



STOCK COMPANY KLAIPĖDOS NAFTA

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

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2017
(UNAUDITED)



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(all amounts are in EUR thousand unless otherwise stated)

STATEMENT OF FINANCIAL POSITION

	Notes	31-03-2017	31-12-2016
		<i>(unaudited)</i>	<i>(audited)</i>
ASSETS			
Non-current assets			
Intangible assets		448	399
Property, plant and equipment	3	183,097	182,925
Long-term receivables	5	3,027	3,160
Investment into subsidiaries		200	200
Investment into associates		211	211
Total non-current assets		186,983	186,895
Current assets			
Inventories	6	1,327	1,394
Prepayments		577	723
Trade receivables	7	11,814	10,603
Refunds of income taxes		456	156
Other receivables	8	646	604
Assets held for sale		-	-
Cash and cash equivalents	9	43,837	42,056
Total current assets		58,657	55,536
Total assets		245,640	242,431

(cont'd on the next page)

Explanatory note, set out on pages 8 - 16, is an integral part of these financial statements.

(all amounts are in EUR thousand unless otherwise stated)

STATEMENT OF FINANCIAL POSITION (CONT'D)

	Notes	<u>31-03-2017</u> <i>(unaudited)</i>	<u>31-12-2016</u> <i>(audited)</i>
EQUITY AND LIABILITIES			
Equity			
Share capital	1	110,376	110,376
Share premium		3,913	3,913
Legal reserve		9,209	9,209
Reserve for own shares		15,929	15,929
Other reserves		39,748	39,748
Retained earnings		18,606	13,794
Total equity		<u>197,781</u>	<u>192,969</u>
Non-current amounts payable and liabilities			
Deferred income tax liability		1,445	1,320
Non-current employee benefits		249	277
Loan	10	29,693	29,693
Grants related to assets		2,901	2,781
Total non-current amounts payable and liabilities		<u>34,288</u>	<u>34,071</u>
Current amounts payable and liabilities			
Loan	10	41	31
Trade payables	11	8,738	10,141
Payroll related liabilities	12	2,108	2,378
Income tax payable		-	-
Prepayments received		2,403	2,358
Other payables and current liabilities	13	281	483
Total current amounts payable and liabilities		<u>13,571</u>	<u>15,391</u>
Total equity and liabilities		<u>245,640</u>	<u>242,431</u>

Explanatory note, set out on pages 8 - 16 an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the three months period ended 31 March 2017 <i>(unaudited)</i>	For the three months period ended 31 March 2016 <i>(unaudited)</i>
Sales	14	27,280	30,596
Cost of sales	15	(20,754)	(21,650)
Gross profit		6,526	8,946
Operating expenses		(1,275)	(1,291)
Other income		51	14
Profit from operating activities		5,302	7,669
Income from financial activities	16	7	6
Loss from financial activities	16	(52)	(124)
Profit before income tax		5,257	7,551
Income tax expense		(445)	(694)
Net profit		4,812	6,857
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		4,812	6,857
Basic and diluted earnings (losses) per share, in EUR	17	0.01	0.02

Explanatory note, set out on pages 8 - 16, is an integral part of these financial statements.

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 2015 <i>(audited)</i>	110,376	3,913	8,107	15,929	36,443	22,036	196,804
Net profit for the three months	-	-	-	-	-	6,857	6,857
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	6,857	6,857
Balance as at 31 March 2016 <i>(unaudited)</i>	110,376	3,913	8,107	15,929	36,443	28,893	203,661
Balance as at 31 December 2016 <i>(audited)</i>	110,376	3,913	9,209	15,929	39,748	13,794	192,969
Net profit for the twelve months	-	-	-	-	-	4,812	4,812
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	4,812	4,812
Balance as at 31 March 2017 <i>(unaudited)</i>	110,376	3,913	9,209	15,929	39,748	18,606	197,781

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(all amounts are in EUR thousand unless otherwise stated)

