



AB KLAIPĖDOS NAFTA

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

**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019
(UNAUDITED)**



CONTENT

Statement of financial position.....	3-4
Statement of comprehensive income	5
Statement of changes in equity.....	6
Cash flow statement.....	7-8
Explanatory notes to financial statements	9
Confirmation of responsible persons	20



STATEMENT OF FINANCIAL POSITION

	Notes	31-03-2019 <i>(unaudited)</i>	31-12-2018 <i>(audited)</i>
ASSETS			
Non-current assets			
Intangible assets		666	726
Property, plant and equipment	3	202,027	199,211
Right of use the assets	3, 4	269,064	-
Long-term receivables and accrued rent income	6	1,951	2,684
Investment in subsidiaries	7	953	203
Investment in associates		201	201
Total non-current assets		474,862	203,025
Current assets			
Inventories	7	1,558	1,747
Prepayments		591	534
Trade receivables	8	12,114	12,452
Contract assets	9	933	374
Prepaid income tax		2,036	1,671
Other receivables	10	4,896	86
Other financial assets	6	594	-
Cash and cash equivalents	11	72,312	73,238
Total current assets		95,034	90,102
Total assets		569,896	293,127

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Explanatory notes are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION (CONT'D)

	Notes	31-03-2019 <i>(unaudited)</i>	31-12-2018 <i>(audited)</i>
EQUITY AND LIABILITIES			
Equity			
Share capital	1	110,476	110,376
Share premium		3,913	3,913
Own shares		(600)	-
Legal reserve		10,750	10,750
Reserve for own shares		15,929	15,929
Other reserves		42,945	42,945
Retained earnings		14,343	11,577
Total equity		197,756	195,490
Non-current amounts payable and liabilities			
Deferred income tax liability		561	623
Non-current employee benefits		192	271
Loans	12	72,740	73,474
Financial lease liabilities	4	230,277	-
Grants related to assets	13	4,202	4,287
Total non-current amounts payable and liabilities		307,972	78,655
Current amounts payable and liabilities			
Current employee benefits		41	30
Loans	12	3,141	2,649
Loan interests	12	51	29
Financial lease liabilities	4	43,943	-
Grants related to assets	12	354	355
Trade payables	14	10,228	9,374
Payroll related liabilities	15	2,598	1,996
Contract liabilities		2,989	3,374
Other payables and current liabilities	16	823	1,175
Total current amounts payable and liabilities		64,168	18,982
Total equity and liabilities		569,896	293,127

Explanatory notes are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the three months period ended 31 March 2019 <i>(unaudited)</i>	For the three months period ended 31 March 2018 <i>(unaudited)</i>
Revenue from contracts with customers	17	31,157	-
Sales	17	-	27.823
Cost of sales	18	(21,351)	(19.920)
Gross profit		9,806	7.903
Operating expenses		(1,641)	(1.300)
Other income and (expenses)		(11)	258
Profit from operating activities		8,154	6.861
Income from financial activities	19	37	121
Loss from financial activities	19	(5,486)	(95)
Profit before tax		2,705	6.887
Income tax (expenses)		61	(133)
Profit for the year		2,766	6.754
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		2,766	6.754
Basic and diluted earnings (losses) per share, in EUR	20	0.01	0.02

