



**SC KLAIPĖDOS NAFTA  
INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE  
MONTHS PERIOD ENDED 30 SEPTEMBER 2012 PREPARED ACCORDING TO  
INTERNATIONAL FINANCIAL REPORTING STANDARDS,  
AS ADOPTED BY THE EUROPEAN UNION  
(UNAUDITED)**

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## Statement of financial position

	Notes	30 September 2012	31 December 2011
<b>ASSETS</b>			
(unaudited)			
<b>Non-current assets</b>			
Intangible assets		398	465
Property, plant and equipment	3	439,463	383,907
Other financial assets	7	1,987	5,352
Investment in associates		476	427
<b>Total non-current assets</b>		<b>442,324</b>	<b>390,151</b>
<b>Current assets</b>			
Inventories	4	1,356	1,674
Prepayments		517	223
Trade receivables	5	5,402	4,335
Other receivables	6	1,481	2,565
Other financial assets	7	81,385	110,427
Cash and cash equivalents	8	24,604	9,983
<b>Total current assets</b>		<b>114,745</b>	<b>129,207</b>
<b>Total assets</b>		<b>557,069</b>	<b>519,358</b>



*(cont'd on the next page)*

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

## Statement of financial position (cont'd)

	Notes	30 September 2012	31 December 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(unaudited)			
Share capital	1	380,606	342,000
Share premium		13,512	-
Legal reserve		22,561	19,000
Reserve for own shares		55,000	-
Other reserves		23,727	68,043
Retained earnings		30,954	71,226
<b>Total equity</b>		<b>526,360</b>	<b>500,269</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		7,412	7,709
Non-current employee benefits		876	785
<b>Total non-current liabilities</b>		<b>8,288</b>	<b>8,494</b>
<b>Current liabilities</b>			
Trade payables	9	13,050	4,671
Payroll related liabilities	10	3,102	2,559
Provision		694	493
Income tax payable		5,008	1,838
Prepayments received		16	49
Dividends payable		124	39
Other payable and current liabilities	11	427	946
<b>Total current liabilities</b>		<b>22,421</b>	<b>10,595</b>
<b>Total equity and liabilities</b>		<b>557,069</b>	<b>519,358</b>

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

General Manager	Rokas Masiulis		30 November 2012
Finance Director	Mantas Bartuška		30 November 2012

## Statement of comprehensive income

	Notes	For the nine months period ended <b>30 September 2012</b> (unaudited)	For the three months period ended <b>30 September 2012</b> (unaudited)	For the nine months period ended <b>30 September 2011</b> (unaudited)	For the three months period ended <b>30 September 2011</b> (unaudited)
Sales	12	98,992	30,886	108,063	28,291
Cost of sales	13	(58,354)	(18,079)	(62,039)	(17,199)
<b>Gross profit</b>		<b>40,638</b>	<b>12,807</b>	<b>46,024</b>	<b>11,092</b>
Operating expenses		(5,655)	(1,970)	(4,846)	(1,251)
Other operating income (expenses) – net result		49	25	15	2
<b>Profit from operating activities</b>		<b>35,032</b>	<b>10,862</b>	<b>41,193</b>	<b>9,843</b>
Income from financial activities	14	1,600	452	1,290	562
Expenses from financial activities		(87)	(175)	(7)	(3)
<b>Profit before income tax</b>		<b>36,545</b>	<b>11,139</b>	<b>42,476</b>	<b>10,402</b>
Income tax expense		(5,591)	(1,684)	(6,413)	(2,240)
<b>Net profit</b>		<b>30,954</b>	<b>9,455</b>	<b>36,063</b>	<b>8,162</b>
Other comprehensive income (expenses)		-	-	-	-
<b>Total comprehensive income</b>		<b>30,954</b>	<b>9,455</b>	<b>36,063</b>	<b>8,162</b>
Basic and diluted earnings (losses) per share, in LTL	15	0.08	0.03	0.11	0.02

