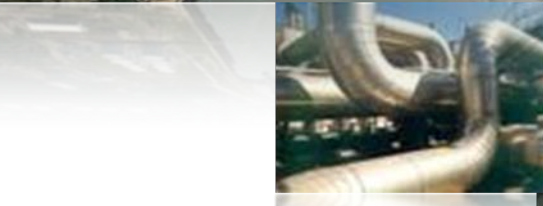


**SC KLAIPĖDOS NAFTA  
INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE  
MONTHS PERIOD ENDED 31 MARCH 2013 PREPARED ACCORDING  
TO INTERNATIONAL FINANCIAL REPORTING STANDARTS,  
AS ADOPTED BY THE EUROPEAN UNION  
(UNAUDITED)**



**SC KLAIPĖDOS NAFTA INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2013  
(all amounts are in LTL thousand unless otherwise stated)**

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## Statement of financial position

	Notes	31 March <b>2013</b>	31 December <b>2012</b>
<b>ASSETS</b>		<i>(unaudited)</i>	<i>(audited)</i>
<b>Non-current assets</b>			
Intangible assets		1,336	1,354
Property, plant and equipment	3	444,214	444,711
Investment into subsidiaries		1,000	1,000
Investment into associates		585	585
<b>Total non-current assets</b>		<b>447,135</b>	<b>447,650</b>
<b>Current assets</b>			
Inventories	4	1,500	1,134
Prepayments		432	438
Trade receivables	5	9,271	13,579
Other receivables	6	7,023	4,141
Other financial assets	7	12,278	13,234
Cash and cash equivalents	8	98,356	79,834
<b>Total current assets</b>		<b>128,860</b>	<b>112,360</b>
<b>Total assets</b>		<b>575,995</b>	<b>560,010</b>

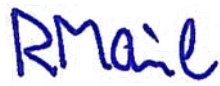
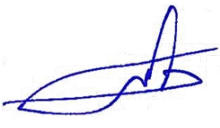

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Explanatory notes, set out on pages 8 - 17, are an integral part of these financial statements.

## Statement of financial position (cont'd)

	Notes	31 March <b>2013</b> <i>(unaudited)</i>	31 December <b>2012</b> <i>(audited)</i>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1	380,606	380,606
Share premium		13,512	13,512
Legal reserve		22,561	22,561
Reserve for own shares		55,000	55,000
Other reserves		23,727	23,727
Retained earnings		54,213	41,006
<b>Total equity</b>		<b>549,619</b>	<b>536,412</b>
<b>Non-current liabilities</b>			
Deferred income tax liability		7,250	7,194
Non-current employee benefits		856	816
<b>Total non-current liabilities</b>		<b>8,106</b>	<b>8,010</b>
<b>Current liabilities</b>			
Trade payables	9	7,304	7,157
Payroll related liabilities	10	4,996	3,869
Provisions		313	164
Income tax payable		4,748	2,524
Prepayments received		-	53
Dividends payable		39	39
Other payables and current liabilities	11	870	1,782
<b>Total current liabilities</b>		<b>18,270</b>	<b>15,588</b>
<b>Total equity and liabilities</b>		<b>575,995</b>	<b>560,010</b>

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




<u>General Manager</u>	<u>Rokas Masiulis</u>		<u>27 May 2013</u>
<u>Director of Finance and Administrative Department</u>	<u>Mantas Bartuška</u>		<u>27 May 2013</u>
<u>Head of Accounting Department</u>	<u>Rasa Gudė</u>		<u>27 May 2013</u>

**SC KLAIPĖDOS NAFTA INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2013  
(all amounts are in LTL thousand unless otherwise stated)**

## Statement of comprehensive income

	Notes	For the three months period ended 31 March <b>2013</b> <i>(unaudited)</i>	For the twelve months period ended 31 December <b>2012</b> <i>(audited)</i>	For the three months period ended 31 March <b>2012</b> <i>(restated)</i>	For the twelve months period ended 31 December <b>2011</b> <i>(restated)</i>
Sales	12	42,153	138,881	37,410	141,276
Cost of sales	13	(23,867)	(81,336)	( 22,846)	( 82,913)
<b>Gross profit</b>		<b>18,286</b>	<b>57,545</b>	<b>14,564</b>	<b>58,363</b>
Operating expenses		(2,978)	(10,734)	(1,889)	(7,733)
Other income		50	108	4	42
<b>Profit from operating activities</b>		<b>15,358</b>	<b>46,919</b>	<b>12,679</b>	<b>50,672</b>
Income from financial activities	14	147	1,847	748	1,981
Loss from financial activities	14	(19)	(116)	(2)	(20)
Share of the associate's comprehensive income		-	108	-	138
<b>Profit before income tax</b>		<b>15,486</b>	<b>48,758</b>	<b>13,425</b>	<b>52,771</b>
Income tax expense		(2,279)	(7,321)	(2,066)	(7,919)
<b>Net profit</b>		<b>13,207</b>	<b>41,437</b>	<b>11,359</b>	<b>44,852</b>
Other comprehensive income (expenses)		-	-	-	-
<b>Total comprehensive income</b>		<b>13,207</b>	<b>41,437</b>	<b>11,359</b>	<b>44,852</b>
Basic and diluted earnings (losses) per share, in LTL	15	0.03	0.11	0.03	0.13


