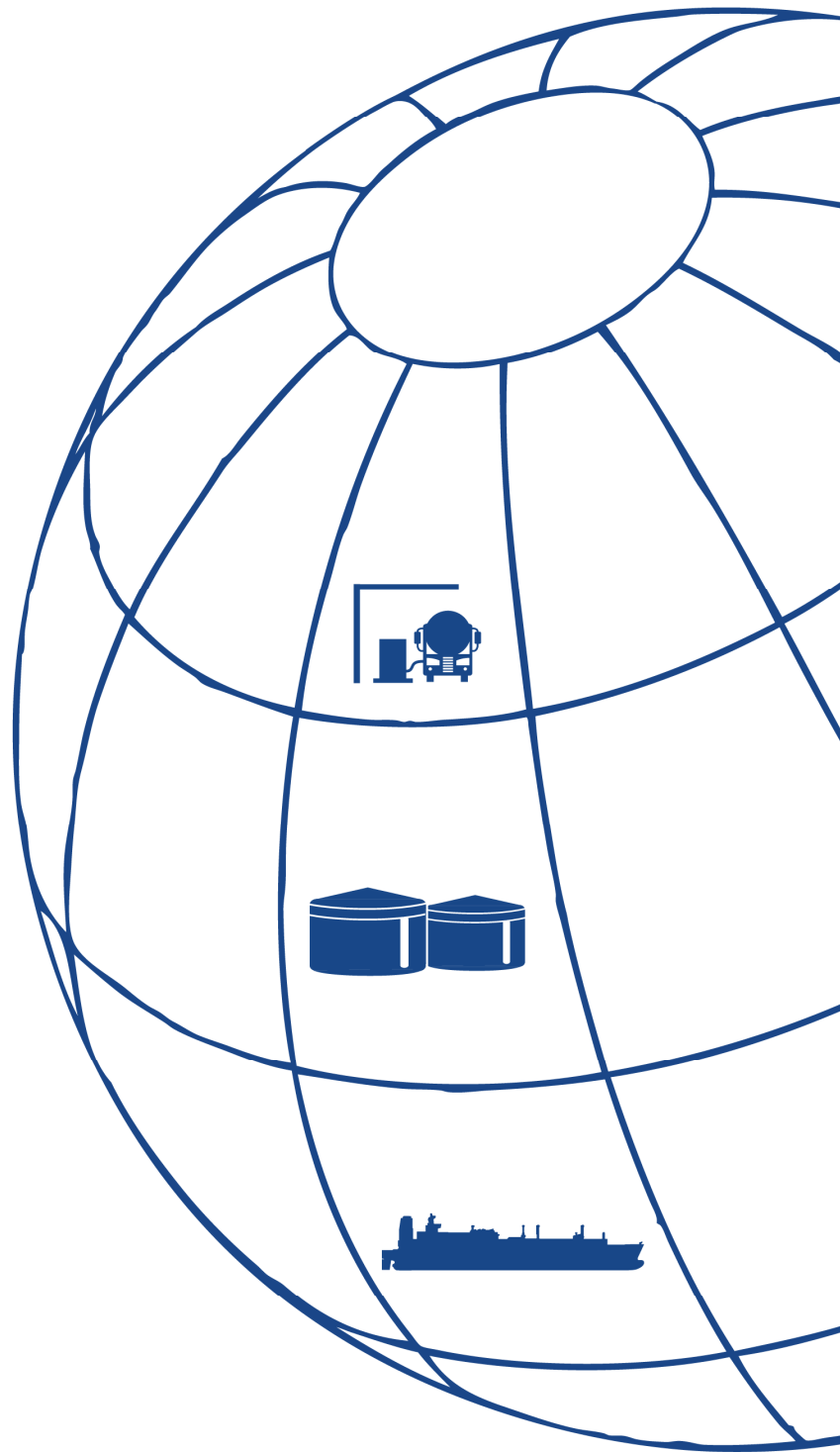




**KLAIPĖDOS NAFTA**  
A K C I N Ė B E N D R O V Ė



**SC KLAIPĖDOS NAFTA**

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

**FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2015  
(UNAUDITED)**

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## Statement of financial position