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

General Manager

Rokas Masiulis

30 November 2012

Finance Director



Mantas Bartuška

30 November 2012

## Statement of changes in equity

	Share capital	Share premium	Legal reserve	Reserve for own shares	Other reserves	Retained earnings	Total
<b>Balance as of 31 December 2010</b>	<b>342,000</b>	-	<b>19,000</b>	-	<b>68,043</b>	<b>25,973</b>	<b>455,016</b>
Net profit for the nine months period	-	-	-	-	-	36,063	36,063
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	36,063	36,063
<b>Balance as of 30 September 2011 (unaudited)</b>	<b>342,000</b>	-	<b>19,000</b>	-	<b>68,043</b>	<b>62,036</b>	<b>491,079</b>
<b>Balance as of 31 December 2011 (audited)</b>	<b>342,000</b>	-	<b>19,000</b>	-	<b>68,043</b>	<b>71,226</b>	<b>500,269</b>
Net profit for the nine months period	-	-	-	-	-	30,954	30,954
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	30,954	30,954
Dividends paid	-	-	-	-	-	(56,981)	(56,981)
Transfers between reserves	-	-	3,561	55,000	(44,316)	(14,245)	-
Increase in share capital	38,606	13,512	-	-	-	-	52,118
<b>Balance as of 30 September 2012 (unaudited)</b>	<b>380,606</b>	<b>13,512</b>	<b>22,512</b>	<b>55,000</b>	<b>23,727</b>	<b>30,954</b>	<b>526,360</b>



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General Manager	Rokas Masiulis		30 November 2012
Finance Director	Mantas Bartuška		30 November 2012

## Cash flow statement

	Notes	For nine months period, ended 30 September (unaudited)	
		2012	2011 (restated)
<b>Cash flows from operating activities</b>			
Net profit	15	30,954	36,063
<b>Adjustments for noncash items:</b>			
Depreciation and amortization	3	16,709	17,340
Property, plant and equipment write-offs		255	-
Accrued emission rights		201	(148)
Change in employee benefit liabilities		91	(178)
Change in allowance for doubtful receivables	7	(1)	-
Accrued income		569	(853)
Change in vacation reserve		(290)	-
Income tax expenses		5,591	6,413
Interest income	14	(1,600)	(1,228)
		<b>52,479</b>	<b>57,409</b>
<b>Changes in working capital:</b>			
(Increase) decrease in inventories		318	2,258
Decrease (increase) in prepayments		(294)	4
Decrease (increase) in trade and other accounts receivable		(1,067)	(1,156)
Decrease (increase) in other receivables		(1,837)	-
Increase (decrease) in trade and other payables		8,517	(1,832)
Decrease (increase) in prepayments received		(33)	-
Increase (decrease) in other current liabilities and payroll related liabilities		446	(248)
		<b>58,529</b>	<b>56,435</b>
Income tax (paid)		(880)	(5,363)
Interest received		1,931	1,228
<b>Net cash flows from operating activities</b>		<b>59,580</b>	<b>52,300</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant, equipment and intangible assets		(27,048)	(5,605)
Acquisition of Investments held-to-maturity		(398,974)	(258,138)
Sales of investments held-to-maturity		431,466	201,943
Other acquisition of investments		(49)	-
<b>Net cash flows from investing activities</b>		<b>5,395</b>	<b>(61,800)</b>
<b>Cash flows from financing activities</b>			
Increase in share capital		6,627	-
Dividends paid		(56,981)	-
<b>Net cash flows from financing activities</b>		<b>(50,354)</b>	<b>-</b>
<b>Net increase (decrease) in cash flows</b>		<b>14,621</b>	<b>(9,500)</b>
<b>Cash and cash equivalents on 1 January</b>		<b>9,983</b>	<b>29,501</b>
<b>Cash and cash equivalents on 30 September</b>		<b>24,604</b>	<b>20,001</b>

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

General Manager	Rokas Masiulis		30 November 2012
Finance Director	Mantas Bartuška		30 November 2012

## Notes to the 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 percent of shares respectively. The Company was registered on 27 September 1994.

As of 30 September 2012 all the shares were owned by 1, 753 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 LTL 1. 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 2012. The Company’s shares are listed in the Baltic Secondary List on the NASDAQ OMX Vilnius Stock Exchange.

As of 30 September 2012 and 31 December 2011 the shareholders of the Company were:

	30 September 2012		31 December 2011	
	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	241,544	70.63
UAB Concern Achema Group	38,975	10.24	32,766	9.58
Swedbank funds	10,079	2.65	10,817	3.16
Skandinaviska Enskilda Banken funds	8,412	2.21	14,254	4.17
Other (less than 5 per cent each)	47,899	12.58	42,619	12.46
Total	380,606	100.00	342,000	100.00

The average number of employees on 30 September 2012 was 352 (315 – on 30 September 2011).