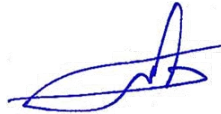

Explanatory notes, set out on pages 8 - 17, are an integral part of these financial statements.

General Manager	Rokas Masiulis		27 May 2013
Director of Finance and Administrative Department	Mantas Bartuška		27 May 2013
Head of Accounting Department	Rasa Gudė		27 May 2013

## Statement of changes in equity

Notes	Share capital	Share premium	Legal reserve	Reserve for own shares	Other reserves	Retained earnings	Total
<b>Balance as of 31 December 2011 (audited)</b>	<b>342,000</b>	-	<b>19,000</b>	-	<b>68,043</b>	<b>71,227</b>	<b>500,270</b>
Net profit for the year	-	-	-	-	-	11,359	11,359
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	11,359	11,359
<b>Balance as of 31 March 2012 (unaudited)</b>	<b>342,000</b>	-	<b>19,000</b>	-	<b>68,043</b>	<b>82,586</b>	<b>511,629</b>
<b>Balance as of 31 December 2012 (audited)</b>	<b>380,606</b>	<b>13,512</b>	<b>22,561</b>	<b>55,000</b>	<b>23,727</b>	<b>41,006</b>	<b>536,412</b>
Net profit for the year	-	-	-	-	-	13,207	13,207
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	13,207	13,207
<b>Balance as of 31 March 2013 (unaudited)</b>	<b>380,606</b>	<b>13,512</b>	<b>22,561</b>	<b>55,000</b>	<b>23,727</b>	<b>54,213</b>	<b>549,619</b>




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

<u>General Manager</u>	<u>Rokas Masiulis</u>		<u>27 May 2013</u>
<u>Director of Finance and Administrative Department</u>	<u>Mantas Bartuška</u>		<u>27 May 2013</u>
<u>Head of Accounting Department</u>	<u>Rasa Gudė</u>		<u>27 May 2013</u>

## Cash flow statement

	Notes	For three months period, ended 31 March (unaudited)	
		<u>2013</u>	<u>2012</u>
<b>Cash flows from operating activities</b>			
Net profit	15	13,207	11,359
<b>Adjustments for noncash items:</b>			
Depreciation and amortization		6,184	5,654
Change in vacation reserve		325	483
Change in employee benefit liabilities		40	157
Change in allowance for doubtful receivables		(1)	(1)
Accrued emission rights		149	108
Accrued income		(721)	(562)
Income tax expenses		2,279	2,066
Interest income	14	<u>(147)</u>	<u>(748)</u>
		<b>21,315</b>	<b>18,516</b>
<b>Changes in working capital:</b>			
(Increase) decrease in inventories		(366)	(308)
Decrease (increase) in prepayments		6	(96)
Decrease (increase) in trade and other accounts receivable		4,308	(2,713)
Decrease (increase) in other receivables		1	(585)
Increase (decrease) in trade and other payables		(760)	(2,840)
(Decrease) increase in prepayments received		(53)	(49)
Increase (decrease) in other current liabilities and payroll related liabilities		(1,381)	1,014
		<u>23,070</u>	<u>12,939</u>
Income tax (paid)		-	(440)
Interest received		<u>79</u>	<u>375</u>
<b>Net cash flows from operating activities</b>		<b>23,149</b>	<b>12,874</b>
<b>Cash flows from investing activities</b>			
(Acquisition) of property, plant, equipment and intangible assets		(5,669)	(4,332)
(Acquisition) of Investments held-to-maturity		(59,292)	(42,219)
Sales of investments held-to-maturity		<u>60,334</u>	<u>53,593</u>
<b>Net cash flows from investing activities</b>		<b>(4,627)</b>	<b>7,042</b>
<b>Net increase (decrease) in cash flows</b>		<b>18,522</b>	<b>19,916</b>
<b>Cash and cash equivalents on 1 January</b>		<u>79,834</u>	<u>9,983</u>
<b>Cash and cash equivalents on 31 March</b>		<u>98,356</u>	<u>29,899</u>

