



**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 2017  
(UNAUDITED)**



## CONTENT

Statement of financial position.....	3
Statement of financial position (cont'd).....	4
Statement of comprehensive income.....	5
Statement of changes in equity.....	6
Cash flow statement.....	7
Explanatory notes to financial statements.....	8
1 General information.....	8
2 Accounting principles.....	8
3 Non-current tangible assets.....	9
4 Operating segments (cont'd).....	10
5 Long-term receivables and accrued income.....	10
6 Inventories.....	10
6 Inventories (cont'd).....	11
7 Trade receivables.....	11
8 Other receivables.....	11
9 Financial asset.....	11
10 Cash and cash equivalents.....	12
11 Financial liabilities.....	12
12 Trade debts and other payables.....	12
13 Liabilities related to labour relations.....	13
14 Other current liabilities.....	13
15 Sales income.....	13
16 Cost of sales.....	14
17 Income (expenses) from financial and investment activities – net.....	14
18 Earnings per share, basic and diluted.....	14
19 Related party transactions.....	15
20 Subsequent events.....	15
Confirmation of responsible persons.....	16



## STATEMENT OF FINANCIAL POSITION

	Notes	31-12-2017	31-12-2016
		<i>(unaudited)</i>	<i>(audited)</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets		490	399
Property, plant and equipment	3	201,449	182,925
Long-term receivables	5	2,628	3,160
Investment into subsidiaries		200	200
Investment into associates		210	211
<b>Total non-current assets</b>		<b>204,977</b>	<b>186,895</b>
<b>Current assets</b>			
Inventories	6	1,126	1,394
Prepayments		912	723
Trade receivables	7	11,942	10,603
Refunds of income taxes		384	156
Other receivables	8	822	604
Financial asset	9	65,000	-
Cash and cash equivalents	10	16,747	42,056
<b>Total current assets</b>		<b>96,933</b>	<b>55,536</b>
<b>Total assets</b>		<b>301,910</b>	<b>242,431</b>

(cont'd on the next page)

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

## STATEMENT OF FINANCIAL POSITION (CONT'D)

	Notes	31-12-2017 <i>(unaudited)</i>	31-12-2016 <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		9,899	9,209
Reserve for own shares		15,929	15,929
Other reserves		43,196	39,748
Retained earnings		17,031	13,794
<b>Total equity</b>		<b>200,344</b>	<b>192,969</b>
<b>Non-current amounts payable and liabilities</b>			
Deferred income tax liability		363	1,320
Non-current employee benefits		291	277
Loan	11	76,454	29,693
Grants related to assets		4,006	2,781
<b>Total non-current amounts payable and liabilities</b>		<b>81,114</b>	<b>34,071</b>
<b>Current amounts payable and liabilities</b>			
Loan		246	-
Loan interest	11	28	31
Trade payables	12	13,641	10,141
Payroll related liabilities	13	2,680	2,378
Prepayments received		2,642	2,358
Other payables and current liabilities	14	1,215	483
<b>Total current amounts payable and liabilities</b>		<b>20,452</b>	<b>15,391</b>
<b>Total equity and liabilities</b>		<b>301,910</b>	<b>242,431</b>