	Notes	<u>31-12-2015</u>	<u>31-12-2014</u>
<b>ASSETS</b>			
Non-current assets			
Intangible assets	3	508	623
Property, plant and equipment	4	176,821	182,830
Long-term receivables and accrued income	6	2,401	1,681
Investment into subsidiaries		200	-
Investment into associates		144	4,097
<b>Total non-current assets</b>		<b><u>180,074</u></b>	<b><u>189,231</u></b>
<b>Current assets</b>			
Inventories	7	1,727	1,600
Prepayments		415	963
Trade receivables	8	27,716	1,887
Advance income taxes		-	408
Other receivables and accrued income	9	1,027	8,643
Other financial assets	10	4,040	8,284
Cash and cash equivalents	11	23,788	10,902
<b>Total current assets</b>		<b><u>58,713</u></b>	<b><u>32,687</u></b>
<b>Total assets</b>		<b><u>238,787</u></b>	<b><u>221,918</u></b>

*(Cont'd on the next page)*

Explanatory notes, set out on pages 8-17, are an integral part of these financial statements.

## Statement of financial position (cont'd)

	Notes	<u>31-12-2015</u>	<u>31-12-2014</u>
<b>EQUITY AND LIABILITIES</b>			
Equity			
Share capital	1	110,376	110,231
Share premium		3,913	3,913
Legal reserve		8,107	7,644
Reserve for own shares		15,929	15,929
Other reserves		36,443	27,741
Retained earnings		22,036	9,257
<b>Total equity</b>		<u><b>196,804</b></u>	<u><b>174,715</b></u>
<b>Non-current liabilities</b>			
Deferred income tax liability		1,327	1,124
Non-current employee benefits		202	301
Loan	12	29,693	29,832
Grants and subsidiaries		209	-
<b>Total non-current liabilities</b>		<u><b>31,431</b></u>	<u><b>31,257</b></u>
<b>Current liabilities</b>			
Loan interests	12	44	55
Trade payables	13	6,965	12,680
Payroll related liabilities	14	2,116	1,396
Income tax payable		106	-
Prepayments received		823	1
Dividends payable		-	11
Other payables and current liabilities	15	498	1,803
<b>Total current liabilities</b>		<u><b>10,552</b></u>	<u><b>15,946</b></u>
<b>Total equity and liabilities</b>		<u><b>238,787</b></u>	<u><b>221,918</b></u>

Explanatory notes, set out on pages 8-17, are an integral part of these financial statements.

## Statement of comprehensive income

	Notes	For the twelve months period ended 31 December 2015 <i>(unaudited)</i>	For the three months period ended 31 December 2015 <i>(unaudited)</i>	For the twelve months period ended 31 December 2014 <i>(audited)</i>	For the three months period ended 31 December 2014 <i>(unaudited)</i>
Sales	16	109,702	30,814	39,775	15,589
Cost of sales	17	<u>(80,579)</u>	<u>(20,583)</u>	<u>(26,625)</u>	<u>(11,254)</u>
<b>Gross profit</b>		<b>29,123</b>	<b>10,231</b>	<b>13,150</b>	<b>4,335</b>
Operating expenses	18	(4,823)	(1,535)	(3,886)	(946)
Other income		<u>286</u>	<u>55</u>	<u>89</u>	<u>68</u>
Profit from operating activities		<b>24,586</b>	<b>8,751</b>	<b>9,353</b>	<b>3,458</b>
Income from financial activities	19	31	1,345	45	-
Loss from financial activities	19	(553)	(64)	(29)	(186)
Share of the associate's comprehensive income		<u>40</u>	<u>40</u>	<u>(301)</u>	<u>(301)</u>
Profit before income tax		<b>24,104</b>	<b>8,787</b>	<b>9,068</b>	<b>2,971</b>
Income tax expense		<u>(2,068)</u>	<u>154</u>	<u>189</u>	<u>1,066</u>
Net profit		<b>22,036</b>	<b>8,941</b>	<b>9,257</b>	<b>4,036</b>
Other comprehensive income (expenses)		-	-	-	-
Items that will not be subsequently reclassified to profit or loss		-	-	-	-
Items that may be subsequently reclassified to profit or loss		-	-	-	-
Total comprehensive income		<b>22,036</b>	<b>8,941</b>	<b>9,257</b>	<b>4,036</b>
Basic and diluted earnings per share, in EUR	20	0,06	0,02	0,02	0,01

## 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		110,231	3,913	7,128	15,929	18,036	10,324	165,561
Net profit for the year		-	-	-	-	-	9,257	9,257
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	-	9,257	9,257
Dividends declared		-	-	-	-	-	(103)	(103)
Transfers between reserves		-	-	516	-	9,705	(10,221)	-
Balance as at 31 December 2014		110,231	3,913	7,644	15,929	27,741	9,257	174,715
Net profit for the year		-	-	-	-	-	22,036	22,036
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	-	22,036	22,036
Dividends declared		-	-	-	-	-	(92)	(92)
Transfers between reserves		-	-	463	-	8,702	(9,165)	-
Currency conversion difference		145	-	-	-	-	-	145
Balance as at 31 December 2015		110,376	3,913	8,107	15,929	36,443	22,036	196,804

Explanatory notes, set out on pages 10-47, are an integral part of these financial statements.