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

<u>General Manager</u>	<u>Rokas Masiulis</u>		<u>27 May 2013</u>
<u>Director of Finance and Administrative Department</u>	<u>Mantas Bartuška</u>		<u>27 May 2013</u>
<u>Head of Accounting Department</u>	<u>Rasa Gudė</u>		<u>27 May 2013</u>

## Explanatory notes to financial statements

### 1 General information

SC Klaipėdos Nafta (hereinafter referred to as “the Company”) is a public limited liability company registered in the Republic of Lithuania. The address of its registered office is as follows: Burių str. 19, 91003 Klaipėda, Lithuania.

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

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

As of 31 March 2013 all the shares were owned by 1,426 shareholders. The Company’s share capital – LTL 380,606,184 (three hundred eighty million six hundred six thousand one hundred eighty-four) is fully paid. It is divided into 380,606,184 (three hundred eighty million six hundred six thousand one hundred eighty-four) ordinary shares with a par value of one (1) LTL. 72.32 % of the shares (275,241,290 shares) are owned by the State of Lithuania, represented by the Ministry of Energy.

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

As of 31 March 2013 and 31 December 2012 the shareholders of the Company were:

	31 March <b>2013</b>		31 December <b>2012</b>	
	Number of shares held (thousand)	Part of ownership (%)	Number of shares held (thousand)	Part of ownership (%)
Government of the Republic of Lithuania represented by the Ministry of Energy	275,241	72.32	275,241	72.32
UAB Concern Achema Group	38,975	10.24	38,975	10.24
Other (less than 5 per cent each)	66,390	17.44	66,390	17.44
<b>Total</b>	<b>380,606</b>	<b>100.00</b>	<b>380,606</b>	<b>100.00</b>

The average number of employees on 31 March 2013 was 361 (311 – on 31 March 2012).

### 2 Accounting principles

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

The financial statements are presented in Litas and all values are rounded to the nearest thousand (LTL 000), except when otherwise indicated.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (hereinafter the EU).

The Company applies the same accounting policies and the same calculation methods in preparing Interim Financial Statements as they have been used for the Annual Financial Statements of the year 2012. The principles used in preparation of financial statements were presented in more detail in the Notes to the Financial Statements for 2012.



### 3 Property, plant and equipment

During the three months of 2013 the Company has continued works in the following objects:

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

On 2 March, 2012, the Company concluded Build, Operate and Transfer (BOT) lease contract with Hoegh LNG Ltd. regarding LNG Floating Storage and Regasification Unit (FSRU) with the right of its redemption providing that the delivery term of FSRU into the Seaport of Klaipėda should be 1 September, 2014 – 1 December, 2014.

On 18 March 2013 m. the Company to conclude the contract for Engineering and Construction Works of Port Infrastructure with Suprastructure with the winner of the international tender "Procurement of Engineering and Construction Works of Port Infrastructure (Jetty) with Suprastructure (Equipment) of Liquefied Natural Gas Terminal" of the Company, who proposed the lowest price for all the scope of works – Akciju sabiedriba (transl. -stock company) "BMGS". All the works under the Contract shall be finished till 1 October 2014.

As of 31 March 2013 the construction in progress of LNG Terminal's project amounted to LTL 35,835 thousand – the major part of which was payments of LTL 25,103 thousand paid according to the Agreement to the Lead Adviser for preparation and implementation of liquefied natural gas terminal's project as well as for legal and other research services.

- *Reconstruction of HFO (i.e. heavy fuel oil products) storage tank park,* which involves demolishing of 4 storage tanks with the capacity 5,000 m<sup>3</sup> and construction of 2 storage tanks with the capacity 32,250 m<sup>3</sup>. The investment will increase flexibility of the Company's reloading activities thus enabling to reload additional flows of oil products and will make the Terminal more attractive to its clients by giving them an opportunity to accumulate greater batches (up to 90 thousand tonnes) of the products. The investment amounts to LTL 29 million. The Company intends to complete construction at the end of 2013. The total value of the works performed amounted to LTL 6,316 thousand.

At the site of the universal storage tanks under construction the Company plans updating of the piping of the existing storage tanks of oil products that will provide technical possibility to accommodate part of the HFO storage tanks for reloading of LFO (i.e. light oil products).