Explanatory notes are an integral part of these financial statements,

STATEMENT OF CHANGES IN EQUITY

Notes	Share capital	Share premium	Own shares (-)	Legal reserve	Reserve for own shares	Other reserves	Retained earnings	Total
Balance as at 31 December 2017 <i>(audited)</i>	110,376	3,913	-	9,899	15,929	43,196	17,031	200,344
Net profit for the three months	-	-	-	-	-	-	6,754	6,754
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	6,754	6,754
Dividends declared	-	-	-	-	-	-	-	-
Transfers between reserves	-	-	-	-	-	-	-	-
Balance as at 31 March 2018 <i>(unaudited)</i>	110,376	3,913	-	9,899	15,929	43,196	23,785	207,098
Balance as at 31 December 2018 <i>(audited)</i>	110,376	3,913	-	9,899	15,929	42,945	11,577	195,490
Net profit for the three months	-	-	-	-	-	-	2,766	2,766
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	2,766	2,766
Increase in share capital	100	-	-	-	-	-	-	100
Acquisition of own shares (-)	-	-	(600)	-	-	-	-	(600)
Balance as at 31 March 2019 <i>(unaudited)</i>	110,476	3,913	(600)	9,899	15,929	42,945	14,343	197,756

Explanatory notes are an integral part of these financial statements.

CASH FLOW STATEMENT

	Notes	For the three months period ended 31 March 2019 <i>(unaudited)</i>	For the three months period ended 31 March 2018 <i>(unaudited)</i>
Cash flows from operating activities			
Net profit		2,766	6,754
Adjustments for noncash items:			
Depreciation and amortization	3, 13	14,373	3,426
Impairment and write-off (reversal) of non-current tangible assets		-	(4)
Profit (loss) from write-off and sales of non-current tangible assets		(9)	(250)
Change in impairment of investment in subsidiary		50	-
Change in vacation reserve	15	(58)	46
Change in non-current liabilities for employees		(69)	43
Change in allowance in inventory	6	11	(3)
Contract assets		(559)	-
Accrued income	6, 10	(4,695)	(221)
Income tax expenses		(61)	133
Change in allowance for doubtful trade and other receivables	8	120	(66)
Interest income	19	(56)	(11)
Interest expenses	19	603	51
Other non-cash adjustments		5,260	(911)
		17,676	8,987
Changes in working capital			
(Increase) decrease in inventories	7	234	(387)
Decrease (increase) in prepayments made		(57)	(187)
Decrease (increase) in trade and other accounts receivable	8	218	(166)
Decrease (increase) in other accounts receivable	10	23	38
Increase (decrease) in trade and other payables		(484)	(269)
(Decrease) increase in prepayments received		-	84
Increase (decrease) in contract liabilities		(386)	-
Increase (decrease) in other current liabilities and payroll related liabilities		393	1,446
		17,617	9,546
Income tax (paid)		(365)	(289)
Interest received	19	56	11
Net cash flows from (used in) operating activities		17,308	9,268
Cash flows from investing activities			
(Acquisition) of property, plant, equipment and intangible assets		(5,366)	(5,319)
Proceeds on sale of property, plant and equipment		9	250
Short term deposits (placed)/received		-	5,000
(Acquisition) of other investments		(800)	-
Received grants, subsidies		-	892
Net cash flows from investing activities		(6,157)	823

CASH FLOWS STATEMENT (CONT'D)

	Notes	For the three months period ended 31 March 2019 <i>(unaudited)</i>	For the three months period ended 31 March 2018 <i>(unaudited)</i>
Cash flows from financing activities			
(Acquisition) of own shares	1	(600)	-
Loans received (paid)	12	(246)	-
Financial lease liabilities (paid)	4	(11,205)	-
Interest and fee related to loans (paid)	19	(26)	(25)
Net cash flows from (used in) financing activities	1	(12,077)	(25)
Net increase (decrease) in cash flows		(926)	10,066
Cash and cash equivalents on 1 January	11	73,238	16,747
Cash and cash equivalents on 31 March	11	72,312	26,813

Explanatory notes are an integral part of these financial statements,

EXPLANATORY NOTES TO FINANCIAL STATEMENTS

1 GENERAL INFORMATION

AB 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 operation of the liquefied natural gas terminal (hereinafter referred to as “LNGT”) primarily dedicated 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 AB 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 March 2019 all the shares were owned by 2,305 shareholders (as of 31 March 2018 all the shares were owned by 2,187 shareholders).