## Cash flow statement

	Notes	2015	2014
<b>Cash flows from operating activities</b>			
Net profit	20	22.036	9.257
Adjustments for non-cash items:			
Depreciation and amortization	3, 4, 17, 18	12.773	7.536
Change in vacation reserve	14	31	155
Impairment and write-off (reversal) of non-current tangible assets	4	139	(319)
Change in allowance for doubtful receivables	8	(17)	(35)
Change in non-current liabilities for employees		(99)	59
Change in allowance in inventory	7	(577)	(8)
Share of profit of equity-accounted investees		(40)	
Accrued income	6, 9	5.430	(6.950)
Other non-cash adjustments		145	-
Income tax (income) expenses		2.068	(189)
Interest income	19	(22)	(39)
		<b>41,867</b>	<b>9,768</b>
<b>Changes in working capital:</b>			
(Increase) decrease in inventories	7	472	(1.278)
Decrease (increase) in prepayments		548	(801)
Decrease (increase) in trade and other accounts receivable	8	(25.813)	1.347
Decrease (increase) in other receivables		1.469	2.186
Increase (decrease) in trade and other payables		(1.523)	2.498
(Decrease) increase in prepayments received		823	(11)
Increase (decrease) in other current liabilities and payroll related liabilities		688	(145)
		<b>18.529</b>	<b>13.564</b>
Income tax (paid)		(1.350)	(256)
Interest received	19	22	39
Net cash flows from operating activities		<b>17.202</b>	<b>13.347</b>
<b>Cash flows from investing activities</b>			
(Acquisition) of property, plant, equipment and intangible assets	4	(12.331)	(39.714)
(Acquisition) of investments held-to-maturity	10	-	(8.284)
Sales of investments held-to-maturity	10	8.284	8.731
Acquisition of other investments		(247)	(4.112)
Grants		209	
Net cash flows from investing activities		<b>(4.085)</b>	<b>(43.379)</b>
<b>Cash flows from financing activities</b>			
Dividends (paid)		(92)	(103)
Loans received	12	(138)	15.000
Net cash flows from financing activities		<b>(230)</b>	<b>14.897</b>
<b>Net increase (decrease) in cash flows</b>			
		<b>12.886</b>	<b>(15.135)</b>
Cash and cash equivalents on 1 January	11	10.902	26.035
Cash and cash equivalents on 31 December	11	23.788	10.902

Explanatory notes, set out on pages 10-47, are 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 transshipment 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 31 December 2015 all the shares were owned by 1,847 shareholders (as of 31 December 2014 all the shares were owned by 1,871 shareholders). The Company’s share capital – EUR 110,375,793.36 (one hundred ten million 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. 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 31 December 2015 and 31 December 2014 the shareholders of the Company were:

	31 December 2015		31 December 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
<b>Total</b>	<b>380,606</b>	<b>100.00</b>	<b>380,606</b>	<b>100.00</b>

The average number of employees in 2015 was 367 (374– in 2014).

### 2 Accounting principles

All values in these financial statements are presented in euro and rounded to the nearest thousand (EUR 000), except when otherwise indicated.

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.



### 3 Intangible assets

	Software
<b>Acquisition cost:</b>	
Balance as of 31 December 2013	947
Acquisitions	231
Transfers from construction in progress	144
Reclassification	(4)
Sold and written-off property	(1)
Balance as of 31 December 2014	1,319
Acquisitions	93
Sold and written-off property	(6)
Balance as of 31 December 2015	1,406
<b>Accumulated depreciation and impairment:</b>	
Balance as of 31 December 2013	581
Depreciation for the year	119
Reclassification	(4)
Sold and written-off property	(1)
Balance as of 31 December 2014	695
Depreciation for the year	209
Sold and written-off property	(6)
Balance as of 31 December 2015	898
Net book value as of 31 December 2013	367
Net book value as of 31 December 2014	623
Net book value as of 31 December 2015	508

The non-current intangible asset depreciation amounts to EUR 209 thousand for the year 2015 (EUR 119 thousand – in 2014). EUR 121 thousand of depreciation has been included into cost of sales (EUR 62 thousand - in 2014) and the remaining amount has been included into operating expenses in the Statement of comprehensive income.

