



SC KLAIPĖDOS NAFTA

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

**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014
(UNAUDITED)**

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Statement of financial position

	Notes	2014-09-30	2013-12-31
		<i>(unaudited)</i>	<i>(audited)</i>
ASSETS			
Non-current assets			
Intangible assets		1,650	1,266
Property, plant and equipment	3	595,651	518,650
Long-term receivables	7	4,348	2,776
Investment into associates		15,120	989
Total non-current assets		616,769	1511,692
Current assets			
Inventories	5	1,767	1,155
Prepayments		451	558
Trade receivables	6	6,792	11,052
Refunds of income taxes		-	5,644
Other receivables	7	18,790	13,703
Other financial assets	8	-	30,146
Cash and cash equivalents	9	44,985	89,895
Total current assets		72,785	709,595
Total assets		689,554	675,834




(cont'd on the next page)

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

Statement of financial position (cont'd)

	Notes	2014-09-30 <i>(unaudited)</i>	2013-12-31 <i>(audited)</i>
EQUITY AND LIABILITIES			
Equity			
Share capital	1	380,606	380,606
Share premium		13,512	13,512
Legal reserve		26,394	24,611
Reserve for own shares		55,000	55,000
Other reserves		95,782	62,273
Retained earnings		18,026	35,649
Total equity		589,320	571,651
Non-current liabilities			
Deferred income tax liability		6,925	6,935
Non-current employee benefits		886	837
Loan	10	51,212	51,212
Total non-current liabilities		59,023	895,147
Current liabilities			
Loan	10	107	134
Trade payables	11	21,062	25,189
Payroll related liabilities	12	5,231	4,782
Income tax payable		110	-
Prepayments received		-	40
Dividends payable		39	39
Other payables and current liabilities	13	14,662	15,015
Total current liabilities		41,211	15,094
Nuosavo kapitalo ir įsipareigojimų iš viso		689,554	675,834

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

General Manager	Mantas Bartuška		28 November 2014
Director of Finance and Administrative Department	Marius Pulkauninkas		28 November 2014
Head of Accounting Department	Asta Sedlauskienė		28 November 2014

Statement of comprehensive income

	Notes	For the nine months period ended 30 September 2014 <i>(unaudited)</i>	For the three months period ended 30 September 2014 <i>(unaudited)</i>	For the nine months period ended 30 September 2013 <i>(unaudited)</i>	For the three months period ended 30 September 2013 <i>(unaudited)</i>
Sales	14	83,508	25,758	98,687	26,617
Cost of sales	15	(53,073)	(16,210)	(57,580)	(16,254)
Gross profit		30,435	9,548	41,107	10,363
Operating expenses		(10,151)	(3,321)	(8,970)	(3,042)
Other income		73	15	141	91
Profit from operating activities		20,355	6,242	32,278	7,412
Income from financial activities	16	712	27	288	(64)
Loss from financial activities	16	(13)	(2)	(91)	(43)
Profit before income tax		21,054	6,267	32,475	7,305
Income tax expense		(3,028)	(914)	(4,840)	(1,092)
Net profit		18,026	5,353	27,635	6,213
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		18,026	5,353	27,635	6,213
Basic and diluted earnings per share, in LTL	17	0,05	0,01	0,07	0,02

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

General Manager

Mantas Bartuška



28 November 2014

Director of Finance and
Administrative Department

Marius Pulkauninkas



28 November 2014

Head of Accounting
Department

Asta Sedlauskienė






28 November 2014

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 2012 (audituota)		380,606	13,512	22,561	55,000	23,727	41,006	536,412
Net profit for the nine months		-	-	-	-	-	27,635	27,635
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	-	27,635	27,635
Dividends declared		-	-	-	-	-	(410)	(410)
Transfers between reserves		-	-	2,050	-	38,546	(40,596)	-
Balance as at 30 September 2013 (unaudited)		380,606	13,512	24,611	55,000	62,273	27,635	563,637
Balance as at 31 December 2013 (audituota)		380,606	13,512	24,611	55,000	62,273	35,649	571,651
Net profit for the nine months		-	-	-	-	-	18,026	18,026
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	-	18,026	18,026
Dividends declared		-	-	-	-	-	(357)	(357)
Transfers between reserves		-	-	1,783	-	33,509	(58,984)	-
Balance as at 30 September 2014 (unaudited)		380,606	13,512	26,394	55,000	95,782	18,026	589,320




