



STOCK COMPANY 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 2016  
(UNAUDITED)



## CONTENT

	PAGE
FINANCIAL STATEMENTS.....	3 – 15
Statement of financial position.....	3 – 4
Statement of comprehensive income.....	5
Statement of changes in equity.....	6
Cash flow statement.....	7
Explanatory note.....	8 –15
CONFIRMATION OF RESPONSIBLE PERSON.....	16



(all amounts are in EUR thousand unless otherwise stated)

## STATEMENT OF FINANCIAL POSITION

	Notes	31-12-2016	31-12-2015
		<i>(unaudited)</i>	<i>(audited)</i>
<b>ASSETS</b>			
Non-current assets			
Intangible assets		399	508
Property, plant and equipment	3	183,031	176,821
Long-term receivables	5	3,160	2,401
Investment into subsidiaries		200	200
Investment into associates		144	144
Total non-current assets		186,934	180,074
Current assets			
Inventories	6	1,394	1,727
Prepayments		722	415
Trade receivables	7	10,726	27,716
Refunds of income taxes		290	-
Other receivables	8	584	1,027
Assets held for sale		-	4,040
Cash and cash equivalents	9	42,056	23,788
Total current assets		55,772	58,713
Total assets		242,706	238,787

(cont'd on the next page)

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

## STATEMENT OF FINANCIAL POSITION (CONT'D)

	Notes	31-12-2016 <i>(unaudited)</i>	31-12-2015 <i>(audited)</i>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1	110,376	110,376
Share premium		3,913	3,913
Legal reserve		9,209	8,107
Reserve for own shares		15,929	15,929
Other reserves		39,748	36,443
Retained earnings		13,915	22,036
<b>Total equity</b>		<b>193,090</b>	<b>196,804</b>
<b>Non-current amounts payable and liabilities</b>			
Deferred income tax liability		1,490	1,327
Non-current employee benefits		277	202
Loan	10	29,693	29,693
Grants related to assets		2,781	209
<b>Total non-current amounts payable and liabilities</b>		<b>34,241</b>	<b>31,431</b>
<b>Current amounts payable and liabilities</b>			
Loan	10	31	44
Trade payables	11	10,132	6,965
Payroll related liabilities	12	2,378	2,116
Income tax payable		-	106
Prepayments received		2,358	823
Other payables and current liabilities	13	476	498
<b>Total current amounts payable and liabilities</b>		<b>15,375</b>	<b>10,552</b>
<b>Total equity and liabilities</b>		<b>242,706</b>	<b>238,787</b>

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

## STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the twelve months period ended 31 December 2016 <i>(unaudited)</i>	For the three months period ended 31 December 2016 <i>(unaudited)</i>	For the twelve months period ended 31 December 2015 <i>(audited)</i>	For the three months period ended 31 December 2015 <i>(unaudited)</i>
Sales	14	103,839	23,555	109,702	30,814
Cost of sales	15	(82,973)	(21,060)	(80,579)	(20,583)
Gross profit		20,866	2,495	29,123	10,231
Operating expenses		(5,774)	(1,864)	(4,823)	(1,535)
Other income		(8)	(45)	286	55
Profit from operating activities		15,084	586	24,586	8,751
Income from financial activities	16	472	429	31	10
Loss from financial activities	16	(305)	(43)	(553)	(14)
Share of the associate's comprehensive income	16	-	-	40	40
Profit before income tax		15,251	972	24,104	8,787
Income tax expense		(1,336)	(99)	(2,068)	154
Net profit		13,915	873	22,036	8,941
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		13,915	873	22,036	8,941
Basic and diluted earnings (losses) per share, in EUR	17	0.04	0.002	0.06	0.02

Explanatory note, set out on pages 8 - 15, 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 2014 ( <i>audited</i> )	110,231	3,913	7,644	15,929	27,741	9,257	174,715
Net profit for the twelve months	-	-	-	-	-	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 ( <i>audited</i> )	110,376	3,913	8,107	15,929	36,443	22,036	196,804
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 twelve months	-	-	-	-	-	13,915	13,915
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	13,915	13,915
Dividends declared	-	-	-	-	-	(17,629)	(17,629)
Transfers between reserves	-	-	1,102	-	3,305	(4,407)	-
Balance as at 31 December 2016 ( <i>unaudited</i> )	110,376	3,913	9,209	15,929	39,748	13,915	193,090