### 4 Property, plant and equipment

	Land	Buildings and structures	Machinery, plant and equipment	Other non-current assets	Construction in progress	Total
<b>Acquisition cost:</b>						
Balance as of 31 December 2013	38	128,664	102,779	2,896	39,342	273,718
Acquisitions	-	13	174	605	38,935	39,728
Retirements and disposals	-	-	(90)	(242)	-	(332)
Transfers from inventories	-	-	12	1	158	171
Transfers from intangible assets	-	-	-	4	(144)	(141)
Transfers from construction in progress	-	10,270	44,738	7,713	(62,720)	-
Balance as of 31 December 2014	38	138,947	147,613	10,976	15,570	313,144
Acquisitions	-	4	183	229	6,669	7,085
Advance payments	-	-	-	-	(479)	(479)
Retirements and disposals	-	(1,830)	(1,144)	(39)	-	(3,013)
Transfers from inventories	-	-	-	1	62	63
Transfers to intangible assets	-	-	-	-	47	47
Transfers from construction in progress	-	19,182	1,087	107	(20,377)	-
Balance as of 31 December 2015	38	156,304	147,739	11,274	1,494	316,848
<b>Accumulated depreciation and impairment:</b>						
Balance as of 31 December 2013	-	55,077	65,768	2,461	201	123,506
Depreciation for the year	-	3,995	3,283	184	-	7,462
Retirements and disposals	-	-	(89)	(240)	-	(329)
Impairment for the year (reversal)	-	-	(330)	-	-	(330)
Balance as of 31 December 2014	-	59,072	68,632	2,409	201	130,313
Depreciation for the year	-	4,308	6,288	1,990	-	12,587
Retirements and disposals	-	(765)	(780)	(38)	-	(1,582)
Impairment for the year (reversal)	-	(1,017)	(274)	-	-	(1,291)
Balance as of 31 December 2015	-	61,598	73,867	4,362	201	140,027
Net book value as of 31 December 2013	38	73,587	37,011	434	39,141	150,211
Net book value as of 31 December 2014	38	79,875	78,981	8,567	15,370	182,830
Net book value as of 31 December 2015	38	94,707	73,872	6,912	1,293	176,821

## 4 Property, plant and equipment (cont'd)

The depreciation of the non-current tangible assets amounts to EUR 12,587 thousand for the year 2015 (EUR 7,462 thousand – in 2014). EUR 22 thousand of amortisation charge was transferred to inventory value (EUR 46 thousand – in 2014), EUR 12,431 thousand of amortisation charge has been included into cost of sales (EUR 7,302 thousand - in 2014) and the remaining amount EUR 134 (EUR 114 – in 2014) has been included into operating expenses in the Statement of comprehensive income.

Part of the Company's property, plant and equipment with the acquisition cost of EUR 29,880 thousand as on 31 December 2015 was completely depreciated (EUR 24,360 thousand on 31 December 2014), however, it was still in operation.

During the year 2015 the Company continued works in the following projects:

- *Liquefied natural gas terminal project.* The project 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 31 December 2015 the Terminal was capable of operating in the manner intended by management. As of 31 December 2015 the investments into implementation of LNG Terminal's project amounted to EUR 72,130 thousand. (During the year 2015 investment amounted to EUR 4,711 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 31 December 2015 the value of constructions in progress amounting to EUR 429 thousand (During the year 2015 investment amounted to EUR 429 thousand).
- *Modernization works of fire protection system* – investments for the upgrade of mechanical and automatic sections of the fire protection system. As of 31 December 2015 the value of constructions in progress amounting to EUR 32 thousand (During the year 2015 investment amounted to EUR 132 thousand).
- *LNG sampling system.* In order to ensure the LNG quality parameters there were invested into LNG sampling system. As of 31 December 2015 the value of constructions in progress of LNG sampling system amounting up to EUR 474 thousand (During the year 2015 investment amounted to EUR 474 thousand).
- *Other investment.* As of 31 December 2015 the value of constructions in progress amounting to EUR 358 thousand (During the year 2015 investment amounted to EUR 553 thousand).