On 29 March 2019 amended Articles of Association of the Company had been registered in the Register of Legal Entities of the Republic of Lithuania after the increase of authorised capital of the Company. Following the increase of the authorised capital of the Company, such capital is equal to EUR 110,476,193.97 is divided into 380,952,393 units of shares, which grant 380,952,393 votes. Nominal value per share – EUR 0.29. 72.34% of the shares (275,587,444 shares) are owned by the State of Lithuania, represented by the Ministry of Energy.

On 31 March 2018 the Company’s share capital amounting to EUR 110,375,793.36 is fully paid. It is divided into 380,606,184 ordinary shares with a par value of twenty EUR 0.29. 72.32% of the shares (275,241,290 shares) are owned by the State of Lithuania, represented by the Ministry of Energy.

In January 2019 the Company acquired 1,463,414 units of own shares. Total price of the transaction amounts to EUR 599,999.74. The purpose of shares’ acquisition is the provision of shares to the Company’s employees. During three months of 2018 the Company has not acquired any own shares.

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 March 2019 and 31 March 2018 the shareholders of the Company were:

	31 March 2019		31 March 2018	
	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)	275,587	72.34	275,241	72.32
Concern UAB Achemos grupė (Jonalaukis village, Jonava district, 156673480)	39,605	10.40	39,148	10.29
Other (less than 5 per cent each)	65,760	17.26	66,217	17.39
Total	380,952	100.00	380,606	100.00

The average number of employees on 31 March 2019 was 383 (390 – on 31 March 2018).

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).

2 ACCOUNTING PRINCIPLES (CONT'D)

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 2018. The principles used in preparation of financial statements were presented in more detail in the Notes to the Financial Statements for 2018.

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 three months of 2019 the Company continued works in the following projects:

- *The second stage investment in the expansion of the light oil products storage tank park.* The project started in July 2017. As of 31 March 2019 the value of construction in progress amounted to EUR 18,164 thousand. During the three months of the year 2019 investment amounted to EUR 5,621 thousand).
- *Development of the railroad tracks (comprise of the acquired equipment).* As of 31 March 2019 the value of construction in progress amounted to EUR 1,678 thousand. (During the three months of the year 2019 investment amounted to EUR 41 thousand).
- *Other investment.* As of 31 March 2019 the value of constructions in progress amounted to EUR 550 thousand (During the three months of the year 2018 investment amounted to EUR 427 thousand).

Part of the Company's property, plant and equipment with the acquisition cost of EUR 33,877 thousand as on 31 March 2019 was completely depreciated (EUR 34,583 thousand on 31 December 2018), however, it was still in operation.

The depreciation of the Company's non-current tangible assets for the three months of 2019 amounts to EUR 3,390 thousand (EUR 3,336 thousand – in 2018 three months), EUR 3,336 thousand of depreciation charge has been included into cost of sales (EUR 3,319 thousand - in 2018 three months), EUR 87 thousand was reimbursement of the costs according the grant agreement (EUR 2 thousand – in 2018 three months) and the remaining amount EUR 55 thousand (EUR 47 thousand – in 2018 three months) has been included into operating expenses in the Statement of comprehensive income.

During the three months of 2019 the Company additionally calculated depreciation costs, amounting to EUR 10,976 thousand, according to IFRS 16 "Leases".

4 IFRS 16 "LEASES"

New IFRS 16 "Leases" is effective for annual periods beginning on 1 January 2019. The Company apply the new standard using the modified retrospective approach, which means that comparative figures are not restated. IFRS 16 has a significant impact on the Company's Statement of financial position and Statement of comprehensive income.