CASH FLOW STATEMENT

	Notes	For the three months period ended 31 March 2017 <i>(unaudited)</i>	For the three months period ended 31 March 2016 <i>(unaudited)</i>
Cash flows from operating activities			
Net profit	17	4,812	6,857
Adjustments for noncash items:			
Depreciation and amortization		3,423	3,287
Impairment and write-off (reversal) of non-current tangible assets		(8)	-
Change in vacation reserve	12	11	191
Change in non-current liabilities for employees		(29)	137
Change in allowance in inventory	6	72	12
Accrued income		143	653
Income tax expenses		445	694
Change in allowance for doubtful receivables		-	(1)
Interest income	16	(7)	(1)
		<u>8,862</u>	<u>11,829</u>
Changes in working capital			
(Increase) decrease in inventories		-	(25)
Decrease (increase) in prepayments		146	73
Decrease (increase) in trade and other accounts receivable		(1,211)	15,173
Decrease (increase) in other accounts receivable		(49)	(675)
Increase (decrease) in trade and other payables		(343)	615
(Decrease) increase in prepayments received		45	12,210
Increase (decrease) in other current liabilities and payroll related liabilities		(281)	(165)
		<u>7,169</u>	<u>39,035</u>
Income tax (paid)		(620)	-
Interest received	16	7	1
Net cash flows from operating activities		<u>6,556</u>	<u>39,036</u>
Cash flows from investing activities			
(Acquisition) of property, plant, equipment and intangible assets		(4,895)	(3,524)
Grants, subsidies		120	-
Net cash flows from investing activities		<u>(4,775)</u>	<u>(3,524)</u>
Cash flows from financing activities			
Net cash flows from financing activities		<u>-</u>	<u>-</u>
Net increase (decrease) in cash flows		1,781	35,512
Cash and cash equivalents on 1 January	9	<u>42,056</u>	<u>23,788</u>
Cash and cash equivalents on 31 March	9	<u>43,837</u>	<u>59,300</u>

Explanatory note, set out on pages 8 - 16, 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 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 March 2017 all the shares were owned by 2,043 shareholders (as of 31 March 2016 all the shares were owned by 1,903 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 three months of the year 2017 and 2016, 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 March 2017 and 31 March 2016 the shareholders of the Company were:

	31 March 2017		31 March 2016	
	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 31 March 2017 was 374 (366 – on 31 March 2016).

2 ACCOUNTING PRINCIPLES

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 2016, The principles used in preparation of financial statements were presented in more detail in the Notes to the Financial Statements for 2016.

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 NON-CURRENT TANGIBLE ASSETS

During the three months of 2017 the Company continued works in the following projects:

- 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 March 2017 the value of constructions in progress amounted to EUR 12,519 thousand (During the three month of the year 2017 investment amounted to EUR 906 thousand).
- LNG sampling system, In order to ensure the LNG quality parameters there were invested into LNG sampling system, As of 31 March 2017 the value of constructions in progress of LNG sampling system amounted up to EUR 474 thousand (There was no investment in 2017).
- Fuel oil tanks (2 po 4400 m3 construction) - As of 31 March 2017 the value of constructions in progress amounted to EUR 1,355 thousand (During the three month of the year 2017 investment amounted to 413 thousand).
- LFO (i.e. light oil products) storage tanks park development, Investment for additional 7 (seven) storage tanks to build, As of 31 March 2017 the value of constructions in progress amounted to EUR 1,731 thousand (During the three month of the year 2017 investment amounted to 919 thousand).
- Other investment, As of 31 March 2017 the value of constructions in progress amounted to EUR 1,873 thousand (During the three month of the year 2017 investment amounted to EUR 3,247 thousand).

Part of the Company's property, plant and equipment with the acquisition cost of EUR 30,813 thousand as on 31 March 2017 was completely depreciated (EUR 30,544 thousand on 31 December 2015), however, it was still in operation.