## 5 Information about segments

For management purposes, the Company is organised into the following business segments:

- KN – oil terminal in Klaipėda supplying oil products, providing transshipment and other related services.
- SGD – LNG terminal in Klaipėda, which receives and stores liquefied natural gas, regasifies it and supplies it to Gas Grid.
- SKB – Subačius fuel base in Kupiškis district provides services of long-term storage of oil products and loading of auto-tankers.
- GDP – planned Liquefied natural gas (LNG) onshore reloading station and 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 31 December 2015 there were three customers each of which generated revenues exceeding 10% of total Company's revenues and in total amounted to EUR 100,449 thousand:

Customer A – EUR 73,750 thousand (SGD – EUR 73,750 thousand);  
Customer B – EUR 15,204 thousand (KNF – EUR 14,899 thousand and SKB – EUR 305 thousand);  
Customer C – EUR 11,495 thousand (KNF – EUR 11,495 thousand).

As of 31 December 2014 there were three customers each of which generated revenues exceeding 10% of total Company's revenues and in total amounted to EUR 35,623 thousand:

Customer A – EUR 17,118 thousand (KNF – EUR 17,118 thousand);  
Customer B – EUR 43,892 thousand (KNF – EUR 12,625 thousand and SKB – EUR 29 thousand);  
Customer C – EUR 5,793 thousand (SGD – EUR 5,793 thousand).

Main indicators of the business segments of the Company included in the statement of comprehensive income for the financial year 2015 and Statement of financial position as of 31 December 2014 are described below:

## 5 Information about segments (cont'd)

For the twelve months period ended 31 December 2015	SGD	SKB	GDP	KNF	Total
Revenues from external customers	69,882	2,561	-	37,259	109,702
Profit before income tax	7,637	991	(402)	15,878	24,104
Segment net profit	6,982	906	(367)	14,515	22,036
Interest revenue	4	-	-	18	22
Interest expense	(259)	-	-	-	(259)
Depreciation and amortisation	(6,677)	(847)	-	(5,249)	(12,773)
Impairment and (write-off) reversal of non-current tangible assets	-	1,055	-	236	1,291
Net profit (loss) part in the associates	-	-	-	40	40
Acquisitions of tangible and intangible assets	5,429	142	335	903	6,809
Segment total assets	94,271	13,622	636	130,258	238,787
Loan and related liabilities	29,737	-	-	-	29,737
Segment total liabilities	37,209	206	267	4,301	41,983
For the twelve months period ended 31 December 2014	SGD	SKB	GDP	KNF	Total
Revenues from external customers	5,793	2,167	-	31,815	39,775
Profit before income tax*	(1,488)	684	(18)	9,853	9,068
Segment net profit*	(1,519)	698	(18)	10,058	9,257
Interest revenue	-	-	-	39	39
Interest expense	(24)	-	-	-	(24)
Depreciation and amortisation	(56)	(813)	-	(6,667)	(7,536)
Impairment and (write-off) reversal of non-current tangible assets	-	-	-	330	330
Net profit (loss) part in the associates	-	-	-	(301)	(301)
Acquisitions of tangible and intangible assets	38,572	375	-	1,183	40,130
Segment total assets	66,312	15,452	-	140,155	221,918
Loan and related liabilities	29,887	-	-	-	29,887
Segment total liabilities	43,173	171	-	3,859	47,203

\*In order to reveal more accurate segments information of the Company, the Management of the Company decided to reclassify the costs between segments as of 31 December 2014.

## 6 Long-term receivables and accrued income

	31-12-2015	31-12-2014
Long-term accrued income	2,401	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, 5 years and for the remaining period. Therefore the rent income is recognized 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).

## 7 Inventories

	31-12-2015	31-12-2014
Diesel fuel for the Terminal purpose	1,071	733
Oil products for sale	331	422
Liquefied natural gas in the connecting pipeline	50	63
Fuel for transport and other equipment	35	43
Spare parts, construction materials and other inventories	1,337	2,013
Write-down of spare parts, construction materials and other inventories	(1,097)	(1,674)
	1,727	1,600

As of 31 December 2015 the Company had accounted write-off of inventories in the amount of EUR 1,097 thousand (EUR 1,647 thousand on 31 December 2014), that have been written down to the net realisable value. Write-down has been accounted mostly for construction materials and spare parts, which were not used during the reconstruction (1996 – 2005).

The Company writes off the inventories to the net realisable value if they are not used for more than 6 months and in other occasions, if there's clear evidence that net realisable value is lower.

## 7 Inventories (cont'd)

Reversal of inventories to the net realizable value of EUR 577 thousand for the year ended of 31 December 2015 (31 December 2014 – EUR 8 thousand) are included under operating expenses in the Statement of the comprehensive income.