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<u>General Manager</u>	<u>Mantas Bartuška</u>		<u>28 November 2014</u>
<u>Director of Finance and Administrative Department</u>	<u>Marius Pulkauninkas</u>		<u>28 November 2014</u>
<u>Head of Accounting Department</u>	<u>Asta Sedlauskienė</u>		<u>28 November 2014</u>

Cash flow statement

	Notes	For the nine months period ended 30 September 2014 <i>(unaudited)</i>	For the nine months period ended 30 September 2013 <i>(unaudited)</i>
Cash flows from operating activities			
Net profit	17	18,026	27,635
Adjustments for noncash items:			
Depreciation and amortization		19,152	18,612
		6	-
Accrued emission rights		-	272
Accrued income	7	(1,648)	(748)
Change in employee benefit liabilities	12	49	38
Change in allowance for doubtful receivables		(3)	(1)
Change in vacation reserve	12	(117)	160
Income tax expenses		3,028	4,840
Interest income	16	(119)	(288)
		38,374	50,520
Changes in working capital:			
(Increase) decrease in inventories		(612)	(521)
Decrease (increase) in prepayments		107	(124)
Decrease (increase) in trade and other accounts receivable		4,261	5,383
Decrease (increase) in other receivables		4,614	(1,877)
Increase (decrease) in trade and other payables		(9,753)	(1,935)
(Decrease) increase in prepayments received		(40)	(53)
Increase (decrease) in other current liabilities and payroll related liabilities		566	(673)
		37,517	55,936
Income tax (paid)		(1,768)	(6,549)
Interest received	16	119	387
Net cash flows from operating activities		35,868	49,774
Cash flows from investing activities			
(Acquisition) of property, plant, equipment and intangible assets		(96,543)	(53,994)
(Acquisition) of Investments held-to-maturity		-	(177,995)
Sales of investments held-to-maturity	8	30,146	165,737
(Acquisition) of other Investments		(14,132)	-
Net cash flows from investing activities		(80,529)	16,014
Cash flows from financing activities			
Dividends (paid)		(356)	(410)
Received loans	10	509	-
Interest (paid)		(400)	-
Net cash flows from financing activities		(249)	(410)
Net increase (decrease) in cash flows		(44,910)	(16,888)
Cash and cash equivalents on 1 January 2014		89,895	79,834
Cash and cash equivalents on 30 September 2014		44,985	62,946

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General Manager	Mantas Bartuška		28 November 2014
Director of Finance and Administrative Department	Marius Pulkauninkas		28 November 2014
Head of Accounting Department	Asta Sedlauskienė		28 November 2014

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 – oil products transshipment services and other related.

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

As at 30 September 2014 all the shares were owned by 1,884 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 nine months period in 2014. The Company’s shares are listed in the Baltic Secondary List on the NASDAQ OMX Vilnius Stock Exchange.

As at 30 September 2014 and 30 September 2013 the shareholders of the Company were:

	30 September 2014		30 September 2013	
	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
Total	380,606	199,00	380,606	199,00

The average number of employees on 30 September 2014 was 374 (364 – on 30 September 2013).

2 Accounting principles

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 2013. The principles used in preparation of financial statements were presented in more detail in the Notes to the Financial Statements for 2013.

3 Non-current tangible assets

During the six months of 2014 the Company continued works in the following projects:

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 – the international company FLUOR S.A. 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. FSRU was delivered to the port of Klaipėda in 27 October, 2014. LNG terminal supplied the first gas to market in 16 November, 2014.

