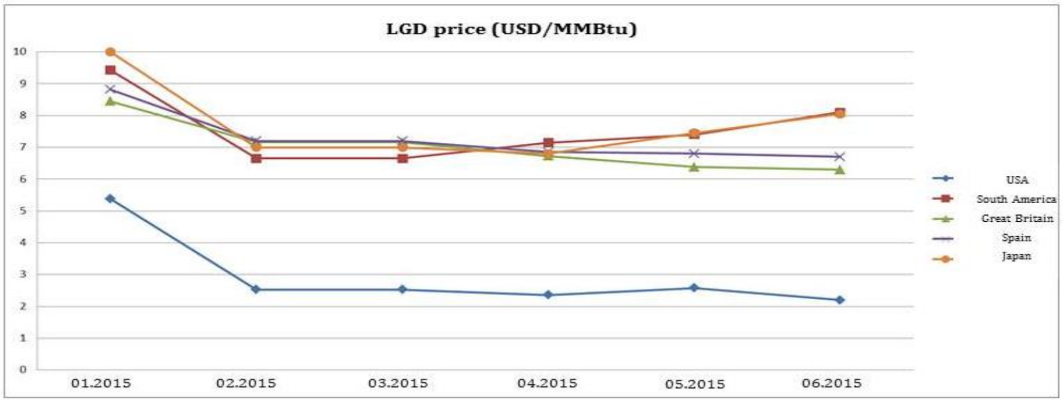
LNG Market Analysis and Future Trend Forecast

The growing LNG demand during the last couple years still keeps this tendency of slow growth and in 2015 the LNG consumption shall be bigger by 3 million tons (than in 2014). The increased worldwide supply and reduced demand in Asia as the highest LNG consuming markets resulted that the LNG import in Europe in the first quarter of 2015 has increased by 24 per cent comparing to the first quarter of 2014. Major part of cargos were directed to United Kingdom, Netherlands which import has tripled up, also to Belgium, Greece, Italy which LNG import has doubled up.

The LNG supply growth that has started in 2014 still keeps moving on. At the moment the total annual capacity of the LNG export terminal projects under construction or having final decisions for the construction comprise 115 million tons. This indicates that LNG supply growth of the 5 years period shall be the biggest in the history comprising 40 per cent. The significant part of future export capacities locates in USA which should become the third largest LNG exporter in the World behind Australia and Qatar.

Considering the short term demand forecasts seems like the growth in Asia is too slow in order to absorb the rising supply in the market, although much shall depend on the weather conditions. Therefore for the market balancing reasons LNG cargos direction to Europe will continue.

Although in the couple forthcoming years the LNG supply shall exceed it demand but in the long term run of 15 years the LNG demand growth is going to reach annual growth of 5 per cent even currently it is quite slow. Therefore if no investment decisions into the LNG export terminals are to be taken creating at least 65 million tons of LNG liquefaction capacities in couple years it is expected that situation in the market will be tough and demand shall exceed the supply that will result the raise on LNG prices. Such scenario is realistic as currently the LNG supply exceeding the demand and oil prices kept at the very low level suspend investments into the new LNG export projects.



Source: FERC

In 2015 the slowly growing demand and rapid increase in supply as well as low oil prices caused the fall down of LNG prices. The average LNG price is lower than before the Fukushima disaster. The LNG freights directed to Europe have to compete with the Russian gas from the pipeline so the prices are even more under pressure. Although the LNG price in Asia and Europe are almost equal the price in the USA still is lower by 2.5 times.

The activity of the LNG terminal of the Company is a subject of the Governmental regulation its financial results depend on the changes in regulation environment and main factors impacting the changes in regulation. During the first half of 2015 there were no changes in the LNG terminal activity regulation.