The Management of the Company approved these Financial Statements on 30 November 2012.

### 2 Accounting principles

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

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

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

The Company applies the same accounting policies and the same calculation methods in preparing Interim Financial Statements as they have been used for the Annual Financial Statements of the year 2011. The principles used in preparation of financial statements were presented in more detail in the Notes to the Financial Statements for 2011.



### 3 Property, plant and equipment

During the nine months of this year the Company has continued works in the following objects:

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

As of 30 September 2012 the investments into implementation of LNG Terminal's project amounted to LTL 30,049 thousand – the major part of which was comprised of advance payments of LTL 21,282 thousand paid according to the Agreement to the Lead Adviser for preparation and implementation of liquefied natural gas terminal's project as well as for legal and other research services.

- **Utilization of carbohydrate vapours from railway trestles.** On 10 June 2010 the Company started its investment project "Procurement of vapour recovery unit" after implementation of which the environment pollution will be reduced. On 29 September 2011 the Contract was concluded with "John Zink International Luxembourg SARL" regarding procurement of the equipment. The major part of the equipment under the Agreement was delivered in the third quarter of 2012, a part of construction works has been accomplished, i.e. the foundation for the installation of equipment was prepared, Technical specification for public procurement of the contractor for vapour recovery unit's installation works was prepared. At present the tender conditions are in the process of approval. The Company has already invested LTL 4,669 thousand into this project. The total amount of investments into the project "The Procurement of vapour recovery unit" will amount about LTL 7,000 thousand.
- **Updating of HFO unloading system of rail gantry track 2.** The total value of the works performed amounted to LTL 5,332 thousand.
- **Updating of HFO unloading system of rail gantry track 1.** The total value of the works performed amounted to LTL 1,175 thousand.
- **Reconstruction of the park of dark oil product reservoirs,** which involves demolishing of 4 reservoirs with the capacity 5,000 m<sup>3</sup> and construction of 2 reservoirs with the capacity 32,250 m<sup>3</sup>. The total value of the works performed amounted to LTL 3,079 thousand.

According to decision No. 204, dated 15 February 2012, of the Government of the Republic of Lithuania "On the investment of state-owned property and the increase of the authorized capital of AB "Klaipėdos nafta" and Agreement on shares which was made on 11 June 2012 between the Company and the Republic of Lithuania, represented by the Ministry of Energy, the authorized capital of the Company was increased by monetary and non-monetary contributions of the shareholders. The Ministry of Energy paid to the Company for the shares by non-monetary contribution of the agreement by transferring fixed tangible assets which are located in Subacius Oil Products Terminal. The total value of transferred property, plant and equipment amounted to LTL 49,491 thousand.

The depreciation charge of the Company's property, plant and equipment for the nine months of 2012 amounts to LTL 16,709 thousand (LTL 17,340 thousand – during nine months of 2011). LTL 16,519 thousand of depreciation charges have been included into cost of sales (LTL 17,209 thousand – during nine months of 2011) and the remaining amount has been included into operating expenses.

### 4 Inventories

	As of 30 September 2012	As of 31 December 2011
	(unaudited)	
Oil products for sale	408	1,503
Spare parts, construction materials and other inventories	948	171
	<b>1,356</b>	<b>1,674</b>

#### 4 Inventories (cont'd)

As of 30 September 2012 the Company accounted the allowance of LTL 5,983 thousand for the inventories (31 December 2011 - LTL 5,979 thousand), that have been written off down to the net realizable value. The Company writes allowance for the inventories down to the net realizable value if they are not used for more than 6 months.

Allowance has been accounted for construction materials and spare parts, which were not used during the reconstruction (1996 – 2005).

As of 30 September 2012 the Company stored 108,2 thousand tons of oil products delivered for transshipment in its storage tanks (143.8 thousand tons as on 31 December 2011). Such oil products are not recognized 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 2012 the Company stored 558 tons of heavy oil products collected in its Waste Water Treatment Facilities (31 December 2011 – 1,945 tons).

#### 5 Trade receivables

	<u>As of 30 September 2012</u>	<u>As of 31 December 2011</u>
	(unaudited)	
Receivables for reloading of oil products and other related services	5,402	4,335
	<u>5,402</u>	<u>4,335</u>

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

On 30 September 2012 trade debts to the Company in the amount of LTL 1,102 thousand were denominated into EURO (LTL 1,926 thousand – on 31 December 2011).