As of 30 September 2014 the investments into implementation of LNG Terminal’s project amounted to LTL 189,920 thousand – the major part of which was comprised of payments paid according to the Agreement to the Lead Adviser for preparation and implementation of liquefied natural gas terminal’s project, legal and other research services and compensation received from Klaipėda’s Port of Authority, the cost was incurred for the pipeline’s construction, for the construction of jetty, prepayments and received compensation for the jetty construction from VĮ Klaipėdos jūrų uosto direkcijos. During the nine months period of 2014 investment amounted to LTL 103,162 thousand.

3 Non-current tangible assets (con'd)

During the nine months of 2014 the investment into oil terminal's modernization amounted to 3,012 thousand. The most important and largest investments during 2014 were as follows:

- *The reconstruction of HFO (i.e. heavy fuel oil products) storage tank park involves demolishing of the 4 old storage tanks with the capacity 5.000 m³ and construction of 2 new universal storage tanks with the capacity 32.250 m³. The aim of this investment is to expand the Company's technological capacity by increasing the Company's overall volume of tanks (a total increase of 44.500 m³) and the technological flexibility by enabling the storage of both light and heavy oil and products in new tanks. This increases the flexibility of the terminal as greater amounts of different petroleum products can be handled, as well as its attractiveness to customers because of the possibility to build up larger batches of products for loading onto tankers. During the six month period of 2014 the total value of the implemented works amounted to LTL 1,454 thousand.*
- *Adaptation of the HFO storage tanks for LFO (i.e. light oil products) loading.* In addition to the HFO park reconstruction project, in 2014 the Company made additional investments in order to adapt two tanks of 20.000 m³ in operation to LFO handling (up to then it was possible to load only HFO products). These investments are related to the improvement of technological versatility of the tank park as well. The total value of the works carried out during nine months period of 2014 was LTL 31 thousand.
- *Modernization works of fire protection system*– investments for the upgrade of mechanical and automatic sections of the fire protection system. In 2013 the trestle firefighting equipment was upgraded as well as the reconstruction of automatic section initiated. All work is scheduled to be completed in 2014. The overall cost of the works performed during the six month period of 2014 amounted to LTL 1,067 thousand.
- *Installation works of diesel fuel loading to tank trucks location.* The total value of the works carried out during nine months period of 2014 was LTL 452 thousand.
- *Other investment.* During the six month period of 2014 there were invested LTL 8 thousand.

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.
- LNG terminal – strategic project of the Republic of Lithuania, implementation of which will create an alternative source for OAO Gazprom's natural gas in Lithuania. The project shall involve procurement of floating storage and regasification unit, construction of the jetty and installation of superstructure, dredging of jetty's access, building of gas pipeline and all other costs of the project implementation.
- SKB - Subačius fuel base in Kupiškis district provides services of long-term storage of oil products and loading of auto-tankers.

Main indicators of the business segments of the Company included into the statement of comprehensive income for the financial year as of 30 September 2014 and Statement of financial position as of 30 September 2013, are described below:

For the nine months period ended 30 September 2014	SGDT	SKB	KN	Iš viso
Revenues from external customers	-	4,861	78,647	83,508
Profit before income tax	(9,024)	1,114	28,965	21,055
Segment net profit	(9,024)	947	26,103	18,026
Interest revenue	-	-	119	119
Interest expense	-	-	-	-
Depreciation and amortisation	(126)	(2,088)	(16,814)	(19,028)
Impairment of assets	92,459	258	3,826	96,543
Segment total assets	143,166	51,303	495,085	689,554
Financial liabilities	51,319	-	-	51,319
Segment total liabilities	99,473	3,561	(2,800)	100,234
For the nine months period ended 30 September 2013	SGDT	SKB	KN	Iš viso
Revenues from external customers	-	4,814	93,873	98,687
Profit before income tax	(4,706)	1,201	35,980	32,475
Segment net profit	(4,706)	1,021	31,320	27,635
Interest revenue	-	-	279	279
Interest expense	-	-	-	-
Depreciation and amortisation	(42)	(2,101)	(16,403)	(18,546)
Impairment of assets	30,841	3	23,150	53,994
Segment total assets	39,156	48,227	500,036	587,419
Financial liabilities	-	-	-	-
Segment total liabilities	5,804	2,201	15,777	23,782