FINANCIAL RESULTS

The main ratios of the Company's financial position are as follows (in thousand EUR, if not indicated otherwise):

Key financial and operating figures	30-06-2015	30-06-2014	30-06-2013
Transhipment of petroleum products (thousand tons)	3,329	2,415	3,569
Regasified LNG (thousand MWh)	2,640	-	-
Investments (acquisitions of PP&E including transfers from inventories)	2,569	13,801	10,877
Oil terminal	169	865	3,883
Liquefied natural gas terminal	2,239	12,903	6,994
Subacius fuel storage facility	51	33	-
Financial figures			
Sales revenue	53,871	16,726	20,873
Gross profit	13,363	6,049	8,904
EBITDA	17,822	7,709	10,734
EBIT	11,467	4,088	7,202
Financial and investment activities	(579)	195	88
Profit before taxation	10,888	4,283	7,290
Net profit	9,458	3,670	6,205
Fixed assets	185,818	162,168	136,952
Current assets	52,315	34,844	31,267
Total assets	238,133	197,012	168,219
Shareholders' equity	184,225	169,129	161,441
Profitability			
Return on assets (ROA)	6.5%	4.0%	7.3%
Return on equity (ROE)	8.4%	4.7%	7.7%
Gross profit margin	24.8%	36.2%	42.7%
EBITDA margin	33.1%	46.1%	51.4%
EBIT margin	21.3%	24.4%	34.5%
Net profit margin	17.6%	21.9%	29.7%
Turnover			
Accounts receivable, days	89	25	19
Accounts payable, days	34	63	17
Financial structure			
Debt ratio	0.29	0.16	0.04
Capital to assets ratio	0.77	0.86	0.96
Gross liquidity ratio (current ratio)	2.30	3.24	7.03
Market value ratios			
Share price to earnings per share ratio (P/E), times	9.6	14.2	10.7
Net profit per share (EPS), EUR	0.025	0.010	0.016

EBITDA = earnings before interest, taxation, depreciation and amortization;

EBIT = earnings before interest and taxation;

Return on equity (ROE) = net profit of the last twelve moths / (total average equity at the end of the period + total average equity at the beginning of the period) / 2;

Return on assets (ROA) = net profit of the last twelve moths / (total average assets at the end of the period + total average assets at the beginning of the period) / 2;

Debt ratio = total current and non-current liabilities at the end of the period / total equity at the end of the period;

Gross liquidity ratio = total current assets at the end of the period / total current liabilities at the end of the period.

Key figures of the last 5 years

Operating figures	30 06 2015	30 06 2014	30 06 2013	30 06 2012	30 06 2011
Transhipment of oil products (thousand t)	3,329	2,415	3,569	3,329	3,992
Regasified LNG (thousand MWh)	2,640	-	-	-	-
Sales revenue	53,871	16,726	20,873	19,725	23,104
Net profit	9,458	3,670	6,205	6,080	8,081

The profitability of the Company for the six months of 2015 has significantly increased due to the two main reasons:

- ✓ **Activity of the Oil Terminal** in Klaipeda (sales revenue increased EUR 4,570 thousand, KN activity profit increased EUR 3,619 thousand);
- ✓ **Activity of the LNG Terminal** (additional sales income – EUR 32,368 thousand, LNGT operating profit increased by 1,998 EUR).

As mentioned before the activity of SC Klaipedos Nafta is divided into the segments: Oil terminal (KN), Subacius fuel storage facility (SKB) and the Liquefied Natural Gas Terminal (LNGT). Importance of each segment in the achieving of particular financial results of Company's activities is provided herein:

	January-June		Change in
	2015	2014	per cent
Sales revenue in total	**53,871**	**16,726**	**222.1%**
KN	20,356	15,786	28.9%
SKB	1,148	940	22.1%
SGDT	32,367	-	-
Net profit in total	**9,458**	**3,670**	**157.7%**
KN	7,880	4,261	84.9%
SKB	355	184	92.9%
SGDT	1,223	(775)	-257.8%
EBITDA in total	**17,822**	**7,709**	**131.2%**
KN	12,595	8,003	57.4%
SKB	833	597	39.5%
SGDT	4,394	(891)	-593.2%

Revenues

The **sales revenues** of the Company for the 6 month of 2015 comprise EUR 53,871 thousand and comparing to the 6 month of 2014 (EUR 16,726 thousand) **has increased by EUR 37,145 thousand (more than 2.2 times)**. The main reasons for the increase in revenues: LNG terminal earned revenues EUR 32,367 thousand and significantly increased revenues (by EUR 4,570 thousand) in the Oil terminal.