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

## CASH FLOW STATEMENT

	Notes	For the twelve months period ended 31 December 2016 <i>(unaudited)</i>	For the twelve months period ended 31 December 2015 <i>(audited)</i>
Cash flows from operating activities			
Net profit	17	13,915	22,036
Adjustments for noncash items:			
Depreciation and amortization	3	13,197	12,773
Change in vacation reserve	12	137	31
Impairment and write-off (reversal) of non-current tangible assets		9	139
Change in non-current liabilities for employees		75	(99)
Change in allowance in inventory	6	28	(577)
Other non-cash adjustments		(310)	145
Accrued income	5	(272)	5,430
Income tax expenses		1,336	2,068
Share of profit of equity-accounted investees		-	(40)
Change in allowance for doubtful receivables		(1)	(17)
Dividends (received)	16	(9)	-
Interest income	16	(11)	(22)
		<u>28,094</u>	<u>41,867</u>
Changes in working capital			
(Increase) decrease in inventories		259	472
Decrease (increase) in prepayments		(308)	548
Decrease (increase) in trade and other accounts receivable		16,990	(25,813)
Decrease (increase) in other accounts receivable		248	1,467
Increase (decrease) in trade and other payables		306	(1,523)
(Decrease) increase in prepayments received		1,536	823
Increase (decrease) in other current liabilities and payroll related liabilities		124	688
		<u>47,249</u>	<u>18,529</u>
Income tax (paid)		(1,861)	(1,350)
Interest received	16	11	22
Net cash flows from operating activities		<u>45,399</u>	<u>17,201</u>
Cash flows from investing activities			
(Acquisition) of property, plant, equipment and intangible assets		(16,420)	(12,331)
Sales of investments held-to-maturity		-	8,284
(Acquisition) of other Investments		-	(247)
Sales of investments		4,350	-
Grants, subsidies		2,572	209
Dividends received	16	9	-
Net cash flows from investing activities		<u>(9,489)</u>	<u>(4,085)</u>
Dividends (paid)		(17,629)	(92)
Loans (received)		164	(138)
Interest (paid)		(177)	-
Net cash flows from financing activities		<u>(17,642)</u>	<u>(230)</u>
Net increase (decrease) in cash flows		18,268	12,886
Cash and cash equivalents on 1 January	9	<u>23,788</u>	<u>10,902</u>
Cash and cash equivalents on 31 December	9	<u>42,056</u>	<u>23,788</u>

Explanatory note, set out on pages 8 - 15, 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 December 2016 all the shares were owned by 1,993 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 twelve months of the year 2016 and 2015, 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 2016 and 31 December 2015 the shareholders of the Company were:

	31 December 2016		31 December 2015	
	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 on 31 December 2016 was 370 (367– on 31 December 2015).

### 2 ACCOUNTING PRINCIPLES

1 January 2015 - Introduction of the euro in the Republic of Lithuania Day, so this day and accordingly changed the Company's functional currency, The recalculation of the litas to the euro has been applied in the euro exchange rate of conversion and smooth at 3,45280 for 1 euro, which irrevocably set by the EU Council.

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

The Company applies the same accounting policies and the same calculation methods in preparing Interim Financial Statements as they have been used for the Annual Financial Statements of the year 2015, The principles used in preparation of financial statements were presented in more detail in the Notes to the Financial Statements for 2015.