5 Inventories

	2014-09-30	2013-12-31
Oil products, for sale	1,286	796
Spare parts, construction materials and other inventories	481	359
	<u>1,767</u>	<u>1,155</u>

As of 30 September 2014 the Company had accounted write-off of inventories in the amount of LTL 5,881 thousand (LTL 5,808 thousand on 31 December 2013), 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 LTL 73 thousand for the nine months ended of 30 September 2014 (31 December 2013 - LTL 360 thousand) are included under operating expenses in the profit (loss).

As of 30 September 2014 the Company stored 172.8 thousand tons of oil products delivered for transshipment in its storage tanks (115.7 thousand tons as on 31 December 2013). 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 30 September 2014 the Company stored 4.39 tons of oil products collected in its Waste Water Treatment Facilities (31 March 2014– 3.52 tons).

6 Trade receivables

	2014-09-30	2013-12-31
Receivables for trans-shipment of oil products and other related services	6,907	11,168
Less: impairment allowance	(115)	(116)
	<u>6,792</u>	<u>11,052</u>

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

On 30 September 2014 trade debts to the Company in the amount of LTL 4,480 thousand were denominated in EUR (LTL 8,575 thousand – on 31 December 2013).

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

7 Other receivables

	2014-09-30	2013-12-31
Long term accrued income	4,348	2,776
Long term receivables	4,348	2,776
Accrued income	1,054	978
VAT receivable	8,530	11,127
Other receivables	9,206	1,598
	<u>18,790</u>	<u>13,703</u>

8 Other financial assets

	2014-09-30	2013-12-31
Cession of rights in Vnesekonom bank	100	100
Loan to UAB „Žavesys“	352	354
Less: impairment allowance for receivables	(452)	(454)
Total loans and receivables	-	-
Investments into the government bonds of Lithuanian banks	-	30,146
Trumpalaikė dalis	-	30,146
Kitas finansinis turtas iš viso	-	30,146

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

Currency	2014-09-30	2013-12-31
EUR	-	17,955
LTL	-	12,191
	-	<u>30,146</u>

8 Other financial assets (con't)

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.

9 Cash and cash equivalents

	2014-09-30	2013-12-31
Cash at bank	44,985	89,895

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

Currency	2014-09-30	2013-12-31
EUR	31,448	81,620
LTL	13,567	8,275
	44,985	89,895

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

	2014-09-30	2013-12-31
AA -	41,367	63,682
A +	267	56,359
A	3,351	-
	44,985	120,041

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.

Cash and cash equivalents, financial assets are managed according the investment procedures approved by the Company's Board.

10 Financial liabilities

	2014-09-30	2013-12-31
Loan from European investment bank	51,212	51,212
Payable interests to European investment bank	107	134
	51,319	51,346

11 Trade debts and other payables

	2014-09-30	2013-12-31
Payable to contractors	16,843	20,140
Payable for rent of land	654	650
Payable for railway services	307	190
Other trade payables	3,258	4,207
	21,062	25,189

Trade payables are non-interest bearing and are normally settled on 30-day payment terms. On 30 September 2014 trade payables of LTL 27 thousand were denominated in GBP and 12,868 thousand were denominated in EUR (LTL 504 thousand – on 31 December 2013).

12 Liabilities related to labour relations

	2014-09-30	2013-12-31
Salaries payable	990	6
Social insurance payable	850	940
Income tax payable	269	6
Mokėtinios garantinio fondo įmokos	4	5
Accrued vacation reserve	1,839	1,956
Accrual of bonuses	1,275	1,862
Other overdraw of salary	4	7
	5,231	4,782

13 Other current liabilities

	2014-09-30	2013-12-31
Accrued tax expenses and liabilities	327	345
Accrued expenses and liabilities	14,050	13,661
Other liabilities	285	1,009
	<u>14,662</u>	<u>359,67015</u>