Explanatory notes, 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 2017 <i>(unaudited)</i>	For the three months period ended 31 December 2017 <i>(unaudited)</i>	For the twelve months period ended 31 December 2016 <i>(audited)</i>	For the three months period ended 31 December 2016 <i>(unaudited)</i>
Sales	15	106,484	26,986	103,839	23,555
Cost of sales	16	(82,739)	(20,847)	(83,042)	(21,060)
<b>Gross profit</b>		<b>23,745</b>	<b>6,139</b>	<b>20,797</b>	<b>2,495</b>
Operating expenses		(6,217)	(2,016)	(5,905)	(1,864)
Other income		79	14	(8)	(45)
<b>Profit from operating activities</b>		<b>17,607</b>	<b>4,137</b>	<b>14,884</b>	<b>586</b>
Income from financial activities	17	196	72	449	429
Loss from financial activities	17	(285)	(77)	(305)	(43)
Share of the associate's comprehensive income		(5)	(5)	67	-
<b>Profit before income tax</b>		<b>17,513</b>	<b>4,127</b>	<b>15,095</b>	<b>972</b>
Income tax income (expense)		(482)	586	(1,301)	(99)
<b>Net profit</b>		<b>17,031</b>	<b>4,713</b>	<b>13,794</b>	<b>873</b>
Other comprehensive income (expenses)		-	-	-	-
Items that will not be subsequently reclassified to profit or loss		-	-	-	-
Items that may be subsequently reclassified to profit or loss		-	-	-	-
<b>Total comprehensive income</b>		<b>17,031</b>	<b>4,713</b>	<b>13,794</b>	<b>873</b>
Basic and diluted earnings (losses) per share, in EUR	18	0.04	0.01	0.04	0.002

Explanatory notes, 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
<b>Balance as at 31 December 2015 (audited)</b>	<b>110,376</b>	<b>3,913</b>	<b>8,107</b>	<b>15,929</b>	<b>36,443</b>	<b>22,036</b>	<b>196,804</b>
Net profit for the twelve months	-	-	-	-	-	13,794	13,794
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	13,794	13,794
Dividends declared	-	-	-	-	-	(17,629)	(17,629)
Transfers between reserves	-	-	1,102	-	3,305	(4,407)	-
<b>Balance as at 31 December 2016 (audited)</b>	<b>110,376</b>	<b>3,913</b>	<b>9,209</b>	<b>15,929</b>	<b>39,748</b>	<b>13,794</b>	<b>192,969</b>
<b>Balance as at 31 December 2016 (audited)</b>	<b>110,376</b>	<b>3,913</b>	<b>9,209</b>	<b>15,929</b>	<b>39,748</b>	<b>13,794</b>	<b>192,969</b>
Net profit for the twelve months	-	-	-	-	-	17,031	17,031
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	17,031	17,031
Dividends declared	-	-	-	-	-	(9,656)	(9,656)
Transfers between reserves	-	-	690	-	3,448	(4,138)	-
<b>Balance as at 31 December 2017 (unaudited)</b>	<b>110,376</b>	<b>3,913</b>	<b>9,899</b>	<b>15,929</b>	<b>43,196</b>	<b>17,031</b>	<b>200,344</b>

Explanatory notes, 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 2017 <i>(unaudited)</i>	For the twelve months period ended 31 December 2016 <i>(audited)</i>
<b>Cash flows from operating activities</b>			
Net profit	18	17,031	13,794
Adjustments for noncash items:			
Depreciation and amortization		13,627	13,197
Impairment and write-off (reversal) of non-current tangible assets		(277)	9
Change in vacation reserve	13	163	137
Change in non-current liabilities for employees		14	75
Change in allowance in inventory	6	(8)	28
Other non-cash adjustments		(19)	(310)
Accruals for emission allowances		148	-
Accrued income		532	(272)
Income tax expenses		482	1,301
Share of profit of equity-accounted investees		5	(67)
Change in allowance for doubtful receivables		769	(1)
Dividends (received)		(56)	(9)
Interest income		(35)	(11)
		<b>32,376</b>	<b>27,871</b>
<b>Changes in working capital</b>			
(Increase) decrease in inventories		277	259
Decrease (increase) in prepayments		(190)	(308)
Decrease (increase) in trade and other accounts receivable		(1,740)	17,113
Decrease (increase) in other accounts receivable		(99)	(63)
Increase (decrease) in trade and other payables		89	307
(Decrease) increase in prepayments received		284	1,536
Increase (decrease) in other current liabilities and payroll related liabilities		138	124
		<b>31,135</b>	<b>46,839</b>
Income tax (paid)		(1,667)	(1,570)
Interest received	17	35	11
Net cash flows from operating activities		<b>29,503</b>	<b>45,280</b>
<b>Cash flows from investing activities</b>			
(Acquisition) of property, plant, equipment and intangible assets		(27,953)	(16,314)
(Acquisition) of short-term investment	9	(65,000)	-
(Acquisition) of other investments		(4)	-
Sales of investments held-to-maturity		-	4,350
Grants, subsidies		1,226	2,572
Dividends received		56	9
Net cash flows from investing activities		<b>(91,675)</b>	<b>(9,383)</b>
<b>Cash flows from financing activities</b>			
Dividends (paid)		(9,656)	(17,629)
Loans received		46,700	-
Interest (paid)		(181)	-
Net cash flows from financing activities		<b>36,863</b>	<b>(17,629)</b>
<b>Net increase (decrease) in cash flows</b>		<b>(25,309)</b>	<b>18,268</b>
<b>Cash and cash equivalents on 1 January</b>	10	<b>42,056</b>	<b>23,788</b>
<b>Cash and cash equivalents on 31 December</b>	10	<b>16,747</b>	<b>42,056</b>

