

AB Klaipėdos Nafta

Audit report

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Date: 8 March 2010
Company name: AB Klaipėdos Nafta
Address: Burių g. 19, Klaipėda, Lithuania

1 Introduction

As auditors of AB Klaipėdos Nafta, elected by the Company's shareholders, we have performed an audit of the annual financial statements (hereinafter – Financial statements) of AB Klaipėdos Nafta for the year 2009.

The financial statements as at 31 December 2009, prepared as to International Financial Reporting Standards (IFRS) as adopted by the European Union, show the following result, the total assets and the equity:

LTL '000	2009 12 31	2008 12 31
Net profit	37,603	28,598
Total assets	465,972	455,512
Equity	445,443	421,373

We performed the audit in accordance with the Lithuanian legislation applicable on public companies.

The audit report includes only those significant matters which have been noticed during the audit and are material in relation to management or supervision of the Company. When planning and performing an audit of the financial statements, the auditor does not aim to determine all the matters significant to the Company's management and control. Therefore, normally not all such matters are determined during the audit.

This audit report is dedicated solely for the use of the management, shareholders and supervising institutions of AB Klaipėdos Nafta, and cannot be used for any other purpose. This report cannot be distributed to third parties without prior written consent of KPMG Baltics, except for cases prescribed by the Lithuanian legislation.

2 Issues related to the financial statements prepared as to International Financial Reporting Standards

2.1 Scope of audit

The audit has been performed as to International Standards on Auditing. We have performed an audit of the annual financial statements prepared as to International Financial Reporting Standards as adopted by the European Union.

2.2 Description of reasons for modification of the auditor's report

Based on the audit performed, we have issued an unqualified opinion as at 8 March 2010, stating that, in our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2009 and of its financial performance and its cash flows for the year then ended in accordance with IFRS.

2.3 Financial statements and recommendations for improvement

All our significant recommendations regarding improvement of the financial statements have been considered when preparing the financial statements as to IFRS for the year 2009.

In our opinion, the financial statements, in all material respects, are prepared correctly in accordance with the Lithuanian legislation and IAS/IFRS.

2.4 Evaluation of compliance of the Company's annual report (activity report) to the financial statements

We have read the Annual Report for the year ended 31 December 2009 and have not identified any material inconsistencies between the financial information included in the Annual Report and the financial statements for the year ended 31 December 2009.

Furthermore, we have not noticed any material incompliance of the annual report with the requirements prescribed by the Lithuanian legislation including those which are applicable on public companies as prescribed by supervising institutions.

2.5 Internal control

Our main recommendations for the Company's internal control and information systems are as follows:

- We drew attention that the internal control of information systems could be improved in certain areas, and recommended the management to improve the procedures in relation to preparation of the IT security policy and data back-ups;
- We drew attention of the management and recommended considering a possibility to decrease cash transactions;
- We recommended the management to review depreciation periods of property, plant and equipment and their residual values on a regular basis in accordance with the requirements of IFRS.

Presently, no audit committee has been formed in the Company. It will be formed in the general shareholders meeting upon election of the new Supervising Council.

2.6 Observation regarding compliance with specific requirements set by certain legal acts

During the audit no violation of the Lithuanian legislation applicable on preparation of financial statements has been identified.


2.7 Other significant matters

No other matters significant for the Company's management have been identified during the audit.

2.8 Other matters not covered by the audit agreement

Our audit agreement signed with AB Klaipėdos Nafta prescribes only audit of the financial statements prepared as to IFRS.

Klaipėda, 8 March 2010
KPMG Baltics, UAB
Certificate No. 001281


Rokas Kasperavičius
Lithuanian Certified Auditor
Certificate No. 000070