Sales revenues from the Oil terminal operations for the first half of 2015 have risen to EUR 20,356 thousand that amounts the **increase of 28.9 per cent** comparing to 2014. The revenues increase is driven by the increase in transhipment volume of 34.7 per cent: petroleum products transhipment revenues increased by EUR 4,157 thousand and other revenues related with the transhipment and consultation increased by EUR 412 thousand.

As presented in the table of the paragraph *Business environment* the largest increase in transhipment volume is from the light products transhipment, i.e. by 70 per cent to 1,656 thousand tons. As mentioned before the increase is associated with the transhipment increase of SC Orlen Lietuva and new freights from Belorussia. Heavy oil products transhipment increased by 10.6 per cent to 1,580 thousand tons.

Subacius fuel base sales revenues for the first half of 2015 **increased by 22.3 per cent** (or by EUR 208 thousand) because of larger petroleum products reloading (in 2015 reloaded 80 thousand tons more) and storage quantities. New petroleum products storage contract has been signed in the first half of 2015 with the new client.

Sales revenues of the LNG terminal comprise EUR 32.37 million and are equal to the one twelfth of the sum of necessary LNG Terminal operation costs and return on investments into LNG Terminal infrastructure for the year 2015, approved by the National Commission for Energy Control and Prices (NCECP).

(all amounts are in EUR thousand unless otherwise stated)

Expenses

Total **cost of sales** of the Company for the 6 month of 2015 comprise EUR 40,508 thousand, comparing to the 6 month of 2014 (EUR 10,676 thousand) it has risen up 3.7 times or by EUR 29.832 thousand as a result of the start of operation of the LNG terminal (total cost of sales comprise EUR 29.612 thousand).

Total expenses of the LNGT for 2015 comprise EUR 30.525 thousand; the largest amounts are for payment of the FSRU INDEPENDENCE rent, staff related expenses, depreciation, jetties leasing payments and other. Finally LNG department expenses comparing to 2014 has increased by EUR 29,612 thousand. The listing of the major expenses is presented below:

	January-June		Change in
	2015	2014	per cent
KN depreciation costs	3,384	3,196	5.9%
KN employees related costs	3,067	3,393	-9.6%
KN variable costs (gas, electricity, rail roads)	3,238	3,150	2.8%
Other KN production and administrative costs	1,625	1,249	30.1%
SKB costs	741	753	-1.6%
FSRU leasing and FSRU related costs	25,264	-	100%
Other LNGT operating and administrative costs	5,261	913	476.2%
Total operating and administrative costs	**42,579**	**12,656**	**236.4%**

In the 6 month of 2015 the **depreciation expenses of the oil terminal** has slightly increased (by EUR 188 thousand or by 5.9 per cent) to EUR 3,384 thousand due to the investments made in previous periods. Gas, electricity and railway expenses (main variable costs of KN) in total increased by EUR 88 thousand or by 2.8 per cent (meanwhile transhipment increased by 34.7 per cent). This increase is small in relation to the significantly reduced gas purchase prices that reduced all heating expenses. Employees related expenses of the KN has reduced by 9.6 per cent or by EUR 326 thousand because of reorganizational changes made in 2014 in order to optimize the processes of the Company. In 6 month of 2015 the average number of employees of the Company has reduced by 9 employees. The other costs of oil terminal have increased by EUR 360 thousand. The main reasons are impairment allowances for the assets of EUR 207 EUR and other production costs related with higher transhipment volume and administrative expenses related with the development of the new activities of the Company.

The other LNGT expenses comprise from depreciation, staff expenses, jetties rent, insurance and other necessary costs for the exploitation of the LNG terminal.

Subacius fuel base expenses in 2015 first half have slightly decreased by 1.6 per cent or by EUR 12 thousand.

Activity results

EBITDA for the 6 month of 2015 comprise EUR 17,822 thousand and comparing to the 6 month of 2014 (EUR 7,709 thousand) increased by 131,2 per cent or by EUR 10,113 thousand. EBITDA margin due to increased sales volume reduced, but still is at the high level – 33.1 per cent (for 6 month of 2014: 46.1 per cent).