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

14 Sales income

	For the nine months period ended 30 September 2014	For the nine months period ended 30 September 2013
Sales of oil transshipment services	81,551	96,210
Other sales related to transshipment	1,957	2,477
	<u>83,508</u>	<u>98,687</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 nine months period ended 30 September 2014	For the nine months period ended 30 September 2013
Depreciation and amortization	18,602	18,210
Natural gas	7,800	11,887
Wages, salaries and social security	14,300	13,510
Railway services	3,188	3,696
Electricity	3,464	4,166
Rent of land and quays	1,619	1,562
Repair and maintenance of non-current assets	467	478
Tax on real estate	934	906
Insurance of assets	1,114	968
Services for tankers	311	430
Work safety costs	181	281
Emission rights expenses	-	152
Other	1,093	1,334
	<u>53,073</u>	<u>57,580</u>

16 Income (expenses) from financial and investment activities – net

	For the nine months period ended 30 September 2014	For the nine months period ended 30 September 2013
Interest income	119	279
Fines collected	591	7
Profit from currency exchange	2	2
Total income from financial activity	<u>712</u>	<u>288</u>
Fines paid	-	(8)
(Losses) from currency exchange	(13)	(83)
Total loss from financial activity	<u>(13)</u>	<u>(91)</u>
	<u>699</u>	<u>197</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 nine months period ended 30 September 2014	For the nine months period ended 30 September 2013
Net profit attributable to shareholders	18,026	27,635
Weighted average number of ordinary shares (thousand)	380,606	380,606
Earnings per share (in LTL)	<u>0.05</u>	<u>0.07</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 nine months of 2014, 2013 and 2012 were as follows:

Transactions with Lithuanian State controlled enterprises and institutions:

		Purchases	Sales	Receivables	Payables
State Tax Inspectorate at the Finance Ministry of the Republic of Lithuania	1 January-30 September 2014	131,043	-	11,430	7,120
	1 January-30 September 2013	67,698	-	-	3,479
	1 January-30 September 2012	83,912	-	-	9,528
State Social Insurance Fund Board under the Ministry of Social Security and Labour	1 January-30 September 2014	7,354	-	-	850
	1 January-30 September 2013	6,239	-	-	816
	1 January-30 September 2012	5,371	-	-	690
State Enterprise Klaipėda State Seaport Authority owned by the State of Lithuania represented by the Ministry of transportation	1 January-30 September 2014	1,619	50,027	5,604	654
	1 January-30 September 2013	1,562	-	-	574
	1 January-30 September 2012	1,545	-	-	514
AB Lithuanian Railways owned by the State of Lithuania represented by the Ministry of transportation	1 January-30 September 2014	3,284	-	-	307
	1 January-30 September 2013	4,955	-	-	270
	1 January-30 September 2012	4,412	-	-	455
AB "Lesto", owned by the State of Lithuania represented by the Ministry of Energy	1 January-30 September 2014	1,685	-	-	170
	1 January-30 September 2013	2,199	-	-	225
	1 January-30 September 2012	1,734	-	-	186
AB "Lietuvos dujos", owned by the State of Lithuania represented by the Ministry of Energy	1 January-30 September 2014	7,700	-	-	777
	1 January-30 September 2013	11,922	-	-	360
	1 January-30 September 2012	14,043	-	-	682
AB "Amber Grid"	1 January-30 September 2014	421	-	-	51
	1 January-30 September 2013	100	-	-	39
VĮ Lietuvos naftos produktų agentūra	1 January-30 September 2014	-	3,771	419	-
	1 January-30 September 2013	-	3,718	413	-
Other related parties	1 January-30 September 2014	87	21	2	9
	1 January-30 September 2013	-	24	2	-
	1 January-30 September 2012	-	27	2	-
Transactions with related parties, in total:	1 January-30 September 2014	153,193	53,819	17,455	9,938
	1 January-30 September 2013	94,675	3,742	415	5,763
	1 January-30 September 2012	111,017	3,798	421	12,055

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 nine months period ended 30 September 2014	For the nine months period ended 30 September 2013
Labour related disbursements	5,110	4,201
Number of managers	34	32

In 2014 and 2013 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 15 October, 2014 at 13.00 p.m. an extraordinary general meeting of shareholders of the Company was convened. The meeting was held in the registered office of the Company at Burių st.19, Klaipėda.