#### 6 Other receivables

	<u>As of 30 September 2012</u>	<u>As of 31 December 2011</u>
	(unaudited)	
Accrued income	819	1,388
VAT receivable	583	715
Accrued interest on term deposits	79	409
Other receivables	13	66
	<u>1,494</u>	<u>2,578</u>
Less: impairment allowance for receivables	<u>(13)</u>	<u>(13)</u>
	<u>1,481</u>	<u>2,565</u>

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

#### 7 Other financial assets

	<u>As of 30 September 2012</u>	<u>As of 31 December 2011</u>
	(unaudited)	
<b>Loans and receivables</b>		
Cession of rights in Vnesekonom bank	100	100
Loan to UAB „Žavesys“	360	361
Less: impairment allowance for receivables	<u>(460)</u>	<u>(461)</u>
<b>Total loans and receivables</b>	<u>-</u>	<u>-</u>

**7 Other financial assets (cont'd)**

	<b>As of 30 September 2012</b>	<b>As of 31 December 2011</b>
	(unaudited)	
<b>Investments held- to-maturity</b>		
Short-term deposits	54,401	61,717
Investments into the state government bonds of Lithuania	23,266	44,174
Investments into the government bonds of Lithuanian banks	3,718	4,476
Investments into the government bonds of foreign banks	-	5,412
<b>Total investments held-to-maturity</b>	<b>81,385</b>	<b>115,779</b>
<b>Total other financial assets</b>	<b>83,372</b>	<b>115,779</b>
<b>Current part</b>	<b>81,385</b>	<b>110,427</b>
<b>Non-current part</b>	<b>1,987</b>	<b>5,352</b>

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

<b>Currency</b>	<b>As of 30 September 2012</b>	<b>As of 31 December 2011</b>
	(unaudited)	
LTL	63,182	77,248
EUR	20,190	38,531
	<b>83,372</b>	<b>115,779</b>

On 24 January 2003 AB „Naftos terminalas“, as a part of settlement for the shares acquired, transferred to the Company the right of demand for the deposit of USD 95.266 thousand (or LTL 277.243 thousand) in the liquidated Vnesekonom bank and the right to the loan provided to UAB “Zavesys”. Cost of sales of the right in the liquidated Vnesekonom bank amounts to LTL 100 thousand. The Company’s Management considers the receivables subject to the acquired rights of demand to be doubtful therefore they have been accounted for by cost less 100 % of allowance.

The maximum exposure of these investments to credit risk at the reporting date was represented by carrying value of the securities and term deposits, classified as investments held to maturity.

**8 Cash and cash equivalents**

	<b>As of 30 September 2012</b>	<b>As of 31 December 2011</b>
	(unaudited)	
Short-term deposits	8,712	3,044
Cash at bank	15,892	5,136
Government bonds of foreign countries	-	1,803
	<b>24,604</b>	<b>9,983</b>

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

<b>Currency</b>	<b>As of 30 September 2012</b>	<b>As of 31 December 2011</b>
	(unaudited)	
LTL	20,999	3,993
EUR	3,605	5,990
	<b>24,604</b>	<b>9,983</b>

The maximum exposure of these investments to credit risk at the reporting date was represented by carrying value of the securities and term deposits, classified as investments held to maturity.

## 9 Trade and other payables

	As of 30 September 2012	As of 31 December 2011
	(unaudited)	
Payable to contractors	10,334	1,204
Payable for rent of land	514	514
Payable for railway services	455	336
Other trade payables	1,747	2,617
	<b>13,050</b>	<b>4,671</b>

Trade payables are non-interest bearing and are normally settled on 30-day terms. On 30 September 2012 trade payables of LTL 9,024 thousand were denominated into euro (LTL 610 thousand were denominated into euro – on 31 December 2011).

## 10 Liabilities related to labor relations

As of 30 September 2012 the Company's liabilities, related to labour relations, were mainly comprised of salaries payable for September of LTL 1,756 thousand, vacation reserve of LTL 1,346 thousand (As of 31 December 2011 the Company's liabilities, related to labour relations, were mainly comprised of vacation reserve of LTL 1,317 thousand and accrued bonuses in the amount of LTL 1,200 thousand for the annual results).