The financial activity result for the first half of 2015 was negative and comprises loss of EUR 579 thousand. The reasons for the negative results are: EUR 243 thousand long term financial loans interest expenses, EUR 206 thousand negative result of the foreign exchange rate differences, EUR 145 thousand loss from shareholders equity conversion into euros.

The net profit of the Company for the first half of 2015 comprise EUR 9,458 thousand and comparing to 2014 same period (EUR 3,670 thousand) it increased 2.6 times or by EUR 5,788 thousand. The most significant impact for the increase came from oil terminal segment net profit increase of EUR 3,619 thousand and LNGT profitable activities (total net profit change EUR 1,998 thousand). Net profit of the Subacius fuel base activities (EUR 355 thousand) comparing to 6 month of 2014 (EUR 184 thousand) almost doubled (change by EUR 171 thousand).

Net profit margin for the 6 month of 2015 comprise 17.6 and gross profit margin comprise 24.8 per cent (correspondingly for 6 month of 2014: 21.9 and 36.2 per cent). Profit per share comprises 0.02 EUR/share (30-06-2014: 0.01 EUR/share).

Annual return on equity (12 following month period) for the 6 month of 2015 comprises 8.4 per cent (30 June 2014: 4.7 per cent), return on assets – 6.5 per cent (30 June 2014: 4.0 per cent).

(all amounts are in EUR thousand unless otherwise stated)

INFORMATION ABOUT THE SHAREHOLDERS AND SHARES OF THE COMPANY

The Company's authorized share capital amounted to EUR 110,375,793.36 as of 30 June 2015 (EUR 110,231,170.06 as of 31 December 2014). The difference in share capital of EUR 145 thousand is due to conversion of the nominal share value into euro. All the shares of the Company are fully paid. The authorized capital is divided into 380,606,184 (three hundred eighty million six hundred six thousand hundred and eighty-four) ordinary shares with a nominal value of 0.29 EUR. 72.32 % of the shares (275,241,290 shares) are owned by the State of Lithuania, represented by the Ministry of Energy.

The Company's ordinary shares 380,606,184 (ISIN code LT0000111650) are traded on the regulated market; they are listed in the Baltic Secondary list of the Stock Exchange of SC NASDAQ OMX Vilnius (Abbreviation - KNF1L).

As at 30 June 2015 all the shares of the Company were owned by 1,849 shareholders (31 December 2014 – 1,871).

Major shareholders of the Company who have more than 5% of shares of the Company as 30 June 2015 and 31 December 2014:

Shareholder's name (company's name, address, company code of registration)	30 June 2015		31 December 2014	
	Number of owned shares (unit)	Part of authorized capital (%)	Number of owned shares (unit)	Part of authorized capital (%)
The Republic of Lithuania, represented by the Ministry of Energy of the Republic of Lithuania (Gediminas Ave. 38/2, Vilnius, 302308327)	275,241,290	72.32	275,241,290	72.32
Concern SC Achemos grupe (Jonalaukis village, Jonava district, 156673480)	38,975,150	10.24	38,975,150	10.24
Other (each owning less than 5%)	66,389,744	17.44	66,389,744	17.44
Total	380,606,184	100.00	380,606,184	100.00

Dynamics of the share price at NASDAQ OMX Vilnius during the January-June of 2015

Currency	Price per share at the open of the period	Highest share price	Lowest share price	Price per share at the end of the period	Average share price	Traded volume, pcs.	Turnover
EUR	0.319	0.415	0.318	0.379	0.373	2,986,481	1,106,811
LTL	1.10	1.43	1.10	1.31	1.29	2,986,481	3,821,597

As of 30 June 2015 the Company's market capitalization was EUR 144.2 million (in 31 December 2014 - EUR 118.4 million).

MANAGEMENT OF THE COMPANY

Management structure

In its activities the Company follows the Law on Stock Companies, the Law on Securities, Articles of Association of the Company and other legal acts of the Republic of Lithuania.

The Company's Articles of Association are registered in the Register of Legal Entities and indicate the following management bodies:

- the General Meeting of Shareholders,
- the Supervisory Board,
- the Board,
- the CEO – General Manager.