Explanatory notes, 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, 92276 Klaipėda, Lithuania.

The main activities of the Company include operation of oil terminal, 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 2017 all the shares were owned by 2,178 shareholders (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 ten million three hundred seventy-five thousand seven hundred ninety-three) and 36 cents is fully paid. It is divided into 380,606,184 (three hundred eighty million six hundred six thousand one hundred eighty-four) ordinary shares with a par value of twenty nine (0,29) euro cents, 72,32 % of the shares (275,241,290 shares) are owned by the State of Lithuania, represented by the Ministry of Energy.

The Company has not acquired any own shares and has arranged no deals regarding acquisition or transfer of its own shares during the twelve months of the year 2017 and 2016. The Company’s shares are listed in the Baltic Main List on the NASDAQ Vilnius Stock Exchange (ISIN code LT0000111650, abbreviation KNF1L).

As of 31 December 2017 and 31 December 2016 the shareholders of the Company were:

	31 December 2017		31 December 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)	39,113	10.28	38,975	10.24
Other (less than 5 per cent each)	66,252	17.40	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 2017 was 382 (370 – on 31 December 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 twelve 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 2018. Currently, the business unit engaged in this activity required the construction of infrastructure projects and creation of business conditions. As of 31 December 2017 the value of constructions in progress amounted to EUR 28,837 thousand (During the twelve months of the year 2017 investment amounted to EUR 17,223 thousand).
- Fuel oil tanks (2 x 4200 m3 construction) - As of 31 December 2017 the value of constructions in progress amounted to EUR 2,880 thousand (During the twelve months of the year 2017 investment amounted to EUR 1,938 thousand).
- LFO (i.e. light oil products) storage tanks park development, Investment for additional 7 (seven) storage tanks to build. As of 31 December 2017 the value of constructions in progress amounted to EUR 6,685 thousand (During the twelve months of the year 2017 investment amounted to EUR 5,873 thousand).
- The second stage investment in the expansion of the light oil products storage tank park. The project started in July 2017. As of 31 December 2017 the value of construction in progress, included prepayments, amounted to EUR 2,694 thousand.
- Equipment for the development of the railroad tracks. As of 31 December 2017 the value of construction in progress amounted to EUR 1,626 thousand. (During the twelve months of the year 2017 investment amounted to EUR 1,601 thousand).
- Other investment. As of 31 December 2017 the value of constructions in progress amounted to EUR 1,119 thousand (During the twelve months of the year 2017 investment amounted to EUR 1,601 thousand).

Part of the Company's property, plant and equipment with the acquisition cost of EUR 31,218 thousand as on 31 December 2017 was completely depreciated (EUR 30,299 thousand on 31 December 2016), however, it was still in operation.