The impact on the Statement of financial position (increase / (decrease)) as of 31 March 2019:

	31-03-2019
Assets:	
Right of use the assets	269,064
Non-current liabilities:	
Financial lease liabilities	230,277
Current liabilities:	
Financial lease liabilities	43,943
Impact on Equity	(5,156)

4 IFRS 16 "LEASES" (CONT'D)

The impact on the Statement of comprehensive income (increase / (decrease)) for three months in 2019:

	31-03-2019
Depreciation expenses	10,976
Rent expenses	(11,205)
Profit from operating activities	229
Finance costs:	
Interest	(551)
(Losses) from currency exchange	(4,834)
Profit for the period	(5,156)

5 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 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 March 2019 and Statement of financial position as of 31 March 2018, are described below:

For the three months period ended 31 March 2019	SGD	SNT	GDP	KNF	Total
Revenues from contracts with customers	22,919	575	60	7,603	31,157
Profit before income tax	2,104	78	(999)	1,522	2,705
Segment net profit (loss)	2,129	81	(990)	1,546	2,766
Interest revenue	15	-	-	1	16
Loan interest expense	45	-	5	2	52
Interest on financial lease liabilities	467	-	7	77	551
Depreciation and amortisation	1,055	206	527	1,696	3,484
Depreciation according to IFRS 16	10,780	-	28	168	10,976
Write-off of non-current tangible assets	-	-	-	-	-
Impairment of non-current tangible asset (reversal)	-	-	-	-	-
Acquisitions of tangible and intangible assets	11	76	-	6,179	6,266
Segment total assets*	313,182	10,187	31,417	142,798	497,584
Loan and related liabilities	75,985	-	(41)	(12)	75,932
Financial lease liabilities	257,406	-	1,340	15,474	274,220
Segment total liabilities	343,635	411	6,040	22,054	372,140

5 OPERATING SEGMENTS (CONT'D)

For the three months period ended 31 March 2018	SGD	SNT	GDP	KNF	Total
Revenues from sales to external customers	16,571	627	217	10,408	27,823
Profit before income tax	2,366	153	(286)	4,654	6,887
Segment net profit (loss)	2366	153	(286)	4,521	6,754
Interest revenue	11	-	-	-	11
Interest expense	44	-	5	2	51
Depreciation and amortisation	1,386	217	3	1,816	3,422
Write-off of non-current tangible assets					
Impairment of non-current tangible asset (reversal)	-	-	-	(132)	(132)
Net profit (loss) part in the associates					
Acquisitions of tangible and intangible assets	166	15	422	2,223	2,826
Segment total assets*	65,530	12,805	30,599	111,304	220,238
Loan and related liabilities	76,457	-	(55)	3	76,405
Segment total liabilities	84,542	197	7,766	7,448	99,953

*Segment total assets** - total assets of the Company, excluded Cash and cash equivalents and short term deposits at the period end.

6 LONG-TERM RECEIVABLES AND ACCRUED RENT INCOME

	31-03-2019	31-12-2018
Accrued income	1,951	2,090
Long-term receivables	-	594
	1,951	2,684

Long-term receivables and accrued income consists of long term rent revenue accrual arising from Subačiaus fuel storage reservoirs rent agreement and receivable from Luminor bank.

Subačiaus 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).

The receivable amount from Luminor bank (restricted cash) (EUR 594 thousand) is accounted for based on the Guarantee Agreement (note 30). The amount is expected to be recovered on 12 January 2020, if the Company will ensure the implementation of measures provided in the Company's waste reduction plan. As of 31 March 2019 this amount was disclosed under short-term other financial assets.

7 INVENTORIES

	31-03-2019	31-12-2018
Diesel fuel for the LNG Terminal purpose	520	651
Oil products for sale	190	134
Liquefied natural gas	197	357
Fuel for transport and other equipment	56	32
Spare parts, construction materials and other inventories	1,670	1,636
Total inventories	2,633	2,810
Write-down of spare parts, construction materials and other inventories	(1,075)	(1,063)
Total inventories	1,558	1,747

As of 31 March 2019 the Company accounted for allowance of inventories in the amount of EUR 1,075 thousand (EUR 1,063 thousand on 31 December 2018), that have been written-down to the net realisable value. Inventory allowance has been accounted mostly for construction materials and spare parts, which were not used during the reconstruction (1996 – 2005).