Oil products for sale are energy products collected in the Waste Water Treatment Facilities. On 31 December 2015 the Company stored 4,254 tons of heavy oil products collected in its Waste Water Treatment Facilities (31 December 2014 – 4,865 tons).

As of 31 December 2015 the Company stores 1.5 thousand MWh (as of 31 December 2014 the Company stores 1.8 thousand MWh) natural gas in the connecting pipeline of the Liquefied natural gas terminal to ensure activities.

As of 31 December 2015 the Company stored 159.4 thousand tons of oil products delivered for transshipment in its storage tanks (on 31 December 2014 - 196.6 thousand tons). 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 for these products.

As of 31 December 2015 the Company stored 955 thousand MWh (As of 31 December 2014 the Company stored 1,087 thousand MWh) of natural gas products delivered for transshipment 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.

## 8 Trade receivables

	31-12-2015	31-12-2014
Receivables for trans-shipment of oil products and other related services	27,732	1,887
Less: impairment allowance	(16)	-
	<u>27,716</u>	<u>1,887</u>

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

On 31 December 2015 and on 31 December 2014 the Company did not have any trade debts denominated in other currency.

The Company has recognized impairment allowance in the amount of EUR 16 thousand on 31 December 2013. However, it were no possibilities to recover this amount, therefore it was written-off during the year 2014. Trade and other accounts receivable are written-off when the management is certain that the amount will not be recovered.

Change in allowance for receivables for the years 2015 and 2014 has been included into operating expenses in the Statement of the comprehensive income.

## 9 Short-term receivables and accrued income

	31-12-2015	31-12-2014
Receivable amount from JSC Hoegh LNG Klaipėda	720	-
Short-term accrued income for storage of oil products	289	562
Unbilled revenue from natural gas regasification service	9	1,474
Receivable compensation for the Liquefied natural gas terminal project	-	5,793
Other receivables	9	48
	<u>1,027</u>	<u>8,643</u>

Short-term accrued income has decreased per year 2015 in comparison to 2014 mostly due to actually billed regulated regasification LNGT activity income. All receivable amounts from the liquefied natural gas terminal services are pledged to JSC Hoegh LNG Klaipėda for 10 years period.

## 10 Other financial assets

	31-12-2015	31-12-2014
Cession of rights in Vnesekonom bank	29	29
Loan to JSC "Žavesys"	100	101
Less: impairment allowance for receivables	(129)	(130)
Total loans and receivables	<u>-</u>	<u>-</u>
	<u>31-12-2015</u>	<u>31-12-2014</u>
Cash deposits	-	8,284
Available-for-sale financial assets	4,040	-
Available-for-sale financial assets	<u>4,040</u>	<u>8,284</u>

## 10 Other financial assets (cont'd)

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

Currency	31-12-2015	31-12-2014
EUR	4,040	8,284

On 24 January 2003 SC "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 JSC "Zavesys". Acquisition cost of the right in the liquidated Vnesekonom bank amounts to EUR 29 thousand. The Company's Management considers the receivables subject to the acquired rights of demand to be doubtful therefore they have been accounted for at cost less 100% allowance.

As of 31 December 2015 the Company does not holds any cash deposits in banks. As of 31 December 2014 the Company held cash deposits in banks in the amount of EUR 8,284 thousand with the average redemption term of 120 days and average interest rate of 0.17%.

## 11 Cash and cash equivalents

	31-12-2015	31-12-2014
Cash at bank	23,788	1,955
Cash in transit	-	8,947
	23,788	10,902

Cash in bank earns variable interest depending on the closing balance of every day. As of 31 December 2015 the Company had one night term deposits of EUR 45 thousand, and in 2014 had one night term deposits of EUR 1,827 thousand.

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

Currency	31-12-2015	31-12-2014
EUR	23,788	19,186

The quality of cash and cash equivalents as well as investments held to maturity can be assessed using Fitch long - term borrowing ratings:

	31-12-2015	31-12-2014
A +	12,347	96
A	10,989	17,261
AA -	452	1,829
	23,788	19,186

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

## 12 Loan

	31-12-2015	31-12-2014
Loan	29,693	29,832
Payable loan interest	44	55
	29,737	29,887

## 13 Trade and other payables

	31-12-2015	31-12-2014
Payables for FSRU operating leasing	5,237	4,374
Payable to contractors	671	6,191
Other trade payables	417	809
Payable for gas services	301	563
Payable for railway services	170	136
Other payments related FSRU	169	418
Payable for rent of land	-	189
	6,965	12,680

Trade payables are non-interest bearing and are normally settled on 30-day payment terms.