The depreciation of the Company's non-current tangible assets for the twelve months of 2017 amounts to EUR 13,373 thousand (EUR 12,999 thousand – in 2016 twelve months), EUR 13,242 thousand of amortisation charge has been included into cost of sales (EUR 12,785 thousand - in 2016 twelve months), EUR 11 thousand was reimbursement of the costs according the grant agreement (in 2016 twelve months there were no such costs), EUR 5 thousand of amortisation charge was transferred to inventory value (EUR 27 thousand – in 2016 twelve months), and the remaining amount EUR 198 thousand (EUR 166 thousand – in 2016 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:

- KNF – 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.
- SNT - Subačius oil terminal in Kupiškis district provides services of long-term storage of oil products and loading of auto-tankers.
- GDP – LNG related business development which includes LNG reloading station activities and consulting and development of other LNG projects.

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

#### 4 OPERATING SEGMENTS (CONT'D)

For the twelve months period ended 31 December 2017

	SGD	SNT	GDP	KNF	Total
Revenues from external customers	68,201	2,432	380	35,471	106,484
Profit before income tax	6,700	498	(1,595)	11,910	17,513
Segment net profit	6,516	484	(1,551)	11,582	17,031
Interest revenue	34	-	-	1	35
Interest expense	(177)	-	(14)	(7)	(198)
Depreciation and amortisation	(5,746)	(901)	(29)	(6,951)	(13,627)
Impairment and write-off of non-current tangible assets (reversal)	1	(30)	-	(248)	(277)
Net profit (loss) part in the associates	-	-	-	(5)	(5)
Acquisitions of tangible and intangible assets	388	208	19,176	13,020	32,792
Segment total assets	66,912	12,645	29,883	192,470	301,910
Financial liabilities	76,727	-	1	-	76,728
Segment total liabilities	84,598	158	9,153	7,657	101,566

For the twelve months period ended 31 December 2016

	SGD	SNT	GDP	KNF	Total
Revenues from external customers	66,966	2,798	-	34,075	103,839
Profit before income tax	3,850	927	(531)	10,849	15,095
Segment net profit (loss)	3,518	847	(485)	9,914	13,794
Interest revenue	9	-	-	2	11
Interest expense	(177)	-	-	-	(177)
Depreciation and amortisation	(5,738)	(884)	-	(6,575)	(13,197)
Impairment and write-off of non-current tangible assets (reversal)	(3)	(7)	-	(740)	(750)
Net profit (loss) part in the associates	-	-	-	67	67
Acquisitions of tangible and intangible assets	(19)	301	9,308	7,284	16,874
Segment total assets	71,707	10,414	11,645	148,665	242,431
Loan and related liabilities	29,724	-	-	-	29,724
Segment total liabilities	38,831	626	4,656	5,349	49,462

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

	31-12-2017	31-12-2016
Long-term accrued income	2,628	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 years and for the remaining period. Therefore, the rent income is recognised on a straight line basis over the lease term, i.e., the income is calculated on average tariff of the all leasing term (10 years).

#### 6 INVENTORIES

	31-12-2017	31-12-2016
Diesel fuel for the LNG Terminal purpose	770	918
Oil products for sale	-	197
Liquefied natural gas	221	50
Fuel for transport and other equipment	34	39
Spare parts, construction materials and other inventories	1,218	1,315
	2,243	2,519
Write-down of spare parts, construction materials and other inventories	(1,117)	(1,125)
	(1,126)	1,394

As of 31 December 2017 the Company had accounted write-off of inventories in the amount of EUR 1,117 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).

## 6 INVENTORIES (CONT'D)

Reversal of write-off of inventories to the net realizable value of EUR 8 thousand for the twelve months ended of 31 December 2017 (31 December 2016 - EUR 28 thousand) are included under operating expenses in the profit (loss).

As of 31 December 2017 the Company stored 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. As of 31 December 2017 in the the Liquefied natural gas reloading station the Company owned 4.6 thousand MWh natural gas for the purpose of debugging and commissioning works.

Oil products for sale are energy products collected in the Waste Water Treatment Facilities, on 31 December 2017 the Company didn't have such products (31 December 2016 – 2.8 thousand tons).