- *Utilization of carbohydrate vapours from railway trestles.* On 10 June 2010 the Company started its investment project "Procurement of vapour recovery unit" after implementation of which the environment pollution will be reduced. The Company has already invested LTL 5, 449 thousand into this project. The total amount of investments into the project "The Procurement of vapour recovery unit" will amount about LTL 7,000 thousand.
- *Updating of HFO unloading system of rail gantry track 1.* The total value of the works performed amounted to LTL 5,624 thousand.

The depreciation charge of the Company's property, plant and equipment for the three months of 2013 amounts to LTL 6,073 thousand (LTL 5,654 thousand – during three months of 2012). LTL 6,079 thousand of depreciation charge have been included into cost of sales (LTL 5,546 thousand – during three months of 2012), LTL 16 thousand of depreciation charges have been reclassified into inventories (LTL 21 thousand – during three months of 2012) and the remaining amount has been included into operating expenses.

## 4 Inventories

	31 March <b>2013</b>	31 December <b>2012</b>
Oil products for sale	476	362
Spare parts, construction materials and other inventories	1,024	772
	<b>1,500</b>	<b>1,134</b>

As of 31 March 2013 the Company had accounted write-off of inventories in the amount of LTL 6, 277 thousand (LTL 6,168 thousand on 31 December 2012), 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).

As of 31 March 2013 the Company stored 175.6 thousand tons of oil products delivered for transshipment in its storage tanks (148.2 thousand tons as on 31 December 2012). Such oil products are not recognised in the Company's financial statements, they are accounted for in the off-balance sheet accounts as the Company has no ownership rights into oil products.

Oil products for sale are energy products collected in the Waste Water Treatment Facilities. On 31 March 2013 the Company stored 1,762 tons of heavy oil products collected in its Waste Water Treatment Facilities (31 December 2012 – 1,162 tons).

## 5 Trade receivables

	31 March <b>2013</b>	31 December <b>2012</b>
Receivables for trans-shipment of oil products and other related services	9,271	13,579
	<b>9,271</b>	<b>13,579</b>

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

On 31 March 2013 trade debts to the Company in the amount of LTL 1,310 thousand were denominated in EUR (LTL 3,012 thousand – on 31 December 2012).

## 6 Other receivables

	31 March <b>2013</b>	31 December <b>2012</b>
Accrued income	3,051	2,315
VAT receivable	3,830	1,715
Accrued interest on term deposits	4	46
Other receivables	151	78
	7,036	4,154
Less: impairment allowance	(13)	(13)
	<b>7,023</b>	<b>4,141</b>

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

## 7 Other financial assets

	31 March 2013	31 December 2012
<b>Loans and receivables</b>		
Cession of rights in Vnesekonom bank	100	100
Loan to UAB „Žavesys“	356	356
Less: impairment allowance for receivables	(456)	(456)
<b>Total loans and receivables</b>	<b>-</b>	<b>-</b>
<b>Investments held- to-maturity</b>		
Short-term deposits	6,157	-
Investments into the state government bonds of the Republic of Lithuania	6,121	9,474
Investments into the government bonds of Lithuanian banks	-	3,760
<b>Total investments held-to-maturity</b>	<b>12,278</b>	<b>13,234</b>
Total other financial assets	12,278	13,234
Current part	12,278	13,234
Non-current part	-	-

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

Currency	31 March 2013	31 December 2012
LTL	6,121	10,648
EUR	6,157	2,586
	<b>12,278</b>	<b>13,234</b>

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

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.

## 8 Cash and cash equivalents

	31 March 2013	31 December 2012
Cash at bank	39,068	67,221
Short-term deposits	59,288	12,613
	<b>98,356</b>	<b>79,834</b>

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

Currency	31 March 2013	31 December 2012
EUR	48,445	22,523
LTL	49,911	57,311
	<b>98,356</b>	<b>79,834</b>

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.

## 9 Trade and other payables

	31 March 2013	31 December 2012
Payable to contractors	2,821	1,985
Payable for rent of land	512	504
Payable for railway services	604	594
Other trade payables	3,367	4,074
	<b>7,304</b>	<b>7,157</b>

Trade payables are non-interest bearing and are normally settled on 30-day payment terms. On 31 March 2013 trade payables of LTL 504 thousand were denominated in EUR (LTL 87 thousand – on 31 December 2012).

## 10 Liabilities related to labour relations

As of 31 March 2013 the Company's liabilities, related to labour relations, were basically comprised of vacation reserve of LTL 2,075 thousand, social insurance payable of LTL 1,189 thousand, salaries payable for March of LTL 1,062 thousand and accrual of bonuses in the amount of LTL 371 thousand for the annual results. As of 31 December 2012 the Company's liabilities, related to labour relations, were mainly comprised of vacation reserve of LTL 1,750 thousand, social insurance payable for December of LTL 878 thousand and accrued bonuses in the amount of LTL 1,200 thousand for the annual results.