The depreciation of the Company's non-current tangible assets for the three months of 2017 amounts to EUR 3,380 thousand (EUR 3,238 thousand – in 2016 three months), EUR 3,322 thousand of amortisation charge has been included into cost of sales (EUR 3,194 thousand - in 2016 three months), EUR 3 thousand was reimbursement of the costs according the grant agreement (in 2016 three month the were no such costs) EUR 5 thousand of amortisation charge was transferred to inventory value (EUR 8 thousand – in 2016 three months), and the remaining amount EUR 50 (EUR 32 – in 2016 three months) 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 transshipment 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.
- 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 year 2017, Currently, the business unit engaged in this activity required the construction of infrastructure projects and creation of business conditions.

Main indicators of the business segments of the Company included into the statement of comprehensive income for the financial year as of 31 March 2017 and Statement of financial position as of 31 March 2016, are described below:

For the three months period ended 31 March 2017	SGD	SKB	GDP	KNF	Total
Revenues from external customers	18,546	587	-	8,147	27,280
Profit before income tax	2,692	111	(163)	2,617	5,257
Segment net profit	2,464	102	(149)	2,395	4,812
Interest revenue	7	-	-	-	7
Interest expense	37	-	-	-	37
Depreciation and amortisation	1,408	233	-	1,785	3,426
Impairment and write-off of non-current tangible assets (reversal)	-	-	-	(60)	(60)
Acquisitions of tangible and intangible assets	194	214	982	5,790	7,180
Segment total assets	101,091	2,477	12,754	129,318	245,640
Financial liabilities	29,693	-	-	-	29,693
Segment total liabilities	38,078	175	4,055	5,551	47,859

4 OPERATING SEGMENTS (CONT'D)

For the three months period ended 31 March 2016	SGD	SKB	GDP	KNF	Total
Revenues from external customers	18,120	712	-	12,808	31,640
Profit before income tax	2,769	311	(56)	4,527	7,551
Segment net profit (loss)	2,515	282	(51)	4,111	6,857
Interest revenue	-	-	-	1	1
Interest expense	(51)	-	-	-	51
Depreciation and amortisation	(1,420)	(216)	-	(1,651)	(3,287)
Impairment and write-off of non-current tangible assets (reversal)	-	-	-	(22)	(22)
Acquisitions of tangible and intangible assets	38	200	2,858	515	3,611
Segment total assets	75,874	13,734	-	169,247	258,855
Loan and related liabilities	29,741	-	-	-	29,741
Segment total liabilities	49,395	1,458	250	4,188	55,291

5 LONG-TERM RECEIVABLES AND ACCRUED INCOME

	31-03-2017	31-12-2016
Long-term accrued income	3,027	3,160

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 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

	31-03-2017	31-12-2016
Diesel fuel for the Terminal purpose	889	918
Oil products for sale	234	197
Liquefied natural gas in the connecting pipeline	49	50
Fuel for transport and other equipment	30	39
Spare parts, construction materials and other inventories	1,322	1,315
Total inventories	2,524	2,519
Write-down of spare parts, construction materials and other inventories	(1,197)	(1,125)
	1,327	1,394

As of 31 March 2017 the Company had accounted write-off of inventories in the amount of EUR 1,197 thousand (EUR 1,125 thousand on 31 December 2016), 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 72 thousand for the three months ended of 31 March 2017 (31 December 2016 - EUR 28 thousand) are included under operating expenses in the profit (loss).

As of 31 March 2017 the Company stores 1.4 thousand MWh (As of 31 December 2016 – 1.4 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 31 March 2017 the Company stored 3.0 thousand tons of oil products collected in its Waste Water Treatment Facilities (31 December 2016 – 2.8 thousand tons).

As of 31 March 2017 the Company stored 139.8 thousand tons of oil products delivered for transshipment in its storage tanks (182 thousand tons as on 31 December 2016), 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 31 March 2017 the Company stored 808 thousand MWh (As of 31 December 2016 – 1,094 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.