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 twelve months of 2016 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 December 2016 the value of constructions in progress amounted to EUR 11,726 thousand (During the year 2016 investment amounted to EUR 11,297 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 2016 the value of constructions in progress amounted to EUR 10 thousand (During the year 2016 investment amounted to EUR 55 thousand).
- LNG sampling system. In order to ensure the LNG quality parameters there were invested into LNG sampling system. As of 31 December 2016 the value of constructions in progress of LNG sampling system amounted up to EUR 474 thousand (There was no investment in 2016).
- Road tanker loading station development - As of 31 December 2016 the value of constructions in progress amounted to EUR 2,322 thousand (During the year 2016 investment amounted to 2,322 thousand).
- Fuel oil tanks (2 po 4400 m3construction) - As of 31 December 2016 the value of constructions in progress amounted to EUR 943 thousand (During the year 2016 investment amounted to 943 thousand).
- LFO (i.e. light oil products) storage tanks park development. Investment for additional 7 (seven) storage tanks to build. As of 31 December 2016 the value of constructions in progress amounted to EUR 812 thousand (During the year 2016 investment amounted to 812 thousand).
- Installation works of technological piping for small oil loading parts. The goal of the investment is to ensure the faster transshipment of the oil product to tank trucks and to expand the Company's technological capacity by increasing the Company's overall volume of tanks. As of 31 December 2016 the value of constructions in progress amounted to EUR 987 thousand (During the year 2016 investment amounted to EUR 987 thousand).
- Other investment. As of 31 December 2016 the value of constructions in progress amounted to EUR 1,357 thousand (During the year 2016 investment amounted to EUR 922 thousand).

Part of the Company's property, plant and equipment with the acquisition cost of EUR 30,830 thousand as on 31 December 2016 was completely depreciated (EUR 29,880 thousand on 31 December 2015), however, it was still in operation.

The depreciation of the Company's non-current tangible assets for the twelve months of 2016 amounts to EUR 12,999 thousand (EUR 12,587 thousand – in 2015 twelve months), EUR 12,805 thousand of amortisation charge has been included into cost of sales (EUR 12,431 thousand - in 2015 twelve months), EUR 27 thousand of amortisation charge was transferred to inventory value (EUR 22 thousand – in 2015 twelve months), and the remaining amount EUR 167 (EUR 134 – in 2015 twelve 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 December 2016 and Statement of financial position as of 31 December 2015, are described below:

For the twelve months period ended 31 December 2016

	SGD	SKB	GDP	KNF	Total
Revenues from external customers	66,966	2,798	-	34,075	103,839
Profit before income tax	3,781	844	(430)	16,053	15,251
Segment net profit	3,449	772	(394)	14,676	13,915
Interest revenue	9	-	-	2	11
Interest expense	(175)	-	-	-	(175)
Depreciation and amortisation	(5,738)	(884)	-	(6,575)	(13,197)
Impairment and write-off of non-current tangible assets (reversal)	-	(1)	-	(32)	(33)
Acquisitions of tangible and intangible assets	(19)	301	11,297	7,679	19,258
Segment total assets	115,213	18,387	8,194	100,912	242,706
Financial liabilities	29,724	-	-	-	29,724
Segment total liabilities	38,866	625	4,622	5,503	49,616

#### 4 OPERATING 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 (loss)	6,982	906	(367)	14,515	22,036
Interest revenue	4	-	-	18	22
Interest expense	(259)	-	-	-	(259)
Depreciation and amortisation	(5,240)	(847)	-	(6,686)	(12,773)
Impairment and write-off of non-current tangible assets (reversal)	-	-	-	1,291	1,291
Net profit (loss) part in the associates	-	-	-	40	40
Acquisitions of tangible and intangible assets	5,429	142	429	809	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

#### 5 LONG-TERM RECEIVABLES AND ACCRUED INCOME

	31-12-2016	31-12-2015
Long-term accrued income	3,160	2,401

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

	31-12-2016	31-12-2015
Diesel fuel for the Terminal purpose	918	1,071
Oil products for sale	197	331
Liquefied natural gas in the connecting pipeline	50	50
Fuel for transport and other equipment	39	35
Spare parts, construction materials and other inventories	1,315	1,337
Total inventories	2,519	2,824
Write-down of spare parts, construction materials and other inventories	(1,125)	(1,097)
	1,394	1,727

As of 31 December 2016 the Company had accounted write-off of inventories in the amount of EUR 1,125 thousand (EUR 1,097 thousand on 31 December 2015), 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 28 thousand for the twelve months ended of 31 December 2016 (31 December 2015 - EUR 577 thousand) are included under operating expenses in the profit (loss).