## 11 Other current liabilities

	31 March 2013	31 December 2012
Accrued expenses	556	1,131
Tax payable on real estate	303	309
Other liabilities	11	342
	<b>870</b>	<b>1,782</b>

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

## 12 Sales income

	For three months period, ended 31 March (unaudited)	
	2013	2012
Sales of oil transshipment services	41,223	36,575
Other sales related to transshipment	930	835
	<b>42,153</b>	<b>37,410</b>

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

### 13 Cost of sales

	For three months period, ended 31 March (unaudited)	
	<b>2013</b>	<b>2012</b> <i>(restated)</i>
Depreciation and amortization	6,062	5,603
Natural gas	6,749	7,250
Wages, salaries and social security	4,981	4,132
Railway services	2,230	2,117
Electricity	1,937	1,870
Rent of land and quays	512	514
Repair and maintenance of non-current assets	329	326
Tax on real estate	302	296
Insurance of assets	317	249
Services for tankers	181	185
Work safety costs	103	128
Emission rights expenses	29	108
Other	135	68
	<b>23,867</b>	<b>22,846</b>

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

	For three months period, ended 31 March (unaudited)	
	<b>2013</b>	<b>2012</b>
Interest income	147	747
Fines collected	-	1
<b>Financial income, total</b>	<b>147</b>	<b>748</b>
(Losses) from currency exchange	(19)	(2)
<b>Financial result, total</b>	<b>128</b>	<b>746</b>

### 15 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 three months period, ended 31 March (unaudited)	
	<b>2013</b>	<b>2012</b>
Net profit attributable to shareholders	13,207	11,359
Weighted average number of ordinary shares (thousand)	380,606	342,000
Earnings per share (in LTL)	0.03	0.03

## 16 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 2013, 2012 and 2011 were as follows:

### 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 Tax Inspectorate at the Finance Ministry of the Republic of Lithuania	31 March 2013	3,417	-	-	5,349
	31 March 2012	2,410	-	530	3,889
	31 March 2011	1,794	-	353	185
State Social Insurance Fund Board under the Ministry of Social Security and Labour	31 March 2013	2,353	-	-	1,189
	31 March 2012	2,005	-	-	1,024
	31 March 2011	1,119	-	-	-
State Enterprise Klaipeda State Seaport Authority owned by the State of Lithuania represented by the Ministry of transportation	31 March 2013	512	-	-	512
	31 March 2012	514	-	-	514
	31 March 2011	514	-	-	514
AB Lithuanian Railways owned by the State of Lithuania represented by the Ministry of transportation	31 March 2013	2,230	-	-	604
	31 March 2012	2,141	-	-	334
	31 March 2011	3,236	-	-	583
AB „Lesto“, owned by the State of Lithuania represented by the Ministry of Energy	31 March 2013	1,003	-	-	398
	31 March 2012	844	-	-	310
	31 March 2011	1,804	-	-	677
Other related parties	31 March 2013	-	10	3	-
	31 March 2012	-	15	5	-
	31 March 2011	-	11	3	-
<b>Transactions with related parties, in total:</b>	<b>31 March 2013</b>	<b>9,515</b>	<b>10</b>	<b>3</b>	<b>8,052</b>
	<b>31 March 2012</b>	<b>7,914</b>	<b>15</b>	<b>5</b>	<b>6,071</b>
	<b>31 March 2011</b>	<b>8,467</b>	<b>11</b>	<b>3</b>	<b>1,959</b>

### Remuneration to the Management and other payments

The Company's Management is comprised of General Manager, Deputy General Manager, Production Director, Finance Director, Commercial Director and LNG Terminal Director.

	For three months period, ended 31 March (unaudited)	
	2013	2012
Labour related disbursements	417	457
Number of managers	6	6

During three month period in 2013 and 2012 the Management of the Company did not receive any loans, guarantees, or any other payments or property transfers were made or accrued.