The write-off of inventories to the net realizable value of EUR 11 thousand for the three months ended of 31 March 2019 (reversal of write-off of inventories to the net realizable value amounts to EUR 53 thousand as of 31 December 2018) are included under operating expenses in the profit (loss).

7 INVENTORIES (CONT'D)

Oil products for sale are energy products collected in the Waste Water Treatment Facilities. On 31 March 2019 the Company had 2.9 thousand tons of oil products for sale (2.4 thousand tons of oil products as of 31 December 2017).

As of 31 March 2019 the Company stored 234 thousand tons of oil products delivered for transshipment in its storage tanks (198 thousand tons as on 31 December 2017) (the quantities are unaudited). 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. The oil products belonged to third parties are insured by the Company in order to cover the loss or damages incurred (if any).

As of 31 March 2019 the Company stored 1.4 thousand MWh (as of 31 December 2018 – 1.4 thousand MWh) (the quantities are unaudited) natural gas in the connecting pipeline for the Liquefied natural gas terminal activities. As of 31 March 2019 in the Liquefied natural gas reloading station the Company owned 5.4 thousand MWh natural gas (as of 31 December 2018 – 9.8 thousand MWh), (the quantities are unaudited).

As of 31 March 2019 the Company stored 819 thousand MWh (As of 31 December 2018 – 679 thousand MWh) (the quantities are unaudited) 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. The Company is responsible for the insurance of the products.

As of 31 March 2019 in the Liquefied natural gas reloading station the Company stored 61 MWh natural gas products that, belonged to the third parties (As of 31 December 2018 – 8.5 thousand MWh) (the quantities are unaudited). 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.

8 TRADE RECEIVABLES

	31-03-2019	31-12-2018
Receivables from LNG terminal activities	10,277	9,805
Receivables for transshipment of oil products and other related services	2,467	3,157
Less: impairment allowance	(630)	(510)
	<u>12,114</u>	<u>12,452</u>

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

On 31 March 2019 and on 31 December 2018 the Company did not have any trade debts denominated in other currency.

The Company has recognized impairment allowance in the amount of EUR 630 thousand on 31 March 2019 (EUR 510 thousand on 31 December 2018). Change in allowance for receivables has been included into operating expenses in the statement of the comprehensive income.

9 CONTRACT ASSETS

Contract assets comprise accrued income for storage of oil products as of 31 March 2019 and 31 December 2018 calculated as percentage of completion based on expenses incurred from the total estimated cost of contracted services. Upon completion of transshipment of oil products and acceptance by the customer, the amounts initially recognised as contract assets are reclassified as trade receivables.

10 OTHER RECEIVABLES

	31-03-2019	31-12-2018
Accrued income	4,833	-
VAT receivable	36	-
Receivable grant	26	20
Real estate tax receivable	-	35
Other receivables	1	31
	<u>4,896</u>	<u>86</u>

10 OTHER RECEIVABLES (CONT'D)

Accrued income consists of accrued income from LNG services regulated by NCC due to currency exchange rate fluctuations according to IFRS 16 „Leases“. Legal regulation ensures the Company income based on current exchange rate, therefore the Company accounted for additional receivable income equal to the amount for negative currency rate from the finance lease payments denominated in foreign currency.

11 CASH AND CASH EQUIVALENTS

	31-03-2019	31-12-2018
Cash at bank	72,312	73,238

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

Currency	31-03-2019	31-12-2018
EUR	67,065	68,656
USD	5,247	4,582
	<u>72,312</u>	<u>73,238</u>

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

	31-03-2019	31-12-2018
A +	391	1,828
AA -	67,248	39,616
BBB+	4,673	31,794
	<u>72,312</u>	<u>73,238</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.