Members of the Supervisory Board as at 30 June 2015

Agne Amelija Petraviciene

(born in 1982) – Chairman of the Supervisory Board of the Company, elected for the term of 4 years at the extraordinary general meeting of shareholders held on 11 February 2013. Education: Lithuania University of Law, law and management studies program, bachelor in law (2004), Mykolas Romeris University, law and management studies program, master (2009). Employment – Head of Legal department of Ministry of Energy of the Republic of Lithuania. Participation in the activity of companies and organizations – member of the Board of SC Amber Grid from 30 June 2014, member of the Board of state enterprise Ignalina Nuclear Power Plant. Has no direct interest in the share capital of the Company.

Romas Svedas

(born in 1970) - Member of the Supervisory Board of the Company, elected for the term of 4 years at the extraordinary general meeting of shareholders held on 11 February 2013. Education: Vilnius University faculty of law, qualification - lawyer (1993), Umea University (Sweden) – political democracy (1991), World Trade Organization (Switzerland) – foreign trade policy (1993), International Law Institute (Washington, USA) – negotiations for the international trade contracts (1994), Baltic Institute of Corporate Governance: executive program of corporate governance (2010). Employment: Vilnius University Institute of international relations and political science – lecturer, independent consultant, head of MB Romas Svedas ir partneriai, European Union Agency for the Cooperation of Energy Regulators – member of the Administrative Board. Has no direct interest in the share capital of the Company.

Eimantas Kiudulas

(born in 1970) - Member of the Supervisory Board of the Company, member of Audit Committee. Was elected as a member of Supervisory Board at the extraordinary general meeting of shareholders held on 11 February 2013 for the term of 4 years. Education: Vilnius University, faculty of economics (1994), ISM University of Management and Economics, module – management accounting: value analysis (2010). Employment - Klaipeda Free Economic Zone Management Company, CEO, member of the Board. Participation in the activity of other companies – owner of Eimantas Kiudulas individual enterprise, JSC "LEZ projektu valdymas" member of the Board, JSC "PO7" director, JSC "Quantum capital" member of the Board, JSC "Metalo valdymo projektai" head manager since 6 January 2014, JSC "Pro BioSanus" member of the Board since 15 September 2014. Has no direct interest in the share capital of the Company.

Members of the Audit Committee as at 30 June 2015

Eimantas Kiudulas

(born 1970) – Member of the Supervisory Board of the Company, member of Audit Committee (Chairman of the Supervisory Board up to 13 June 2014), re-elected by Supervisory Board on 18 March 2013 for the new term of four years. See above for more details.

Linas Sasnauskas

(born 1971) - Member of Audit Committee, elected by the Supervisory Board on 18 March 2013 for a term of four years. Education: Vilnius University, Bachelor in economics (1994), "Baltic Management Institute", master in business management (2000), Baltic Institute of Corporate Governance, companies management program (2014). Employment: "Ad ventum" chairman of the Board, SC "Lietuvos pastas" member of the Board, JSC „Carlsen Baltic" chief financial officer (since 3 August 2015). Has no direct interest in the share capital of the Company.

On 26 January 2015, the Supervisory Board approved the resignation of an independent member of the Audit Committee, as well as the Chairman of the Audit committee - Mr. Simonas Rimasauskas as from 31rd of January, 2015. There was no new member of audit committee appointed as at the date of the issuance of the financial statements.

Members of the Board as at 30 June 2015

Rytis Ambrazevicius

(born 1967) - Member of the Board of the Company since 24 October 2011. Education: Kaunas University of Technology, faculty of mechanics - engineer diploma (1989), International Business School at Vilnius University – MBA in international trade (2003), Baltic Institute of Corporate Governance: chairman program of corporate governance (2013) and executive program of corporate governance (2012). Participation in the activity of other companies: from the 28 January 2014 the head manager and shareholder of JSC "Vadeksa", from the 10 June 2015 Baltic Institute of Corporate Governance, vice-president. Has no direct interest in the share capital of the Company.

Mindaugas Jusius

(born 1979) - Member of the Board of the Company since 24 October 2011. Education: Vilnius University, Master in Banking (2003), ISM University of Management and Economics, EMBA (2008), London Business School, leadership programme (2008), Baltic Institute of Corporate Governance: chairman program of corporate governance (2013) and executive program of corporate governance (2010). Employment: Swedbank Life Insurance SE, CEO, member of a managing Board. Has no direct interest in the share capital of the Company.