## 17 Subsequent events

- The following resolutions were adopted at the Extraordinary General meeting held on **5 April 2013**:
  - ✓ to conclude the contract for Engineering and Construction Works of Port Infrastructure with Suprastructure with the winner of the international tender "Procurement of Engineering and Construction Works of Port Infrastructure (Jetty) with Suprastructure (Equipment) of Liquefied Natural Gas Terminal" of the Company, who proposed the lowest price for all the scope of works – Akciju sabiedriba (transl. -stock company) "BMGS" (hereinafter referred to as the Contractor).
  - ✓ The total fixed price for all the works under the Contract shall not exceed 27,190 thousand EUR without VAT. This fixed price can increase only in the exclusive cases provided for in the Contract. The Company shall be paying the indicated fixed sum only for the actual works performed under the Contract.
  - ✓ All the works under the Contract shall be finished till 1 October 2014. The performance terms may only be extended in the exclusive cases set forth in the Contract.
  - ✓ Should the total price of the Contract is to be exceeded by more than 10 percent or the final implementation term of the Contract (1 October 2014) is to be extended for the period of more than 30 days, in order to ensure due control over any amendments to the Contract, the Company's management shall also be obliged, to receive the approval of the Board of the Company for the corresponding increase of the price of the Contract and (or) extension of the Contract's implementation terms."
  - ✓ To approve of the general conditions of the confidentiality agreement of the Supervisory Council.
- Upon the examination of the civil case No 2-925-265/2013, where the submitted demands – made claims of German concern PPS Pipeline Systems GmbH and AB "Kauno dujotiekio statyba" and UAB "Šiaulių dujotiekio statyba" were connected, for which the receptions were announced respectively on 29 January 2013 and 8 March 2013 by the notification on material events, the Klaipėdos Regional Court on **16 April 2013** made a decision to reject the submitted claims of PPS Pipeline Systems GmbH and AB "Kauno dujotiekio statyba" and UAB "Šiaulių dujotiekio statyba". The interim measures applied to the Company by the 8 March 2013 decision of Klaipėdos Regional Court were left in force until the decision comes into effect. The decision of the court will come into effect after 14 days term if the decision is not appealed.
- **On 16 April 2013**, upon the examination of the separate complaints of the Company and PPS Pipeline Systems GmbH regarding the ruling of 8 March 2013 of the Klaipėda Regional Court by which the court granted the request of the claimants AB Kauno Dujotiekio Statyba and UAB Šiaulių Dujotiekio Statyba concerning the imposition of interim measures and suspended the international procurement "Procurement of engineering, procurement and construction works for natural gas pipeline system (EPC)" (hereinafter, the Procurement) performed under the negotiated procedure with publication of a contract notice, until the day when a decision of the court in the case is passed and comes into force, the Court of Appeal of Lithuania decided to annul the ruling of 8 March 2013 of the Klaipėdos Regional Court and to reject the request of the claimants AB Kauno Dujotiekio Statyba and UAB Šiaulių Dujotiekio Statyba to impose interim measures.
- **2013 m. balandžio 18 d.** Bendrovės vykdomame „Gamtinių dujų dujotiekio sistemos projektavimo, pirkimo ir statybos (EPC) darbų“ tarptautiniame pirkime (toliau – Pirkimas) buvo gauti 2 galutiniai pasiūlymai. Galutinius pasiūlymus įvertinus pagal ekonomiškai naudingiausio pasiūlymo vertinimo kriterijų, laimėtoju 2013 m balandžio 18 d. buvo pripažintas Vokietijos koncernas PPS Pipeline Systems GmbH, pasiūlęs darbus atlikti už 94.840 tūkst. litų be PVM. Antroje pasiūlymų eilės vietoje likusio AB „Kauno dujotiekio statyba“ ir UAB „Šiaulių dujotiekio statyba“ konsorciumo pasiūlyta kaina buvo 113.481 tūkst. litų be PVM. Bendrovė pateikė kvietimą PPS Pipeline Systems GmbH sudaryti viešojo pirkimo sutartį, kuri bus sudaryta pasibaigus penkiolikos dienų viešojo pirkimo sutarties sudarymo atidėjimo terminui.
- **On 16 April 2013** were received two final tender offers in the international procurement "Procurement of engineering, procurement and construction works for natural gas pipeline system (EPC)" performed by the Company. Upon evaluation of the final tender offers according to the economically most beneficial criterion, on 18 April 2013 the German concern PPS Pipeline Systems GmbH that offered to perform the works for LTL 94,840 thousand, VAT excl., has been declared to be the winner. The price offered by the consortium of AB Kauno Dujotiekio Statyba and UAB Šiaulių Dujotiekio Statyba, which was the second in the ranking of offers, was LTL 113,481 thousand, VAT excl. The Company has sent an invitation to PPS Pipeline Systems GmbH to conclude a public procurement contract which will be signed after the period of deferment of 15 days which is applicable to the conclusion of the public procurement contract.
- **On 24 April 2013** the Government of the Republic of Lithuania, in order to ensure the possibilities of the Company to finance the liquefied natural gas terminal project with own and borrowed funds, adopted a resolution on 23 April 2013 to instruct the Ministry of Energy of the Republic of Lithuania, as the holder of the Company shares, to ensure that its authorised representative in the general meeting of shareholders propose to assign 1 percent of the Company's profit for 2012 available for distribution for payment of dividend and vote for this proposal.