Agenda of the meeting:

- On provision of security measures to Hoegh LNG Klaipėda in compliance with the Time Charter Party (Lease of a Floating Storage and Regasification Unit in conjunction with maintenance and operation services) of 2 March, 2012.

Decision adopted. "To approve the following decision of the Board of AB Klaipėdos Nafta:

- To conclude an agreement on assignment of claim rights (hereinafter, the Assignment Agreement) and a maximum pledge agreement (hereinafter, the Pledge Agreement) with Hoegh LNG Klaipėda, UAB (hereinafter, Hoegh LNG Klaipėda) in accordance with the following main terms and conditions:

19 Subsequent events (con'd)

- (i) Claim rights (subject of the Assignment Agreement and the Pledge Agreement): funds of the liquefied natural gas terminal (hereinafter, the LNGT) (for compensation for all or part of costs for the construction and operation of the LNGT, its infrastructure and connection), payable by AB Klaipėdos Nafta in accordance with the Law on the Liquefied Natural Gas Terminal (official gazette Valstybės Žinios, 2012, No. 68-3466) and Agreement No. 14-177-2013 of 29 August 2013 on payment of funds of the liquefied natural gas terminal, the amount of which will be approved by an appropriate decision of the National Control Commission for Prices and Energy (hereinafter, the NCCPE) and the NCCPE's resolution of 9 October, 2012 on approving the description of the procedure for administrating the funds allotted for compensating all or part of costs for the construction and operation of the liquefied natural gas terminal, its infrastructure and connection (Official Gazette Valstybės Žinios, 2012, No. 118-5973).
 - (ii) Moment of transfer of claim rights: the claim rights shall be transferred if AB Klaipėdos Nafta breaches the Time Charter Party (Lease of a Floating Storage and Regasification Unit) concluded with Høegh LNG LIMITED (whose rights have been transferred to Hoegh LNG Klaipėda) on 2 March, 2012 (hereinafter, the Time Charter Party) or if another Fault Owner Termination Event, as defined in the Time Charter Party, occurs and AB Amber Grid is notified about the occurrence; for the purpose of notification, AB Klaipėdos Nafta will issue an irrevocable power of attorney for the benefit of Hoegh LNG Klaipėda.
 - (iii) Secured obligation: all and any obligations of AB Klaipėdos Nafta arising out of the Time Charter Party, as amended or restated from time to time, both the principal and other obligations or related damages and expenses under the Time Charter Party.
 - (iv) Maximum amount of the secured obligation: USD 50,000,000 (fifty million US dollars) per one year of the Time Charter Party. The amount that may be claimed to be transferred by AB Amber Grid to Hoegh LNG Klaipėda shall be reduced by any amount received under other security measures of the Charterer (pledge and bank guarantee, if any) within the respective one year of the Time Charter Party. The security shall be provided for the entire effective term of the Time Charter Party.
2. To authorise and commit the General Manager of AB Klaipėdos Nafta to conclude and sign the Assignment Agreement and the Pledge Agreement in accordance with the conditions provided for in clauses 1 and 2 of the decision of the Board.
 3. To establish that the decision of the Board of AB Klaipėdos Nafta provided for in the above clauses 1 and 2 shall come into force after its approval by the General Meeting of Shareholders of AB Klaipėdos Nafta, as provided for in Article 16.10 of the Articles of Association of AB Klaipėdos Nafta.”
- on 16 October, 2014 the Company has terminated the Overdraft Agreement of 6 February 2013 (the “Agreement”) concluded with Nordea Bank Finland Plc (the “Bank”) as well as the agreement securing the performance thereof (assignment of claim rights) by mutual agreement, considering the intent to assign and pledge claim rights as approved by decision of extraordinary general meeting of shareholders of the Company which took place on 15 October 2014.