12 FINANCIAL LIABILITIES

	31-03-2019	31-12-2018
European Investment Bank's loan	54,068	54,312
Nordic Investment Bank's loan	21,813	21,811
Payable loan interest	51	29
	<u>75,932</u>	<u>76,152</u>

13 GRANTS RELATED TO ASSETS

	31-03-2019	31-12-2018
Balance at the beginning of the period	4,642	4,006
Received during the year	-	893
Reclassified	-	-
Amortisation	(86)	(156)
Compensation of costs	-	(54)
Written-off	-	(47)
Balance at the end of the period	4,556	4,642
Current	354	355
Non-current	4,202	4,287

14 TRADE DEBTS AND OTHER PAYABLES

	31-03-2019	31-12-2018
Payables for FSRU operating leasing	4,668	3,727
Payable to contractors*	3,153	2,316
Other payments related FSRU	1,105	1,390
Payable for rent of land	313	393
Payable for railway services	138	253
Payable for gas services	40	447
Other trade payables	811	848
Total	10,228	9,374

On 31 March 2019 trade payables of EUR 5,082 thousand were denominated in USD (EUR 4,202 thousand – on 31 December 2018).

15 LIABILITIES RELATED TO LABOUR RELATIONS

	31-03-2019	31-12-2018
Accrual of annual bonuses*	868	603
Accrued vacation reserve	991	1,049
Salaries payable	375	13
Social insurance payable	203	329
Income tax payable	159	1
Other deductions	1	1
Total	2,598	1,996

*The Company as at 31 March 2019 and 31 December 2018 accounted for EUR 600 thousand reserve for share-based payments under other reserves as defined under IFRS 2. Up to 50% of annual bonuses for the year 2018 will be paid in shares of the Company.

16 OTHER CURRENT LIABILITIES

	31-03-2019	31-12-2018
Accrued expenses and liabilities	463	526
Accrued tax expenses and liabilities	255	385
Shareholders related liabilities	80	180
Other liabilities	25	84
Total	823	1,175

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

17 REVENUE FROM CONTRACTS WITH CUSTOMERS (SALES)

	For the three months period ended 31 March 2019	For the three months period ended 31 March 2018
Income from LNGT services regulated by NCC	22,415	16,410
Sales of oil transshipment services	7,963	10,603
Other sales related to LNG terminals activity	545	216
Other sales related to transshipment	219	402
Sales of consulting services	15	192
Total	31,157	27,823

18 COST OF SALES

	For the three months period ended 31 March 2019	For the three months period ended 31 March 2018
Depreciation and amortisation*	14,216	3,351
Expenses related to FSRU rent (OPEX element, management fee, crew costs)	1,841	1,277
Wages, salaries and social security	1,788	1,785
Natural gas	1,188	1,102
Railway services	521	661
Electricity	460	479
Port charges	381	381
Tax on environmental pollution	293	48
Insurance	117	106
Tax on real estate	104	76
Other FSRU related expenses	100	21
Repair and maintenance of assets	72	112
Transport	65	66
Services for tankers	60	63
Cleaning expenses	37	21
Research expenses	36	11
Work safety costs	31	27
FSRU rent expenses	-	10,036
Rent of land and quays	-	198
Rent of facilities	-	17
Other	41	82
	<u>21,351</u>	<u>19,920</u>

* Depreciation and amortisation expenses for three months of 2019 include depreciation amounting to EUR 10.894 thousand according to IFRS 16 "Leases".

19 INCOME (EXPENSES) FROM FINANCIAL AND INVESTMENT ACTIVITIES – NET

	For the three months period ended 31 March 2019	For the three months period ended 31 March 2018
Interest income	16	11
Fines income	12	-
Profit from currency exchange	9	110
Financial income, total	<u>37</u>	<u>121</u>
(Losses) from currency exchange according to IFRS 16	(4,833)	-
Interest on the financial lease liabilities	(551)	-
Loan interest expenses	(52)	(51)
Impairment on the investment in subsidiary	(50)	-
(Losses) from currency exchange	-	(43)
Other financial activity expenses	-	(1)
Financial activity expenses, total	<u>(5,486)</u>	<u>(95)</u>

20 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.