## 17 Subsequent events (cont'd)

- The following resolutions were adopted at the Ordinary General meeting held on **30 April 2013**:
  - ✓ to approve the audited Financial Statements of the Company for the year 2012;
  - ✓ to distribute the Company's retained profit in the total sum of LTL 41,005 thousand (equal to 11,876 thousand EUR) available for appropriation, as follows: LTL 2,050 thousand (594 thousand EUR) into legal reserves, LTL 38,545 thousand into the other reserves (11,163 thousand EUR), for dividends the amount of LTL 410 thousand (118 thousand EUR).
  - ✓ based on the results of the Public Tender "Purchase of Audit Services for the Year 2013" the audit company to be assigned for the performance of the audit of the Financial Statements of the Company and assessment of its Annual Report for the year 2013, shall be –KPMG Baltics.

- **On 2 May 2013** the Company received notifications from the Klaipėda Regional Court (hereinafter, the Court) regarding (i) the appeal filed by the claimants AB Kauno Dujotiekio Statyba and UAB Šiaulių Dujotiekio Statyba (hereinafter, KDS and ŠDS) against the Court judgement of 16 April 2013, passed in civil case No. 2-925-265/2013 (hereinafter, the Judgement), as well as (ii) the appeal of the claimant PPS Pipeline Systems GmbH (hereinafter, PPS) filed against the same Judgement. The Court by its notification obligated the Company, which is the respondent in the case, to present its responses to the appeals within 14 days.

In their appeal KDS and ŠDS inter alia request:

- ✓ to reverse that part of the Judgement, by which the statement of claim and the supplemented statement of claim of KDS and ŠDS were rejected and the part of the civil case concerning the statement of claim of KDS and ŠDS, by which they requested to annul the decision of the Company, dated 18 September 2012, on admitting the qualification of PPS to be in conformity with the minimal qualification requirements set forth in the terms of procurement, was terminated and to pass a new judgement – to fully satisfy the statement of claim and the supplemented statement of claim of KDS and ŠDS;
- ✓ to refer to the Court of Justice of the European Union for a preliminary ruling on the issues specified in the appeal of KDS and ŠDS.

In its appeal, PPS inter alia requests:

- ✓ to reverse that part of the Judgement, by which the statement of claim of PPS was rejected and to pass a relevant new judgement, satisfying the statement of claim of PPS;
- ✓ to uphold that part of the Judgement, by which the statement of claim of KDS and ŠDS was rejected.

- **On 6 May 2013** the Company concluded the Contract for Natural Gas Pipeline System Engineering, Procurement and Construction (EPC) Works (hereinafter, the Contract) with German concern PPS Pipeline Systems GmbH, the winner of "Procurement of Engineering, Procurement and Construction (EPC) Works for Natural Gas Pipeline System". The Company notified on the winner of the aforementioned procurement on 24 April 2013, by announcing the notification on material event. Under the Contract natural gas pipeline system engineering, procurement and construction works, necessary in constructing the connection between the Liquefied Natural Gas Terminal's jetty within the water area of the Klaipėda State Sea Port (near the northern part of the Kiaulės Nugara island) and the Lithuanian natural gas transportation system (gas pipeline Jurbarkas-Klaipėda (section Tauragė-Klaipėda) near Klaipėda DSS-2 (gas distribution station) by Kiškėnų village, Dovilų sub-district, Klaipėda district municipality) (hereinafter, the Works) will be executed.

The main conditions of the Contract inter alia include the following:

- ✓ the total fixed price for all Works shall be LTL 94,840 thousand, VAT excl., and LTL 114,756 thousand, VAT incl. The rate of the VAT on the day of the conclusion of the Contract is equal to 21 percent. This fixed price of the Contract can increase only in exceptional cases provided for in the Contract. The Company will pay the indicated fixed price of the Contract only for the Works actually performed;
- ✓ all the Works under the Contract shall be finished till 1 August 2014. The Works performance term may only be extended in the exclusive cases set forth in the Contract.

The Contract shall enter into force upon the approval of the general meeting of shareholders of the Company.