As of 31 December 2016 the Company stores 1.4 thousand MWh (As of 31 December 2015 – 1.5 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 December 2016 the Company stored 2.8 thousand tons of oil products collected in its Waste Water Treatment Facilities (31 December 2015 – 4.4 thousand tons).

As of 31 December 2016 the Company stored 231.9 thousand tons of oil products delivered for transshipment in its storage tanks (159.4 thousand tons as on 31 December 2015), 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 December 2016 the Company stored 1,096 thousand MWh (As of 31 December 2015 - 955 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

	31-12-2016	31-12-2015
Receivables from natural gas regasification service	8,735	24,792
Receivables for trans-shipment of oil products and other related services	2,007	2,940
Less: impairment allowance	(16)	(16)
	<u>10,726</u>	<u>27,716</u>

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

## 8 OTHER RECEIVABLES

	31-12-2016	31-12-2015
Short-term accrued income for storage of oil products	530	289
VAT receivable	32	9
Accrued income from JSC Hoegh LNG Klaipėda (cost reduction)	-	720
Other receivables	22	9
	<u>584</u>	<u>1,027</u>

## 9 CASH AND CASH EQUIVALENTS

	31-12-2016	31-12-2015
Cash at bank	42,056	23,788

Cash in bank earns variable interest depending on the closing balance of every day. As of 31 December 2016 the Company had no one night term deposits (as of 31 December 2015 – EUR 45 thousand).

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

Currency	31-12-2016	31-12-2015
EUR	37,034	18,995
USD	5,022	4,793
	<u>42,056</u>	<u>23,788</u>

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

	31-12-2016	31-12-2015
A +	14,227	452
AA -	22,734	12,347
A	5,095	10,989
	<u>42,056</u>	<u>23,788</u>

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

	31-12-2016	31-12-2015
European Investment Bank's loan	29,693	29,693
Payable loan interest	31	44
	<u>29,724</u>	<u>29,737</u>

## 11 TRADE DEBTS AND OTHER PAYABLES

	31-12-2016	31-12-2015
Payables for FSRU operating leasing	5,239	5,237
Payable to contractors	3,512	671
Other payments related FSRU	501	169
Payable for rent of land	73	-
Payable for gas services	179	301
Payable for railway services	120	170
Other trade payables	508	417
	<u>10,132</u>	<u>6,965</u>

On 31 December 2016 trade payables of EUR 4,746 thousand were denominated in USD (EUR 4,972 thousand – on 31 December 2015).

## 12 LIABILITIES RELATED TO LABOUR RELATIONS

	31-12-2016	31-12-2015
Accrual of annual bonuses	1,151	1,026
Accrued vacation reserve	888	752
Salaries payable	5	6
Social insurance payable	325	327
Income tax payable	5	2
Payable guarantee fund	2	2
Other deductions	2	1
	<u>2,378</u>	<u>2,116</u>

## 13 OTHER CURRENT LIABILITIES

	31-12-2016	31-12-2015
Accrued tax expenses and liabilities	134	428
Accrued expenses and liabilities	175	66
Other liabilities	167	4
	<u>476</u>	<u>498</u>

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

## 14 SALES INCOME

	For the twelve months period ended 31 December 2016	For the twelve months period ended 31 December 2015
Income from LNGT services regulated by NCC	66,966	69,882
Sales of oil transshipment services	34,449	37,896
Other sales related to transshipment	1,734	1,263
Stock sells	690	661
	<u>103,839</u>	<u>109,702</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 twelve months period ended 31 December 2016	For the twelve months period ended 31 December 2015
FSRU rent and other expences	50,786	50,415
Depreciation and amortization	12,945	12,552
Wages, salaries and social security	7,123	6,700
Railway services	3,043	1,818
Natural gas	2,313	2,224
Rent of land and quays	2,325	2,132
Electricity	1,258	1,293
Insurance of assets	479	1,237
Tax on environmental pollution	249	138
Tax on real estate	451	421
Repair and maintenance of non-current assets	617	528
Cost of sold inventories	256	215
Transport	241	231
Services for tankers	178	170
Work safety costs	105	128
Rent of facilities	63	45
Other	541	332
	<u>82,973</u>	<u>80,579</u>