As of 31 December 2017 the Company stored 198 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 December 2017 the Company stored 919 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.

As of 31 December 2017 in the Liquefied natural gas reloading station the Company stored 23 thousand MWh natural gas products, belonged to the third parties. 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

	31-12-2017	31-12-2016
Receivables from LNG terminal activities	9,488	8,735
Receivables for trans-shipment of oil products and other related services	3,271	1,884
Less: impairment allowance	(817)	(16)
	<u>11,942</u>	<u>10,603</u>

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

## 8 OTHER RECEIVABLES

	31-12-2017	31-12-2016
Short-term accrued income for storage of oil products	597	530
VAT receivable	4	32
Receivable grant	9	21
Other receivables	212	21
	<u>822</u>	<u>604</u>

## 9 FINANCIAL ASSET

	31-12-2017	31-12-2016
Short-term bank deposits at the commercial bank	65,000	-

As of 31 December 2017 the Company had term deposits at the banks, amounted to EUR 65,000 thousand, with maturity of more than 3 months.

## 10 CASH AND CASH EQUIVALENTS

	31-12-2017	31-12-2016
Cash at bank	16,747	42,056

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

Currency	31-12-2017	31-12-2016
EUR	12,374	37,034
USD	4,373	5,022
	<u>16,747</u>	<u>42,056</u>

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

	31-12-2017	31-12-2016
A +	663	483
AA -	8,918	36,478
A	7,166	5,095
	<u>16,747</u>	<u>42,056</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.

## 11 FINANCIAL LIABILITIES

	31-12-2017	31-12-2016
European Investment Bank loan	54,700	29,693
Nordic Investment Bank loan	22,000	-
Total liabilities	<u>76,700</u>	<u>29,693</u>
Less: current part	(246)	-
Total non-current part	<u>76,454</u>	<u>29,693</u>

## 12 TRADE DEBTS AND OTHER PAYABLES

	31-12-2017	31-12-2016
Payables for FSRU operating leasing	4,482	5,028
Payable to contractors	7,185	3,512
Payable for rent of land	393	227
Payable for gas services	371	179
Payable for railway services	291	120
Other trade payables	919	1,075
	<u>13,641</u>	<u>10,141</u>

On 31 December 2017 trade payables of EUR 4,202 thousand were denominated in USD (EUR 4,746 thousand – on 31 December 2016).

### 13 LIABILITIES RELATED TO LABOUR RELATIONS

	31-12-2017	31-12-2016
Accrual of annual bonuses	1,246	1,151
Accrued vacation reserve	1,052	888
Salaries payable	11	5
Social insurance payable	368	325
Income tax payable	3	5
Payable guarantee fund	-	2
Other deductions	-	2
	<u>2,680</u>	<u>2,378</u>

### 14 OTHER CURRENT LIABILITIES

	31-12-2017	31-12-2016
Accrued tax expenses and liabilities	289	140
Accrued expenses and liabilities	519	176
Other liabilities	407	167
	<u>1,215</u>	<u>483</u>

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

### 15 SALES INCOME

	For the twelve months period ended 31 December 2017	For the twelve months period ended 31 December 2016
Income from LNGT services regulated by NCC	68,210	66,966
Sales of oil transshipment services	34,357	34,449
Other sales related to transshipment	2,082	1,734
Income from sale of inventory	1,835	690
	<u>106,484</u>	<u>103,839</u>

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

## 16 COST OF SALES

	For the twelve months period ended 31 December 2017	For the twelve months period ended 31 December 2016
FSRU lease and other expenses	(49,547)	(50,786)
Depreciation and amortization	(13,487)	(12,925)
Wages, salaries and social security	(7,592)	(7,123)
Railway services	(2,526)	(3,043)
Natural gas	(2,937)	(2,323)
Rent of land and quays	(2,300)	(2,341)
Electricity	(1,196)	(1,257)
Insurance of assets	(454)	(479)
Tax on environmental pollution	(165)	(206)
Tax on real estate	(312)	(456)
Repair and maintenance of assets	(713)	(617)
Cost of sold inventories	(265)	(256)
Transport	(274)	(241)
Services for tankers	(187)	(178)
Work safety costs	(105)	(105)
Rent of facilities	(70)	(63)
Other	(609)	(643)
	<u>(82,739)</u>	<u>(83,042)</u>