- **On 20 May 2013** Vilnius Regional Court adopted a decision in the case according to claim of claimant Naftos grupė UAB to the Company for the compensation of allegedly incurred losses of LTL 17 mill., for reimbursement of surplus of oil products to claimant allegedly belonging to Naftos grupė UAB and held by the Company and for recognition the cancellation of Service contract No. 12-12-2005, dated 22-12-2004 due to Company's supposed fault (the Company announced on the acceptance of the claim and on provision of counterclaim in the case on 20 April 2011 and 5 July 2011 respectively, by notifying the notifications on material event).



## 17 Subsequent events (cont'd)

The court *inter alia* decided:

- ✓ to admit that the Agreement was terminated through the fault of the Company;
- ✓ to award Naftos grupė UAB damages in the amount of LTL 9,744 thousand, 6 percent annual interest on the awarded amount for the period from the initiation of the legal proceedings (18 April 2011) till full enforcement of the court judgement, the stamp duty in the amount of LTL 17 thousand and the legal expenses in the amount of LTL 25 thousand to be paid by the Company;
- ✓ to reject the counterclaim of the Company against Naftos grupė UAB for invalidation of the Agreement, indemnification for damages and unjust enrichment.

In the opinion of the management of the Company, this judgement of the Vilnius Regional Court is unlawful and unreasonable in its part on rejection of the counterclaim and on partly satisfying the requests of the claim *inter alia* for the reasons that according to it the court did not take into consideration the opinions of the state institutions (the National Audit Office and the Competition Council) regarding separate provisions of the Agreement and possible breaches of the applicable legal acts, as well as that Naftos grupė UAB did not justify the amount of allegedly non-received income due to termination of the Agreement. The Company had terminated this obviously economically disadvantageous agreement in order to secure the best interests of the Company's shareholders.

The above-indicated judgement of the Vilnius Regional Court may be appealed against with the Court of Appeal of Lithuania within 30 days after its announcement and the Company is going to file its appeal within the established time limit.

- At the Extraordinary General meeting held **on 24 May 2013** were adopted to change the decisions taken in the meeting of the Board of the Company on 21 December 2012, in connection with the conclusion of the Contract (hereinafter, the Contract) for Natural Gas Pipeline System Engineering, Procurement and Construction (EPC) Works (hereinafter, the Works), necessary in constructing the connection between the Liquefied Natural Gas Terminal's (hereinafter, the LNGT) jetty within the water area of the Klaipėda State Sea Port (near the northern part of the Kiaulės Nugara island) and the Lithuanian natural gas transportation system (gas pipeline Jurbarkas–Klaipėda (section Tauragė–Klaipėda) near Klaipėda DSS-2 (gas distribution station) by Kiškėnų village, Dovilų sub-district, Klaipėda district municipality), reading them as follows:
  - ✓ to conclude Contract with PPS Pipeline Systems GmbH, the winner of the public procurement "Procurement of Engineering, Procurement and Construction (EPC) Works for Natural Gas Pipeline System" performed by AB Klaipėdos Nafta under negotiated procedure with a publication of notice, that submitted the most economically beneficial tender offer (hereinafter, the Contractor).
  - ✓ the total fixed price for all the Works under the Contract will be LTL 94,840 thousand, VAT excl., and LTL 114,756 thousand, VAT incl. The rate of the VAT on the day of the conclusion of the Contract is equal to 21 percent. This fixed price of the Contract can increase only in exceptional cases provided for in the Contract. The Company will pay the indicated fixed price of the Contract only for the Works actually performed.
  - ✓ all the Works under the Contract must be finished till 1 August 2014. The Works performance term may only be extended in exceptional cases set forth in the Contract.
- **On 24 May 2013** the Supervisory Council of the Company as well, adopted the following decisions:
  - ✓ to recall from the Board Members of the Company Inga Černiuk (she has been the Company's Board Member since 24 October 2011);
  - ✓ to elect Valdas Lastauskas as the new Board Member of the Company.
  - ✓ the newly elected Board Member of the Company, Valdas Lastauskas also acts as the Chancellor of the Ministry of Energy of the Republic of Lithuania.

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, Rokas Masiulis, General Manager of SC Klaipėdos Nafta, Mantas Bartuska, Finance Director of SC Klaipėdos Nafta and Rasa Gaudė, Head of accounting department, hereby confirm that to the best of our knowledge the above-presented unaudited Interim condensed Financial Statements of SC Klaipėdos Nafta for the three months ended 31 March 2013, prepared in accordance with the International Financial Reporting Standards as adopted to be used in the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss and cash flows of SC Klaipėdos Nafta.

General Manager



Rokas Masiulis

Director of Finance and Administrative Department



Mantas Bartuška

Head of accounting department



Rasa Gudė