The Agreement has been concluded in order to acquire short term financing for the implementation of the project of liquefied natural gas terminal, but during the whole duration of the Agreement, the Company has not used financing under the Agreement. The Company notified of the conclusion and the main terms of the Agreement in its notification on material event dated 7 February, 2013.

Currently the Company has secured long term financing of the project by loan agreement, dated 9 July, 2013, concluded with European Investment Bank, which was notified in the notification on material event dated 9 July, 2013.

- on 17 October 2014 the National Commission for Energy Control and Prices (the “NCECP”) took a decision, by which it:
 - (i) approved the liquefied natural gas terminal project presented by the Company, establishing that the preliminary value of the project was LTL 301 million (EUR 87.2 million);
 - (ii) established that the above-indicated project value would be used in calculating the additional component of natural gas supply security on the upper limit (cap) of the natural gas transmission price for 2015;
 - (iii) obligated the Company to adjust the above-indicated project value after the liquefied natural gas terminal project is implemented and, following settlement with the contractors and suppliers, provide the data and information to NCECP within 30 days, which shall be used for execution of the audit and clarification of the project value indicated in item (i) above.

Thus, with regard to the above-indicated decision, the Company would like to point out that the above-indicated project value is tentative, but not final and can change in the course of implementation of the project. The Company will have to adjust the project value as indicated in item (iii) above.

The additional component of natural gas supply security on the upper limit of the natural gas transmission price, which will be calculated by use of the project value set by the NCECP, as indicated in item (i) above, is intended for compensation of fixed operational costs of the liquefied natural gas terminal, necessary to ensure operation of the liquefied natural gas terminal. It will be paid in addition to the upper limit of the natural gas transmission price by system users, which transport natural gas by the transmission system.

19 Subsequent events (con'd)

- On 11 November 2014 at 13.00 p.m. an extraordinary general meeting of shareholders of the Company was convened. The meeting was held in the registered office of the Company at Burių st.19, Klaipėda.

Agenda of the meeting:

1. "On provision of security measures to Hoegh LNG Klaipėda in compliance with the Time Charter Party (Lease of a Floating Storage and Regasification Unit in conjunction with maintenance and operation services) of 2 March 2012."
Decision adopted. "To approve the decision of ab klaipešos nafta board:
 1. To sign a loan contract with nordic investment bank (hereinafter – nib), according to which:
 - 1.1. Loan amount – up to 34 754 402 (thirty four million seven hundred fifty four thousand and four hundred two) euros (120 000 000 (one hundred twenty million) litas);
 - 1.2. The final repayment date of the loan – till the first half of year 2034;
 - 1.3. Interest rate: variable interest rate;
 - 1.4. The duty of ab klaipešos nafta to provide a sovereign guarantee that ensures principal and interest payment obligations of ab klaipešos nafta according to the loan contract.
 2. To instruct and authorize the general manager of ab klaipešos nafta to adopt decisions regarding credit conditions, including but not limited:
 - 2.1. Decisions regarding loan margin level;
 - 2.2. Decisions regarding the size of disbursed amount and its repayment conditions.
 3. To establish that ab klaipešos nafta board's abovementioned decision provided for in paragraph 1 and 2, shall enter into force after it is approved by ab klaipešos nafta general meeting of shareholders, as provided for in ab klaipešos nafta statutes, article 16:10."
- On 12 November 2014 the Government of the Republic of Lithuania (hereinafter – the Government) adopted a resolution "On Amendment of Resolution No 199 of the Government of the Republic of Lithuania of 15 February 2012 "On the Implementation of the Law of the Republic of Lithuania on the Liquefied Natural Gas Terminal" (hereinafter - the Resolution), which provides that:
 - (i) The unused funds committed for the construction of the liquefied natural gas terminal ("LNG terminal"), its infrastructure and connection costs, paid or payable by (to be collected from) the payers of the Republic of Lithuania for funding of the construction of the LNG terminal, its infrastructure and connection costs ("LNG terminal funds payers") shall be compensated to the LNG terminal funds payers;
 - (ii) The aforementioned funds (excluding VAT) shall be compensated by adjusting (reducing) the amount (excluding VAT) of an additional natural gas supply safety component in addition to the upper limit of the natural gas transmission price for the years 2015 and 2016 which shall apply to all LNG terminal funds payers of the Republic of Lithuania;
 - (iii) The aforementioned funds shall be compensated in equal parts in proportion to the natural gas amounts transported through the natural gas system in 2015 and 2016 by the LNG terminal funds payers;
 - (iv) The administration costs of the LNG terminal funds shall not be compensated to the LNG terminal funds payers;
 - (v) The requirements provided above do not release the LNG terminal funds payers from their duty to pay overdue debts of unpaid funds.