Dainius Braziunas

(born 1983) – Member of the Board of the Company since 25 August 2014. Education: Vilnius Gediminas Technical University, Bachelor in energy (2005). Employment – head of the Oil and Gas Division of the Ministry of Energy of the Republic of Lithuania. Participation in the activity of other companies: SC "Amber Grid" Board member since 30 June 2014, JSC BALTPOOL Board member. Has no direct interest in the share capital of the Company.

Mantas Bartuska

(born 1984) – Head manager of the Company and Board member since 25 September 2014. Elected by the Supervisory Board until the term of office of the acting Board of Company. Earlier was employed as Director of Finance and Administration Department (since 18 May 2010). Education: Vilnius University, faculty of economics, diploma of management and business administration (2007). Participation in the activity of other companies: Chairman of the Board of JSC BALTPOOL. Has no direct interest in the share capital of the Company.

The Directors of the Company as at 30 June 2015

Mantas Bartuska

(born 1984) – Head manager of the Company and Board member since 25 September 2014. Earlier was employed as Director of Finance and Administration Department (since 18 May 2010). See the Board member chapter for more details.

Osvaldas Sabaliauskas

(born 1968) – from 27 January 2014 is a deputy General Manager of the Company. Education: Aleksandras Stulginskis University (former Kaunas Agriculture Academy), diploma of electricity engineer (1993). No participation in other companies management. Osvaldas Sabaliauskas has no direct interest in the share capital of the Company.

Marius Pulkauninkas

(born 1978) - Director of Finance and Administration Department (by 24 September 2014 this position was run by Mantas Bartuska). Works at the Company since 20 October. Education: Vilnius University Faculty of Economy, Bachelor in Business administration and management (2000) master in the same fields (2002). Marius Pulkauninkas has no direct interest in the share capital of the Company.

Gediminas Vitkauskas

(born 1957) – Director of Department of Oil products terminal. Works at the Company since 16 October 1995. Education: Kaunas university of Technology, diploma of mechanical engineering (1980), Vilnius University, diploma of philologist, English lecturer (1987). No participation in other companies management. Gediminas Vitkauskas has 3,600 shares of the Company, that comprise 0.00001 per cent of share capital and voting rights.

Tadas Matulionis

(born 1977) - Director of the LNGT terminal department (by the 16 February 2015 this position was run by Rolandas Zukas). Works at the Company since 2 April 2013. Education: Kaunas university of Technology, Bachelor in telecommunication engineering (2001), Vytautas Magnus University, master of business administration (2004). No participation in other companies management. Tadas Matulionis has no direct interest in the share capital of the Company.

Darius Turcinskis

(born 1977) – acting Director of the Commercial Department. Works at the Company since 16 December 2013. Education: Klaipeda University, bachelor in chemical engineering (technological processes of oil) (1999) master in the same field (2001). No participation in other companies management. Darius Turcinskis has no direct interest in the share capital of the Company.

No members of the Company‘s management have been convicted of crimes against property, business or finances.

(all amounts are in EUR thousand unless otherwise stated)

INFORMATION ABOUT THE EMPLOYEES OF THE COMPANY

Personnel

The average number of employees in the six months of 2015 (total number 370) has decreased by 9 employees or 2.4 per cent compared with the six months of 2014 (379). Employees reduce is related with the reorganizational changes made in 2014 and 2015 in order to optimize the operation processes of the Company.

In the first half of 2015 (the table below) workers comprised 54 per cent (in 2014 – 58 per cent), specialists 36 per cent (in 2014 – 33 per cent), managers 10 per cent (in 2014 - 9 per cent.) of all employees of the Company. As at 30 June 2015 in the Company were employed 72 per cent of males and 28 per cent of females (correspondingly 73 and 27 per cent as of 30 June 2014).

Employees of the Company according to categories

Employee category	Average number of employees		Change in per cent
	The six months of 2015	The six months of 2014	
Managers [1)]	36	34	5.8
Specialists	135	126	7.1
Workers	199	219	-9.1
Total	**370**	**379**	**-2.3**

[1)] The Company's managers include: General Manager, Deputy General Manager, Heads of Departments and their deputies, Heads of Divisions.