20 EARNINGS PER SHARE, BASIC AND DILUTED (CONT'D)

Basic and diluted earnings per share are as follows:

	For the three months period ended 31 March 2019	For the three months period ended 31 March 2018
Net profit attributable to shareholders	2,766	6,754
Weighted average number of ordinary shares (thousand)	380,618	380,606
Earnings and reduced earnings (in EUR)	0.01	0.02

21 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 three months of 2019 and 2018 were as follows:

Transactions with Lithuanian State controlled enterprises and institutions

		Purchases	Sales	Receivables	Payables
VĮ Klaipėdos valstybinio Jūrų uosto direkcija	2019 three months	580	-	-	313
	2018 three months	579	-	3	328
AB Lietuvos geležinkeliai	2019 three months	782	-	-	138
	2018 three months	685	-	-	92-
VĮ Lietuvos naftos produktų agentūra (<i>liquidated from 01-01-2019</i>)	2019 three months	-	-	111	-
	2018 three months	-	668	808	-
AB Amber Grid	2019 three months	-	17,581	10,264	-
	2018 three months	-	16,410	9,355	-
Viešoji įstaiga Lietuvos energetikos agentūra	2019 three months	-	693	279	-
	2018 three months	-	-	-	-
UAB LITGAS	2019 three months	-	-	-	-
	2018 three months	-	130	55	-
UAB „Lietuvos energijos tiekimas“	2019 three months	1,066	524	12	40
	2018 three months	796	56	68	242
AB Energijos skirstymo operatorius	2019 three months	168	-	-	63
	2018 three months	196	-	-	79-
UAB „SGD logistika“	2019 three months	-	-	170	-
	2018 three months	-	-	-	-
UAB Energijos tiekimas	2019 three months	-	-	-	-
	2018 three months	281	-	-	121
Other related parties	2019 three months	18	-	1	8
	2018 three months	12	-	1	-
Transactions with related parties, in total:	2019 three months	2,614	18,798	10,837	562
	2018 three months	2,549	17,264	10,290	862

21 RELATED PARTY TRANSACTIONS (CONT'D)

Remuneration to the Management and other payments

The Company's Management is comprised of Chief Executive Officer, Heads of Divisions and Functional Managers.

	For the three months period ended 31 March 2019	For the three months period ended 31 March 2018
Payroll related costs	644	862
Number of managers	42	38

During the three months of the years 2019 and 2018 the Management of the Company did not receive any loans, guarantees, or any other payments or property transfers were made or accrued.

22 SUBSEQUENT EVENTS

- On 15 April 2019 amended Articles of Association of the subsidiary UAB SGD logistika had been registered in the Register of Legal Entities of the Republic of Lithuania after the increase of authorised capital of the Company. Following the increase of the authorised capital of the Company, such capital is equal to EUR 1,000,000 and is divided into 1,000,000 units of shares, which grant 1,000,000 votes. Nominal value per share – EUR 1.00.
- Taking into account the 27 April 2018 decision of the Supervisory Council of the Company which extended the tenure of the Board members of the Company for a one year period, and in order to avoid legal uncertainty and doubts about the powers of the Board members, on 24 April 2019 the Supervisory Council of the Company decided to extend the tenure of all Board members of the Company until the respective separate decision of the Supervisory Council is taken.
- On 25th of April 2019 the Company has announced the annual liquefied natural gas terminal capacities allocation procedure and an invitation for the potential users of the LNG Terminal to submit their requests for allocation of LNG terminal capacities for the upcoming Gas Year, lasting from the 1st of October, 2019 to the 1st of October, 2020. Letter of the invitation (Annex No. 1) is provided along with this notification on material event and is also published on the website www.kn.lt.