- On 20 November 2014 the National Commission for Energy Control and Prices (hereinafter, the Commission) in its meeting adopted decisions on setting LNG terminal services prices for 2015-2019. Decisions are relevant for ensuring the compensation of maintenance and operating costs of the LNG terminal infrastructure.

By its decisions and taking into account the procedure for compensating unused funds necessary for covering installation costs of the LNG terminal, its infrastructure and link to funds payers, established by Resolution No. 1251 of the Government of the Republic of Lithuania of 12 November 2014, the Commission established a reduced natural gas supply safety component in addition to the natural gas transmission price applied to LNG terminal funds payers in the Republic of Lithuania – 7.41 LTL/MWh (2.15 EUR/MWh). The Commission also established a natural gas supply safety component applied on Klaipėda LNG entry point – 9.43 LTL/MWh (2.73 EUR/MWh). The additional natural gas supply safety component is calculated having evaluated fixed operating costs necessary for ensuring the operation of the LNG terminal, its infrastructure and link.

For 2015-2019 the Commission established the variable part of the price cap of the natural gas liquefaction service (VAT excluded) – 0 LTL/MWh (0 EUR/MWh), and the LNG reloading service price (VAT excluded) – 3.49 LTL/MWh (1.14 EUR/MWh), which will enter into force on 1 January 2015.

In the meeting of 20 November 2014, the Commission approved depreciation rates of the Company's fixed assets used in the natural gas liquefaction activity. The Commission established annual depreciation norms by groups of fixed assets, provided for in the resolution of the Commission.

- On 27 November 2014 Klaipėdos Nafta AB (hereinafter, the "Company") has concluded the Credit Agreement (hereinafter, the "Loan contract") with the Nordic Investment Bank (hereinafter, the "NIB") regarding granting a credit of up to EUR 34 754 402 (thirty four million seven hundred fifty four thousand and four hundred two euros) for the implementation of the project of the liquefied natural gas terminal (hereinafter, the "Project").

According to the Loan contract, the term of the credit is up to 20 years, interest: floating, which particular rate will be provided in the NIB disbursement offer. The Loan contract also provides that the minimal payable amount of credit is EUR

19 Subsequent events (con'd)

7 million, and all the credit amount must be paid to the Company in no more than 5 payments. 100% of the Company's financial obligations under the Loan contract shall be secured by a State guarantee.

Other material provisions of the Loan contract and the Company's obligations thereunder are provided in the Company's notification on material event of 11 November 2014.

- on 27 November 2014 the National Commission for Energy Control and Prices (the "NCECP") adopted a decision to issue Natural Gas Regasification License to the Company.
After evaluation of the Company's technological, financial and management capability, the NCECP has decided that the Company has sufficient capabilities to perform natural gas regasification activity according to the legal acts. Natural Gas Regasification License is the final and essential document necessary to launch Liquefied Natural Gas Terminal operations.

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, Mantas Bartuška, General Manager of SC Klaipėdos Nafta, Marius Pulkauninkas, Finance Director of SC Klaipėdos Nafta, and Asta Sedlauskienė, 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 first nine month period ended on 30th September 2014, 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

Mantas Bartuška

Director of Finance and Administrative Department

Marius Pulkauninkas

Head of Accounting Department

Asta Sedlauskienė