Payroll system

The Company seeks to create an efficient and fair compensation system which aims to attract, retain and motivate employees whose skills and work results will help the Company to successfully develop its mission and achieve business objectives at the lowest cost.

Average monthly salary according to employee groups

Employee group	Average monthly salary (gross), EUR	
	The six months of 2015	The six months of 2014
Managers [1)]	3,461	3,434
Specialists	1,609	1,593
Workers	1,123	1,010
Average of the Company	**1,322**	**1,223**

Notes:

[1)] The Company's managers include: General Manager, Deputy Manager, Heads of Divisions and their deputies, Heads of Divisions.

[2)] The average monthly salary includes accumulated annual bonuses.

Employee's remuneration consists of: i) payable fixed compensation for the work done - monthly salary; ii) lump sum payment – remuneration to particular employees for execution of additional works or for the quantity of works done; iii) variable part of remuneration, paid according to the Collective Agreement. Variable part of remuneration of the Company's employees consists of two parts: the part directly related to personal results of the employee and the part, related to the results of the entire Company and its activity. General variable part of remuneration shall not exceed 30 per cent of fixed compensation- monthly salary. Annual bonuses and other promotions or benefits could be appointed in form of cash or non-monetary. Depending on the realisation of the achievement of the goals set to the Company the annual bonuses might be paid out to the employees. The size of the bonuses depends on the level of the Company goals achievement as well as from the personal goals achievements in accordance to the internal regulations.

The Company's Directors payroll system

All Companies employment agreements with the employees, including management, of the Company are concluded following the requirements of the Labour Code of the Republic of Lithuania. Employees are employed and laid off following requirements of the Labour Code.

The Board of the Company approves the provisions for payroll and bonuses for the General Manager, his Deputy and Heads of Divisions. According to the currently existing payroll system for the Directors are paid the fixed salary that has been approved by the Board based on the salaries in the market and in order to employ the very competent professionals helping to achieve the targets of the Company. Directors are motivated financially accordingly to the Company's manager's bonuses regulations approved by the Board and Directors are encouraged not only meet the goals of the Company but even to exceed them.

There are no compensation agreements for the General Manager, his deputy and Directors of the Company departments that could be paid in case they leave the Company. There are no additional payments in the form of shares or other compensations for execution of duties or in case of retirement. The Company has not established any periodicity for introduction of changes in salaries.

The Collective Agreement

The Company has signed Collective Agreement. The Collective Agreement is concluded between the Employer (the Company) and the Employees; it establishes conditions applicable to work, payment for work, time for work and rest, personnel training, health and safety and other social and economic guarantees. The main purpose of the Agreement is to form proper conditions for the development of economic and business activity and ensure the standards of working conditions higher than required by the legal acts of the republic of Lithuania.

Development of Competencies

The Company always organizes and pay for the necessary instructions, qualification and other studies. This is important that employees of the Company could be prepared for the work and well qualified. Each year the employees reserve education plans are being prepared for the important and specific functions and this is very important for the continuation of the operations of the Company.

TRANSACTIONS WITH RELATED PARTIES

The Company did not have any transactions or agreements with the members of its Supervisory Board and the Board. More information regarding transactions with related Parties is presented in the Explanatory note to the Company's financial statements for the six months of 2015. In 2015 there were no changes in type of transactions with related parties, which could have made impact on the Company's financial activity. All transactions with the related parties have been performed under market conditions (following the arm's length principle).

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 Mantas Bartuska, General Manager of SC Klaipedos Nafta, Marius Pulkauninkas, Director of Finance and administration department of SC Klaipedos Nafta and Asta Sedlauskiene, Head of Accounting Division of SC Klaipedos Nafta, hereby confirm that to the best of our knowledge the above-presented Annual Report of SC Klaipedos Nafta for the six months of 2015 gives a true and fair view of the business development and performance, description of the Company.

General Manager	Mantas Bartuska
Director of Finance and Administration Department	Marius Pulkauninkas
Head of Accounting Division	Asta Sedlauskiene