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

	For the twelve months period ended 31 December 2016	For the twelve months period ended 31 December 2015
Interest income	11	22
Fines income	142	9
Sales of investment result	310	
Dividends received	9	
Financial income, total	<u>472</u>	<u>31</u>
Penalty expenses	(23)	(1)
(Losses) from currency exchange	(56)	(147)
Interest (expenses)	(175)	(259)
Other financial activity (expenses)	(51)	(146)
Financial activity expenses, total	<u>(305)</u>	<u>(553)</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 twelve months period ended 31 December 2016	For the twelve months period ended 31 December 2015
Net profit attributable to shareholders	13,915	22,036
Weighted average number of ordinary shares (thousand)	<u>380,606</u>	<u>380,606</u>
Earnings per share (in EUR)	<u>0,04</u>	<u>0,06</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 twelve months of 2016, 2015 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	2016 twelve months	2,323	-	-	227
	2015 twelve months	782	22	-	-
SC Lithuanian Railways owned by the State of Lithuania represented by the Ministry of transportation	2016 twelve months	3,624	-	-	120
	2015 twelve months	1,905	-	-	170
SC "Lesto", owned by the State of Lithuania represented by the Ministry of Energy	2016 twelve months	-	-	-	-
	2015 twelve months	546	-	-	70
SC Lietuvos dujos	2016 twelve months	-	-	-	-
	2015 twelve months	429	-	-	66
JSC Lietuvos dujų tiekimas	2016 twelve months	2,386	331	13	179
	2015 twelve months	1,441	-	-	164
SC Amber Grid	2016 twelve months	-	65,467	8,735	-
	2015 twelve months	430	73,750	24,792	71
PE Lietuvos naftos produktų agentūra	2016 twelve months	-	1,364	-	-
	2015 twelve months	-	1,260	132	-
JSC LITGAS	2016 twelve months	-	402	90	-
	2015 twelve months	-	-	-	-
SC Energijos skirstymo operatorius	2016 twelve months	611	-	-	70
	2015 twelve months	-	-	-	-
JSC Energijos tiekimas	2016 twelve months	645	-	-	75
	2015 twelve months	-	-	-	-
Other related parties	2016 twelve months	5	5	-	-
	2015 twelve months	97	5	1	1
Transactions with related parties, in total:	2016 twelve months	9,594	67,569	8,838	671
	2015 twelve months	5,630	75,037	24,925	542

### 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 twelve months period ended 31 December 2016	For the twelve months period ended 31 December 2015
Labour related disbursements	2,400	2,157
Number of managers	37	36

During the twelve months of the years 2016 and 2015 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 20 January, 2017 Supervisory Council of AB Klaipėdos Nafta, legal entity code 110648893, registered at Burių st. 19, Klaipėda (hereinafter, the "Company"), adopted the decision to elect Bjarke Pålsson to the duties of independent Board Members of the Company to the current vacancy from 24 January, 2017 until the term of office of the acting Board of the Company (29 April, 2018).

The newly elected Board Member of the Company Bjarke Pålsson also acts as Managing Director of Financial Strategy & Origination at Danish company Nykredit.

- On 23 January, 2017 the Board of AB Klaipėdos Nafta (hereinafter – the Company), legal entity code 110648893, registered office address Burių g. 19, Klaipėda, announced selection of candidates for the position of General Manager of the Company. After the selection procedures are performed, the Board of the Company will adopt a decision regarding election of General Manager.

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, Marius Pulkauninkas, Acting General Manager of SC Klaipėdos Nafta and Asta Sedlauskienė, Head of Accounting Unit hereby confirm that to the best of our knowledge the above-presented unaudited Interim condensed Financial Statements of SC Klaipėdos Nafta for the twelve month period ended on 31<sup>st</sup> December 2016, 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.

Acting General Manager



Marius Pulkauninkas

Head of Accounting Unit



Asta Sedlauskienė