## 11 Other current liabilities

	As of 30 September 2012	As of 31 December 2011
	(unaudited)	
Tax on real estate payable	307	485
Accrued expenses	96	437
Other	24	24
	<b>427</b>	<b>946</b>

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

## 12 Sales income

	For nine months period, ended 30 September	
	2012	2011
	(unaudited)	
Sales of oil transshipment services	92,280	99,201
Sales of heavy oil products collected in the Waste Water Treatment	3,233	5,699
Other sales related to transshipment	2,159	3,163
Revenues of sold inventories	1,320	-
	<b>98,992</b>	<b>108,063</b>

The reduction of revenues of 2012 was greatly determined by the reduced transshipment of oil products from AB „Orlen Lietuva“ due to the planned capital repair works in this refinery and the seasonally reduced transshipment of oil products from Russia. In 2011 the Company's revenues increased due to successful sales of oil products recovered from bilge waters that brought LTL 5,699 thousand.

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

### 13 Cost of sales

	For nine months period, ended 30 September	
	2012	2011
	(unaudited)	
Depreciation and amortization	16,380	17,209
Natural gas	13,723	12,758
Wages, salaries and social security	11,884	11,991
Railway services	4,384	5,969
Electricity	3,749	3,987
Rent of land and quays	1,542	1,542
Cost of sold inventories	1,470	2,977
Repair and maintenance of property, plant and equipment	1,026	1,170
Tax on real estate	899	1,462
Insurance of assets	798	697
Services for tankers	556	562
Inventories for resale	547	-
Work safety costs	244	199
Emission rights expenses	201	735
Other	951	781
	<b>58,354</b>	<b>62,039</b>

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

	For nine months period, ended 30 September	
	2012	2011
	(unaudited)	
Interest income	1,596	1,228
Fines received	4	62
<b>Financial income, total</b>	<b>1,600</b>	<b>1,290</b>
(Losses) from currency exchange	(87)	(5)
Fines (expenses)	-	(2)
<b>Financial (expenses), total</b>	<b>1,513</b>	<b>1,283</b>

### 15 Earnings per share, basic and diluted

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

	For nine months period, ended 30 September	
	2012	2011
	(unaudited)	
Net profit attributable to shareholders	30,954	36,063
Weighted average number of ordinary shares (thousand)	380,606	342,000
Earnings per share (in LTL)	0.08	0.11

## 16 Related party transactions

The parties are considered related when one party has a possibility to control the other one or has significant influence over the other party in making financial and operating decisions. The related parties of the Company and transactions with them in 2012, 2011 and 2010 were as follows:

### Transactions with Lithuanian State controlled enterprises and institutions

		<b>Purchases from related parties</b>	<b>Sales to related parties</b>	<b>Receivables from related parties</b>	<b>Payables to related parties</b>
State Tax Inspectorate at the Finance Ministry of the Republic of Lithuania	30 September 2012	6,948	-	-	2,297
	30 September 2011	8,459	-	-	2,348
	30 September 2010	6,575	-	-	561
State Social Insurance Fund Board under the Ministry of Social Security and Labour	30 September 2012	5,371	-	-	690
	30 September 2011	5,463	-	-	615
	30 September 2010	5,229	-	225	605
State Enterprise Klaipeda State Seaport Authority owned by the State of Lithuania represented by the Ministry of transportation	30 September 2012	1,545	-	-	514
	30 September 2011	1,542	-	-	514
	30 September 2010	1,762	-	-	587
AB Lithuanian Railways owned by the State of Lithuania represented by the Ministry of transportation	30 September 2012	4,412	-	-	455
	30 September 2011	6,884	-	-	351
	30 September 2010	5,334	-	-	248
AB „Lesto“, owned by the State of Lithuania represented by the Ministry of Energy	30 September 2012	1,734	-	-	186
	30 September 2011	1,765	-	-	184
	30 September 2010	3,207	-	-	332
Other related parties	30 September 2012	-	27	2	-
	30 September 2011	-	20	2	-
	30 September 2010	-	23	227	-
<b>Transactions with related parties, in total:</b>	<b>30 September 2012</b>	<b>20,010</b>	<b>27</b>	<b>2</b>	<b>4,142</b>
	<b>30 September 2011</b>	<b>24,113</b>	<b>20</b>	<b>2</b>	<b>4,012</b>
	<b>30 September 2010</b>	<b>22,107</b>	<b>23</b>	<b>227</b>	<b>2,333</b>

### Remuneration to the Management and other payments

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

	<b>As of 30 September 2012</b>	<b>As of 31 December 2011</b>
	(unaudited)	
Labour related disbursements	1.146	1.378
Number of managers	6	7

During nine month period in 2012 and 2011 the Management of the Company did not receive any loans, guarantees, or any other payments or property transfers were made or accrued.