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

	For the twelve months period ended 31 December 2017	For the twelve months period ended 31 December 2016
Interest income	35	11
Fines income	105	119
Sales of investment result	-	310
Dividends received	56	9
Financial income, total	<u>196</u>	<u>449</u>
Penalty expenses	(8)	(23)
(Losses) from currency exchange	(79)	(56)
Interest expenses	(198)	(177)
Other financial activity expenses	-	(49)
Financial activity expenses, total	<u>(285)</u>	<u>(305)</u>

## 18 EARNINGS PER SHARE, BASIC AND DILUTED

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

	For the twelve months period ended 31 December 2017	For the twelve months period ended 31 December 2016
Net profit attributable to shareholders	17,031	13,794
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>0,04</u>

## 19 RELATED PARTY TRANSACTIONS

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

Transactions with Lithuanian State controlled enterprises and institutions:

		Purchases	Sales	Receivables	Payables
State Enterprise Klaipeda State Seaport Authority owned by the State of Lithuania represented by the Ministry of transportation	2017 twelve months	2,317	-	-	393
	2016 twelve months	2,323	-	-	227
SC Lithuanian Railways owned by the State of Lithuania represented by the Ministry of transportation	2017 twelve months	3,138	-	-	291
	2016 twelve months	3,627	-	-	120
SC "Lesto", owned by the State of Lithuania represented by the Ministry of Energy	2017 twelve months	-	-	-	-
	2016 twelve months	-	-	-	-
JSC Lietuvos dujų tiekimas	2017 twelve months	2,847	575	37	371
	2016 twelve months	2,386	331	13	179
SC Amber Grid	2017 twelve months	-	66,563	9,396	-
	2016 twelve months	-	65,467	8,735	-
PE Lietuvos naftos produktų agentūra	2017 twelve months	-	2,654	268	-
	2016 twelve months	-	1,364	-	-
JSC LITGAS	2017 twelve months	-	438	55	-
	2016 twelve months	-	402	90	-
SC Energijos skirstymo operatorius	2017 twelve months	575	-	-	79
	2016 twelve months	611	-	-	70
JSC Energijos tiekimas	2017 twelve months	617	-	-	87
	2016 twelve months	645	-	-	75
Other related parties	2017 twelve months	-	9	-	-
	2016 twelve months	5	5	-	-
Transactions with related parties, in total:	2017 twelve months	9,494	70,239	9,756	1,221
	2016 twelve months	9,597	67,569	8,838	671

### Remuneration to the Management and other payments

The Company's Management is comprised of Chief Executive Officer, Deputy to Chief Executive Officer (till 29 May 2017), Heads of Divisions and Functional Managers.

	For the twelve months period ended 31 December 2017	For the twelve months period ended 31 December 2016
Labour related disbursements	2,595	2,400
Number of managers	37	37

During the twelve 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.

## 20 SUBSEQUENT EVENTS

No 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, Chief Executive Officer of AB Klaipėdos Nafta, Marius Pulkauninkas, Chief Financial Officer of AB Klaipėdos Nafta, and Rasa Tamaliūnaitė, Chief Accountant hereby confirm that to the best of our knowledge the above-presented unaudited Interim condensed Financial Statements of AB Klaipėdos Nafta for the twelve months period ended on 31 December 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 AB Klaipėdos Nafta.

Chief Executive Officer

Mindaugas Jusius

Chief Financial Officer

Marius Pulkauninkas

Chief Accountant

Rasa Tamaliūnaitė