7 TRADE RECEIVABLES

	31-03-2017	31-12-2016
Receivables from natural gas regasification service	9,586	8,735
Receivables for trans-shipment of oil products and other related services	2,244	1,884
Less: impairment allowance	(16)	(16)
	11,814	10,603

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

8 OTHER RECEIVABLES

	31-03-2017	31-12-2016
Short-term accrued income for storage of oil products	519	530
VAT receivable	80	32
Receivable grant	24	21
Other receivables	23	21
	646	604

9 CASH AND CASH EQUIVALENTS

	31-03-2017	31-12-2016
Cash at bank	43,837	42,056

Cash in bank earns variable interest depending on the closing balance of every day.

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

Currency	31-03-2017	31-12-2016
EUR	38,953	37,034
USD	4,884	5,022
	43,837	42,056

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

	31-03-2017	31-12-2016
A +	190	483
AA -	31,112	36,478
A	12,535	5,095
	43,837	42,056

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

10 FINANCIAL LIABILITIES

	31-03-2017	31-12-2016
European Investment Bank's loan	29,693	29,693
Payable loan interest	41	31
	29,734	29,724

11 TRADE DEBTS AND OTHER PAYABLES

	31-03-2017	31-12-2016
Payables for FSRU operating leasing	5,439	5,028
Payable to contractors	2,260	3,512
Payable for rent of land	169	227
Payable for gas services	254	179
Payable for railway services	63	120
Other trade payables	553	1,075
	<u>8,738</u>	<u>10,141</u>

On 31 March 2017 trade payables of EUR 5,899 thousand were denominated in USD (EUR 4,746 thousand – on 31 December 2015).

12 LIABILITIES RELATED TO LABOUR RELATIONS

	31-03-2017	31-12-2016
Accrual of annual bonuses	266	1,151
Accrued vacation reserve	899	888
Salaries payable	268	5
Social insurance payable	589	325
Income tax payable	84	5
Payable guarantee fund	-	2
Other deductions	2	2
	<u>2,108</u>	<u>2,378</u>

13 OTHER CURRENT LIABILITIES

	31-03-2017	31-12-2016
Accrued tax expenses and liabilities	100	140
Accrued expenses and liabilities	42	176
Other liabilities	115	167
	<u>257</u>	<u>483</u>

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

14 SALES INCOME

	For the three months period ended 31 March 2017	For the three months period ended 31 March 2016
Income from LNGT services regulated by NCC	18,546	11,536
Sales of oil transshipment services	7,230	18,119
Other sales related to transshipment	277	941
Stock sells	1,227	-
	<u>27,280</u>	<u>30,596</u>

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

15 COST OF SALES

	For the three months period ended 31 March 2017	For the three months period ended 31 March 2016
FSRU rent and other expenses	13,047	12,658
Depreciation and amortization	3,354	3,229
Wages, salaries and social security	1,699	1,721
Railway services	461	1,233
Natural gas	633	1,072
Rent of land and quays	562	579
Electricity	346	423
Insurance of assets	112	125
Tax on environmental pollution	14	-
Tax on real estate	114	107
Repair and maintenance of non-current assets	133	60
Cost of sold inventories	-	-
Transport	66	58
Services for tankers	44	65
Work safety costs	14	17
Rent of facilities	17	11
Other	138	92
	<u>20,754</u>	<u>21,650</u>

16 INCOME (EXPENSES) FROM FINANCIAL AND INVESTMENT ACTIVITIES – NET

	For the three months period ended 31 March 2017	For the three months period ended 31 March 2016
Interest income	7	1
Fines income	-	5
Financial income, total	<u>7</u>	<u>6</u>
(Losses) from currency exchange	(11)	(74)
Interest (expenses)	(37)	(50)
Other financial activity (expenses)	(4)	-
Financial activity expenses, total	<u>(52)</u>	<u>(124)</u>

17 EARNINGS PER SHARE, BASIC AND DILUTED

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

	For the three months period ended 31 March 2017	For the three months period ended 31 March 2016
Net profit attributable to shareholders	4,812	6,857
Weighted average number of ordinary shares (thousand)	<u>380,606</u>	<u>380,606</u>
Earnings per share (in EUR)	<u>0.01</u>	<u>0.02</u>