## 17 Subsequent events

- On 16 October 2012 Klaipėdos Nafta AB (hereinafter, the “Company”) informed that it intended to purchase the following financial services, related to planned financing of the Company’s investment into the infrastructure of the liquefied natural gas terminal by way of public procurement:
  - ✓ a long term credit of EUR 73,000 thousand and a guarantee of USD 50,000 thousand or a long term credit of EUR 14,500 thousand and a guarantee of USD 50,000 thousand or a guarantee of USD 50,000 thousand and
  - ✓ overdraft services in the amount of LTL 120,000 thousand.

For this purpose on 16 October 2012 the Company announced the drafts of the technical specifications of procurement of the aforementioned financial services (of the long term credit and execution guarantee, as well as of the overdraft).

The Company noted that by announcing the drafts of technical specifications the procurement procedures were not being initiated, the aim of notifying on these drafts was to provide the possibility to the market participants to present their remarks and suggestions regarding the drafts of the technical specifications of procurements, which were intended to be executed.

Upon initiation of the procurement procedures, the information, indicated in the drafts of the technical specifications may be specified.

- On 19 October 2012 the Company informed that the National Control Commission for Prices and Energy (hereinafter, the “Commission”) in its meeting of 19 October 2012 had considered a draft of the investments planned by the Company into the liquefied natural gas terminal (hereinafter, the “LNG terminal”), installation of its infrastructure and the connection and had decided to compensate the expenses of the LNG terminal, installation of its infrastructure and the connection or part thereof for 2013 – LTL 113,798 thousand. Preliminarily, by 2015 these investments will amount to approximately LTL 453,000 thousand.

In order to compensate the said investments, the Company is going to raise funds from the following sources:

- ✓ about LTL 250,000 thousand would be funds borrowed from Lithuanian and/or international financial institutions;
- ✓ about LTL 200,000 thousand would be natural gas consumers’ funds, i.e. revenue from the additional and integral component to the upper limit of the natural gas transmission price (the LNG terminal extra) in 2013 and in 2014 (the LNG terminal extra funds collected from gas transmission tariff in 2013 would amount to LTL 113,798 thousand).

According to the information presented by the financial consultants of the Company, the financial resources of the Company during the said period could amount to about LTL 300,000 thousand. The Company could allocate these funds towards financing the LNG terminal gas trading activities.

Besides, the Company is going to address commercial banks for a bank guarantee in the amount of USD 50,000 thousand intended for securing the performance of the contract for lease of the floating storage, for a bank guarantee intended for securing the performance of the gas supply contract, and for a bank loan intended for formation of the working capital necessary for gas purchasing.

Also, seeking to secure proper performance of possible financial obligations to financial institutions, the Company has submitted an application to the Ministry of Energy of the Republic of Lithuania, asking it to apply to the Ministry of Finance of the Republic of Lithuania for including a limit of guarantees intended for financing loans for investments into the LNG terminal infrastructure (LTL 200,000 thousand), into the draft Law of the Republic of Lithuania on Approval of the Financial Indicators of the State Budget and Municipal Budgets for 2013.

## 17 Subsequent events (cont'd)

- On 22 October 2012 the Company informed that it had published a notice in Financial Times on procurement of the liquefied natural gas (hereinafter "LNG"). Expressions of interest had to be submitted to the Company by 29 October 2012, 5.00 p.m. (EET).

According to the notice, the Company intends to procure LNG under sale and purchase agreement under the following conditions:

- ✓ annual Contract Quantity: 0.75 bcm / 26,500 thousand MMBtu;
  - ✓ contract Term: preferably 10 years; other reasonable proposals will be considered;
  - ✓ first LNG sales: as of commencement of LNG terminal operations (expected on 1 January, 2015), unless agreed otherwise by the parties.
- Regional Environmental Protection Department of Klaipėda by the Ministry of Environment of the Republic of Lithuania on 22 October 2012 had granted development consent on construction and activities of Liquefied Natural Gas Import Terminal and Related Objects of Infrastructure in the southern part of Klaipėda State Seaport nearby Pig's back Island.

The aforementioned consent finalised the procedure of environmental impact assessment on LNG terminal project.