The Company performs the allocation of capacities according to the publicly announced Regulations for Use of Liquefied Natural Gas Terminal, which were verified and approved by the National Commission for Energy Control and Prices and the Board of the Company.

During the allocation procedure of the LNG terminal capacities the LNG regasification capacities and LNG reloading capacities shall be allocated. The total volume of the LNG terminal capacity being allocated is 3.75 bcm per annum, which is equivalent to 6.5 mln.m3 of LNG per annum applying a relative coefficient of expansion of 1:578. On its website the Company constantly announces and updates the information regarding the unallocated capacities of the LNG terminal, which shall be available for acquisition during the Gas Year as well.

The Company shall accept the requests of potential LNG terminal users until 27th of May, 2019, 3:30 p.m. Lithuanian time. No more significant subsequent events have occurred after the date of financial statements.

- Annual General Meeting of Shareholders of the Company, held on 26 April 2019, adopted the following resolutions:
Adopted decisions:
 - On the announcement of the Auditor's Report regarding the Financial Statements and Annual Report of the Company for the year 2018 to the shareholders:
"The Auditor's Report regarding the Financial Statements and Annual Report of the Company for the year 2018 had been heard by the shareholders. Decision on this topic of the Agenda should not be taken."
 - On the announcement of the Annual Report of the Company for the year 2018 to the shareholders:
„The Annual Report of the Company for the year 2018, as drafted by the Company, assessed by the Auditor and approved by the Board of the Company had been heard. Decision on this topic of the Agenda should not be taken."

22 SUBSEQUENT EVENTS (CONT'D)

3. On the approval of the audited Financial Statements of the Company for the year 2018:
"To approve the audited Financial Statements of the Company for the year 2018."

4. On the appropriation of profit (loss) of the Company for the year 2018:
"To distribute the Company's profit in the total sum of EUR 11,864,817.86 available for appropriation, as follows:

No.	Ratios	Amount, EUR
1	Non-allocated profit (loss) at the beginning of the financial year as of 01-01-2018	-
2	Net profit (loss) for the financial year	11,577,238.52
3	Transfers from restricted reserves	287,579.34
4	Shareholders' contribution against losses	-
5	Portion of the reserve of tangible fixed assets	-
6	Profit for allocation (1+2+3+4+5)	11,864,817.86
7	Allocation of earnings to legal reserve	287,579.34
8	Allocation of profit to own shares acquisition	-
9	Allocation of profit to other reserves	-
10	Allocation of profit to dividends	11,577,238.52
11	Allocation of profit to tantiems	-
12	Non-allocated profit (loss) at the end of the year 2018 carried forward to next financial year (6-7-8-9-10-11)	-

- Annual General Meeting of Shareholders of the Company held on 26 April 2019 decided to distribute Company's profit received in 2018 and allocate dividends to the amount of EUR 0.03 per share.

- Upon conclusion of respective agreement the following additional liquefied natural gas terminal capacities were allocated to AB "Achema" during the current Gas Year (lasting from the 1st of October, 2018 to the 30th of September, 2019) under below indicated conditions:

1. LNG regasification capacities: LNG regasification capacities 2.838.000.000 kWh (with reference conditions: natural gas upper heating value - 11.90 kWh/nm³, LNG expansion coefficient- 1:578 (m³ LNG/ nm³ natural gas), combustion/measurement temperature -25/0 °C, pressure – 1,01325 bar).
2. LNG terminal capacity usage period: from the 1st of May, 2019 until the 30th of September, 2019.

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, Mindaugas Jusius, Chief Executive Officer of AB Klaipėdos nafta, Jonas Lenkšas, 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 three months period ended on 31 March 2019, 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

Jonas Lenkšas

Chief Accountant

Rasa Tamaliūnaitė