18 RELATED PARTY TRANSACTIONS

The parties are considered related when one party has a possibility to control the other one or has significant influence over the other party in making financial and operating decisions, The related parties of the Company and transactions with them during the three months of 2017, 2016 were as follows:

Transactions with Lithuanian State controlled enterprises and institutions:

		Purchases	Sales	Receivables	Payables
State Enterprise Klaipėda State Seaport Authority owned by the State of Lithuania represented by the Ministry of transportation	2017 three months	578	-	-	169
	2016 three months	579	-	-	391
SC Lithuanian Railways owned by the State of Lithuania represented by the Ministry of transportation	2017 three months	469	-	-	63
	2016 three months	2,182	-	-	194
SC "Lesto", owned by the State of Lithuania represented by the Ministry of Energy	2017 three months	-	-	-	-
	2016 three months	-	-	-	-
SC Lietuvos dujos	2017 three months	-	-	-	-
	2016 three months	-	-	-	-
JSC Lietuvos dujų tiekimas	2017 three months	669	76	-	254
	2016 three months	1,092	110	71	421
SC Amber Grid	2017 three months	-	18,215	9,507	-
	2016 three months	-	17,609	8,344	-
PE Lietuvos naftos produktų agentūra	2017 three months	-	664	803	-
	2016 three months	-	332	137	-
JSC LITGAS	2017 three months	-	251	79	-
	2016 three months	-	217	60	-
SC Energijos skirstymo operatorius	2017 three months	164	-	-	60
	2016 three months	199	-	-	77
JSC Energijos tiekimas	2017 three months	181	-	-	58
	2016 three months	224	-	-	69
Other related parties	2017 three months	-	4	3	-
	2016 three months	10	1	1	4
Transactions with related parties, in total:	2017 three months	2,061	19,210	10,392	604
	2016 three months	4,286	18,269	8,613	1,156

Remuneration to the Management and other payments

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

	For the three months period ended 31 March 2017	For the three months period ended 31 March 2016
Labour related disbursements	840	752
Number of managers	36	36

During the three months of the years 2017 and 2016 the Management of the Company did not receive any loans, guarantees, or any other payments or property transfers were made or accrued.

19 SUBSEQUENT EVENTS

- On 21 April 2017 at 13:00 p.m. was convened an ordinary general meeting of shareholders of the Company, in which these decisions adopted:
 1. On the announcement of the Auditor's Report regarding the Financial Statements and Annual Report of the Company for the year 2016 to the shareholders:
"The Auditor's Report regarding the Financial Statements and Annual Report of the Company for the year 2016 had been heard by the shareholders. Decision on this topic of the Agenda should not be taken."
 2. On the announcement of the Annual Report of AB Klaipėdos nafta for the year 2016 to the shareholders:
„The Annual Report of AB Klaipėdos nafta for the year 2016, as drafted by the Company, assessed by the Auditor and approved by the Board of AB Klaipėdos nafta had been heard. Decision on this topic of the Agenda should not be taken."
 3. On the approval of the audited Financial Statements of AB Klaipedos nafta for the year 2016:
"To approve the audited Financial Statements of AB Klaipėdos nafta for the year 2016."
 4. On the appropriation of profit (loss) of AB Klaipėdos nafta for the year 2016:
"To distribute the Company's profit in the total sum of EUR 13,794,308 available for appropriation, as follows:

No.	Ratios	Amount, Euro
1	Non-allocated profit (loss) at the beginning of the financial year as of 01-01-2016	-
2	Net profit (loss) for the financial year	13,794,308.18
3	Transfers from restricted reserves	-
4	Shareholders' contribution against losses	-
5	Portion of the reserve of tangible fixed assets	-
6	Profit for allocation (1+2+3+4+5)	13,794,308.18
7	Allocation of earnings to legal reserve	689,715.41
8	Allocation of profit to own shares acquisition	-
9	Allocation of profit to other reserves	3,448,577.04
10	Allocation of profit to dividends	9,656,015.73
11	Allocation of profit to tantiems	-
12	Non-allocated profit (loss) at the end of the year 2016 carried forward to next financial year (6-7-8-9-10-11)	-