### 13 Trade and other payables (cont'd)

On 31 December 2015 trade payables of EUR 4,487 thousand were denominated in USD (there was denominations amounting to EUR 4,972 in USD as of 31 December 2014).

### 14 Liabilities related to labour relations

	31-12-2015	31-12-2014
Accrual of bonuses	1,026	668
Accrued vacation reserve	752	721
Social insurance payable	327	2
Salaries payable	6	3
Income tax payable	2	2
Payable guarantee fund	2	-
Other deductions	1	-
	<u>2,116</u>	<u>1,396</u>

### 15 Other current liabilities

	31-12-2015	31-12-2014
Accrued tax expenses and tax liabilities	428	162
Other accrued expenses and liabilities	66	1,574
Other liabilities	4	67
	<u>498</u>	<u>1,803</u>

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

### 16 Sales income

	2015	2014
Income from LNGT services regulated by NCC	69,882	5,793
Sales of oil transshipment services	37,896	33,202
Other sales related to transshipment	1,263	750
Sales of inventories	661	30
	<u>109,702</u>	<u>39,775</u>

Other sales income related to transshipment include services of moorage, sales of fresh water, transportation of crew and other transshipment-related income.

### 17 Cost of sales

	2015	2014
FSRU rent and other expenses	50.198	4.375
Depreciation and amortization	12.552	7.364
Wages, salaries and social security	6.700	5.972
Natural gas	2.224	3.306
Rent of land and quays	2.132	915
Railway services	1.818	1.377
Electricity	1.293	1.415
Insurance of assets	1.237	486
Repair and maintenance of non-current assets	528	327
Tax on real estate	421	426
Services for transport	231	60
FSRU services related expenses	217	82
Services for tankers	170	133
Work safety costs	128	69
Rent of facilities	45	28
Other	685	290
	<u>80.579</u>	<u>26.625</u>

## 18 Operating expenses

	2015	2014
Salary, social security	2,840	2,671
Consulting and legal costs	516	275
Depreciation and amortisation	221	172
Expenses for Business trips	155	120
Charity	140	115
Communication costs	133	75
Communication	126	148
Representation, advertising	74	119
Expenses for refresher courses	42	44
Impairment change, (reversal)	40	(330)
Expenses related to the management of securities	32	28
Impairment allowance, (reversal)	15	(33)
Repair and maintenance of non-current assets	14	37
Other	475	445
	<u>4,823</u>	<u>3,886</u>

Operating expenses were mostly increased by LNG terminal administration costs.

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

	2015	2014
Interest income	22	39
Fines collected	9	6
Financial income, total	<u>31</u>	<u>45</u>
Penalty expenses	(1)	-
(Losses) from currency exchange	(147)	(5)
Interest (expenses)	(259)	(24)
Other financial activity (expenses)	(146)	-
Financial activity expenses, total	<u>(553)</u>	<u>(29)</u>
Financial result, total	<u>(522)</u>	<u>16</u>

## 20 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:

	2015	2014
Net profit attributable to shareholders	22,036	9,257
Weighted average number of ordinary shares (thousand)	380,606	380,606
Earnings and reduced earnings (in EUR)	<u>0.06</u>	<u>0.02</u>

## 21 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 in 2015, 2014 were as follows:

### Remuneration to the Management and other payments

The flowing positions are considered as the Company's managing staff: General Manager, Deputy General Manager, Directors of Departments and their Deputies, Managers of Departments.



## 21 Related party transactions (cont'd)

	2015	2014
Labour related costs	2,157	1,958
Number of managing staff	36	34

During 2015 and 2014 the Management of the Company did not receive any loans, guarantees, and no other paid or accrued amounts or property was transferred.