- 16 companies have expressed interest to take part in the procurement of liquefied natural gas (LNG) organized by the Company. Notice on procurement in question has been published in Financial Times issue, dated 22.10.2012 and web site of the Company. Expressions of interest could have been submitted by any interested entity.

The Company is planning to sign Heads of Terms Agreement whereby it shall be agreed on the main conditions of LNG supply in the beginning of 2013 and to sign fully termed LNG sale and purchase agreement by mid of 2013.

- On 9 November 2012 the Company informed that it announced on procurement of the following financial services, related to the planned financing of the Company's investment into the infrastructure of the liquefied natural gas terminal by way of negotiated procedures with publication of a tender notice:
  - ✓ of a long term credit of EUR 73,000 thousand and a guarantee of USD 50,000 thousand or a long term credit of EUR 14,500 thousand and a guarantee of USD 50,000 thousand or a guarantee of USD 50,000 thousand (hereinafter, the Tender on Credit), and
  - ✓ of an overdraft services in the amount of LTL 120,000 thousand (hereinafter, the Tender on Overdraft).

Quotations of the suppliers shall be accepted by means of the informational system of the public procurements by:

- ✓ 10 December 2012 2:00 p.m. (Lithuanian time) in Tender on Credit;
  - ✓ 26 November 2012 2:00 p.m. (Lithuanian time) in Tender on Overdraft.
- On 13 November the Company informed that it intended to purchase the service on provision of credit line in the amount of USD 100,000 thousand, designated to ensure payment obligations to the suppliers of the liquefied gas by way of public procurement.

For this purpose on 13 November 2012 the Company has announced the draft of the technical specification of procurement of the aforementioned financial service.

The Company noted that by announcing the draft of technical specification the procurement procedure is not being initiated, the aim of notifying on this draft is to provide the possibility to market participants to present their remarks and suggestions regarding the draft of the technical specification of procurement, which is intended to be executed.

Upon initiation of the procurement procedure, the information, indicated in the draft of the technical specification may be specified.



## 17 Subsequent events (cont'd)

- On 16 November 2012 the Company informed that the Board of the Company in its meeting of 16 November 2012 had adopted inter alia the following decisions:
  - ✓ to establish a close stock company – UAB “Dujų tiekimas”, in which the Company shall have 100 percent of shares, the authorized capital of which would be formed by monetary contributions, contributing to LTL 1 mill and which shall execute the activities of trade and/ or supply of the liquefied natural gas. The anticipated activities of supply of the liquefied natural gas shall be started to the executed as from the commencement of the activities of the liquefied natural gas terminal, following performance of the requirements, set under the legal acts;
  - ✓ to approve the Articles of Association of UAB “Dujų tiekimas”, to be newly established;
  - ✓ to elect the members of the Board of the Company as the Board members of UAB “Dujų tiekimas”: Inga Černiuk, Mindaugas Jusius, Rytis Ambrazevičius, Rokas Masiulis and Arvydas Darulis (the indicated persons shall start executing the functions of the Board of UAB “Dujų tiekimas” upon receipt of the consent of the Supervisory Council of the Company).
  
- On 20 November 2012 the Company signed more than 21 million LTL construction agreement with Private company Rudesta, UAB. The contract is a part of the Company Investment Project “Reconstruction of Heavy Fuel Facilities’ Park. (Demolition of 4 storage tanks, of 5,000 m3 Capacity Each, and Installation of 2 storage tanks, of 32,250 m3 Capacity Each) Construction Works.”, and had been signed based on the results of the international tender procedures.
  - ✓ the contractor, Rudesta, UAB, shall perform the whole reconstruction within one year. When the project is completed the Company will have a possibility to load both light and heavy oil products into its two renovated storage tanks.
  - ✓ this investment by the Company is one of the largest investments into the renovation of its infrastructure scheduled for the year 2013.

No other significant events have occurred after the date of financial statements.

## Confirmation of responsible persons

Following Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we, Rokas Masiulis, General Manager of SC Klaipėdos Nafta, and Mantas Bartuska, Finance Director of SC Klaipėdos Nafta, hereby confirm that to the best of our knowledge the above-presented unaudited Interim condensed Financial Statements of SC Klaipėdos Nafta for the six months ended 30 September 2012, prepared in accordance with the International Financial Reporting Standards as adopted to be used in the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss and cash flows of SC Klaipėdos Nafta.

General Manager



Rokas Masiulis

Finance Director



Mantas Bartuška