- 5. On the assignment of the audit company that shall perform the audit of the Financial Statements for the year 2017 and 2018 and the approval of the terms of payment for audit services:

"1. Based on the results of the Public Tender "Purchase of Financial Statement and Regulated Activities Statements Audit Services for the Years 2017 and 2018" the audit company to be assigned for the performance of the audit of the Financial Statements and Regulated Activities Statements of the Company and assessment of its Annual Report for the years 2017 and 2018, shall be UAB "Ernst & Young Baltic", (hereinafter – the Auditor);

2. To authorize the General Manger of the Company to conclude the contract for audit services, based on which the total audit fee in the amount of EUR 48 thousand exclusive of VAT shall be paid for the audit of the Company's Financial Statement and Regulated Activity Statement, assessment of the Annual Report for the years 2017 and 2018 and drafting of the Auditor's Report (hereinafter – the Audit Fee).

- 6. On the approval of the decision of Company's board to sign loan agreement with Nordic Investment Bank:

"To approve the decision of AB Klaipedos Nafta Board:

1. Sign loan agreement with Nordic Investment bank (hereinafter – NIB), where:

1.1 maximum amount of the loan would be EUR 20,700 thousand euros;

1.2 the loan amount should be repaid in the latter half of the year 2031;

1.3 interest: floating interest rate (margin of 1,20% adding 6 month Euribor);

2. To authorize the General Manager of AB "Klaipedos Nafta" to decide on borrowing conditions, including, but not limited to decide due to requested disbursement amount and repayment conditions."

19 SUBSEQUENT EVENTS (CONT'D)

- On 21 April, 2017 after the general meeting of the shareholders of AB Klaipėdos Nafta convened the term of office of AB Klaipėdos Nafta's supervisory council has expired, as provided in Article 31 Paragraph 4 of Law on Companies of Republic of Lithuania. The term of office of the audit committee has expired together with the term of office of the supervisory council.

Candidates to the supervisory council will be selected according to the regulation No 631 of the Government of Republic of Lithuania dated 17 June, 2015 Regarding the Approval of the Selection Procedure of the Candidates to the Board of State Company or Municipality Company and Candidates to the Management or Supervisory Body Elected by the General Meeting of the Shareholders of State or Municipality Controlled Company. The members of the audit committee are elected by the supervisory council.

- on 25th of April 2017 the Company has announced the annual liquefied natural gas (hereinafter - LNG) 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, 2017 to the 30th of September, 2018. Letter of the invitation (Annex No. 1) is provided along with this notification on material event and is also published on the website www.kn.lt.

The Company performs the allocation of capacities according to the publicly announced Regulations for Use of Liquefied Natural Gas Terminal (hereinafter - the Regulations), which were verified and approved by the National Commission for Energy Control and Prices (hereinafter, the NCECP) and the Board of the Company.

During the allocation procedure of the LNG terminal capacities the LNG regasification capacities and LNG reloading capacities shall be allocated. The total volume of the LNG terminal capacity being allocated is 3.75 bcm per annum, which is equivalent to 6.5 mln m³ of LNG per annum applying a relative coefficient of expansion of 1:580. On its website the Company constantly announces and updates the information regarding the unallocated capacities of the LNG terminal, which shall be available for acquisition during the Gas Year as well.

The Company shall accept the requests of potential LNG terminal users until 25th of May, 2017, 4 p.m. Lithuanian time.

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, Mindaugas Jusius, 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 three month period ended on 31st March 2017, 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

Mindaugas Jusius

Director of Finance and Administrative Department

Marius Pulkauninkas

Head of Accounting Division

Asta Sedlauskienė