### Transactions with Lithuanian State controlled enterprises and institutions:

		Purchases from related parties	Sales to related parties	Receivables from related parties	Payables to related parties
State Enterprise Klaipėda State Seaport Authority owned by the State of Lithuania represented by the Ministry of transportation	2015	782	22	-	-
	2014	928	16,338	746	189
SC Lithuanian Railways owned by the State of Lithuania represented by the Ministry of transportation	2015	1,905	-	-	170
	2014	1,412	-	-	136
SC "Lesto", owned by the State of Lithuania represented by the Ministry of Energy	2015	546	-	-	70
	2014	676	-	-	87
SC Lietuvos dujos	2015	429	-	-	66
	2014	2,636	-	-	69
JSC Lietuvos dujų tiekimas	2015	1,441	-	-	164
	2014	675	-	-	451
SC Amber Grid	2015	430	73,750	24,792	71
	2014	191	-	-	42
PE Lietuvos naftos produktų agentūra	2015	-	1,260	132	-
	2014	-	1,456	121	-
JSC LITGAS	2015	-	-	-	-
	2014	7,430	-	-	4,177
Other related parties (Lithuanian energy institute, Klaipėda Territorial Customs, JC Klaipėda city sport's center	2015	97	5	-	1
	2014	6	8	-	-
Transactions with related parties in total:	2015	5,630	75,038	24,924	542
	2014	13,952	17,802	868	5,152

## 22 Subsequent events

- 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.
- On January 2016 the Company and the Swiss-registered company Verum Plus AG has signed a long term transshipment contract on provision of dark oil products services in AB Klaipėdos nafta terminal (hereinafter – the Contract). The term of the Contract is until 31 December 2016, with an option to extend it for one more year. This Contract shall guarantee additional volume of dark petroleum products from Belarus Republic refineries.
- On 25 January, 2016 the Board of the Company has approved the corporate strategy of the Company for 2016 -2020 (hereinafter – *the Strategy*). Moreover, in order to define the Company's dividend calculation, payment and declaration process, the Board of the Company, by implementing the Strategy, also approved the Dividend Policy of the Company. The Dividend Policy provides that the Board of the Company shall, on the basis of net profit of previous financial year of the Company and General Manager's proposal regarding profit distribution, present the draft decision to approve the dividend allocation equal to 50% (fifty percent) of the Company's annual net profit to the Company's shareholders.
- On the 4<sup>th</sup> and 5<sup>th</sup> of February, 2016 the Company has signed Terminal Usage Agreements with UAB "Lietuvos dujų tiekimas" (hereinafter – *Contract no. 1*) and AB "Achema" (hereinafter – *Contract no. 2*) respectively.



## 22 Subsequent events (cont'd)

According to the Contract no. 1 the following Terminal capacities were allocated to Terminal user JSC "Lietuvos dujų tiekimas":

1. LNG regasification capacities: LNG regasification capacities 2.383.478.060 kWh with reference conditions: natural gas upper heating value- 11.90 kWh/nm<sup>3</sup>, expansion coefficient- 1:578 (m<sup>3</sup> LNG/ nm<sup>3</sup> natural gas), combustion/measurement temperature -25/0 °C, pressure – 1.01325 bar.
2. Terminal capacity usage period: from the 5<sup>th</sup> of February, 2016 until the 30<sup>th</sup> of September, 2016.

According to the Contract no. 2 the following Terminal capacities were allocated to Terminal user SC "Achema":

1. LNG regasification capacities: LNG regasification capacities 7.238.034.070 kWh, reference conditions: natural gas upper heating value- 11.90 kWh/nm<sup>3</sup>, expansion coefficient- 1:578 (m<sup>3</sup> LNG/ nm<sup>3</sup> natural gas), combustion/measurement temperature -25/0 °C, pressure – 1.01325 bar.
  2. Terminal capacity usage period: from the 15<sup>th</sup> of February, 2016 until the 30<sup>th</sup> of September, 2016.
- On 12 February 2016 Consortium and AB Klaipėdos nafta concluded EPC contract whereby the Consortium undertook to complete all the works according to the contract on a lump sum amount of 27,7 mln. EUR excluding VAT and the board of AB Klaipėdos nafta approved conclusion of the EPC contract. The contract between AB Klaipėdos Nafta and Consortium will enter into full force only if the general meeting of shareholders of AB Klaipėdos nafta approve conclusion of the EPC contract.
  - On 12 February 2016 the Board of the Company, following National Commission for Energy Control and Prices's 30 December 2015 Resolution No O3-700 „Regarding establishment of the price of the natural gas liquefaction service for the year 2016” (hereinafter – the Resolution), approved a new price of the natural gas liquefaction (regasification) service of the liquefied natural gas terminal– 0,10 EUR/MWh (VAT excluded). This price is applied inclusively as of 1 January 2016.

No other significant 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, Director of Finance and Administrative Department of SC Klaipėdos Nafta and Asta Sedlauskienė, Head of Accounting Division, hereby confirm that to the best of our knowledge the above-presented Financial Statements of SC Klaipėdos Nafta for the first twelve month period ended on 31 December 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