



AB KLAIPĖDOS NAFTA

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

**FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2019
(UNAUDITED)**



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STATEMENT OF FINANCIAL POSITION

	Notes	31-12-2019	31-12-2018
		<i>(unaudited)</i>	<i>(audited)</i>
ASSETS			
Non-current assets			
Intangible assets		534	726
Property, plant and equipment	3	207,309	199,211
Right of use the assets	3, 4	235,999	-
Long-term receivables and accrued rent income	6	1,537	2,684
Investment in subsidiaries		4,403	203
Investment in associates		201	201
Deferred income tax asset		1,100	-
Total non-current assets		451,083	203,025
Current assets			
Inventories	7	2,663	1,747
Prepayments		474	534
Trade receivables	8	12,709	12,452
Contract assets	9	592	374
Prepaid income tax		1,080	1,671
Derivative financial instruments		179	-
Other receivables	10	50	86
Other financial assets	6	42,094	-
Cash and cash equivalents	11	17,846	73,238
Total current assets		77,687	90,102
Total assets		528,770	293,127

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Explanatory notes are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION (CONT'D)

	Notes	31-12-2019 <i>(unaudited)</i>	31-12-2018 <i>(audited)</i>
EQUITY AND LIABILITIES			
Equity			
Share capital	1	110,476	110,376
Share premium		3,993	3,913
Own shares		(267)	-
Legal reserve		11,038	10,750
Reserve for own shares		15,929	15,929
Other reserves		42,057	42,945
Retained earnings		8,134	11,577
Total equity		191,360	195,490
Non-current amounts payable and liabilities			
Deferred income tax liability		-	623
Non-current employee benefits		240	271
Loans	12	69,537	73,474
Financial lease liabilities	4	197,716	-
Grants related to assets	13	5,988	4,642
Total non-current amounts payable and liabilities		273,481	79,010
Current amounts payable and liabilities			
Current employee benefits		41	30
Loans	12	3,818	2,649
Loan interests	12	18	29
Financial lease liabilities	4	44,288	-
Trade payables	14	8,318	9,374
Payroll related liabilities	15	2,357	1,996
Contract liabilities		3,421	3,374
Other payables and current liabilities	16	1,668	1,175
Total current amounts payable and liabilities		63,929	18,627
Total equity and liabilities		528,770	293,127

Explanatory notes are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the twelve months period ended 31 December 2019 <i>(unaudited)</i>	For the three months period ended 31 December 2019 <i>(unaudited)</i>	For the twelve months period ended 31 December 2018 <i>(audited)</i>	For the three months period ended 31 December 2018 <i>(unaudited)</i>
Revenue from contracts with customers	17	104,138	26,898	99,998	-
Sales	17	-	-	-	24,242
Cost of sales	18	<u>(84,064)</u>	<u>(21,170)</u>	<u>(82,682)</u>	<u>(22,166)</u>
Gross profit		20,074	5,728	17,316	2,076
Operating expenses		(5,853)	(451)	(5,727)	(1,604)
Other income		546	530	276	16
Profit from operating activities		14,767	5,807	11,865	488
Income from financial activities	19	110	25	231	64
Loss from financial activities	19	(8,483)	4,670	(283)	(73)
Share of the associate's profit or (loss)		32	32	44	44
Profit before income tax		6,426	10,534	11,857	523
Income tax income (expense)		1,708	(60)	(280)	(340)
Net profit		8,134	10,474	11,577	183
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		8,134	10,474	11,577	183
Basic and diluted earnings (losses) per share, in EUR	20	0.02	0.03	0.03	0.00

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 (audited)	110,376	3,913	-	9,899	15,929	43,196	17,031	200,344
Net profit for the twelve months	-	-	-	-	-	-	11,577	11,577
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	11,577	11,577
Dividends declared	-	-	-	-	-	-	(17,031)	(17,031)
Share-based payments	-	-	-	-	-	600	-	600
Transfers between reserves	-	-	-	851	-	(851)	-	-
Balance as at 31 December 2018 (audited)	110,376	3,913	-	10,750	15,929	42,945	11,577	195,490
Balance as at 31 December 2018 (audited)	110,376	3,913	-	10,750	15,929	42,945	11,577	195,490
Net profit for the twelve months	-	-	-	-	-	-	8,134	8,134
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	8,134	8,134
Dividends declared	-	-	-	-	-	-	(11,577)	(11,577)
Acquisition of own shares (-)	-	-	(600)	-	-	-	-	(600)
Increase in share capital	100	80	-	-	-	-	-	180
Share-based payments	-	-	333	-	-	-	-	333
Transfer between reserves	-	-	-	288	-	(288)	-	-
Used reserves	-	-	-	-	-	(600)	-	(600)
Balance as at 31 December 2019 (unaudited)	110,476	3,993	(267)	11,038	15,929	42,057	8,134	191,360

Explanatory notes are an integral part of these financial statements.

CASH FLOW STATEMENT

	Notes	For the twelve months period ended 31 December 2019 <i>(unaudited)</i>	For the twelve months period ended 31 December 2018 <i>(audited)</i>
Cash flows from operating activities			
Net profit		8,134	11,577
Adjustments for noncash items:			
Depreciation and amortization	3, 13	57,502	14,887
Impairment and write-off (reversal) of non-current tangible assets		(1)	(38)
Profit (loss) from write-off and sales of non-current assets		(7)	(125)
Change in impairment of investment in subsidiary		150	-
Change in vacation reserve	15	-	(3)
Change in non-current liabilities for employees		(20)	11
Share based payment expenses (reversal)		(600)	600
Change in allowance in inventory	7	(1,058)	(53)
Other non-cash adjustments		964	192
Contract assets		(218)	(374)
Accrued income	6	552	539
Income tax expenses		(1,708)	280
Share of (profit) or loss of equity-accounted investees		(32)	(44)
Change in allowance for doubtful trade and other receivables	8	71	(251)
Interest income	19	(64)	(56)
Interest expenses	19	2,302	208
		65,967	27,350
Changes in working capital			
(Increase) decrease in inventories	7	220	(537)
Decrease (increase) in prepayments made		54	(287)
Decrease (increase) in trade and other accounts receivable	8	(381)	(203)
Decrease (increase) in other accounts receivable	10	(20,659)	(510)
Increase (decrease) in trade and other payables		105	821
(Decrease) increase in prepayments received		-	(2,642)
Increase (decrease) in contract liabilities		46	3,374
Increase (decrease) in other current liabilities and payroll related liabilities		1,541	(561)
		46,893	26,805
Income tax (paid)		(731)	(1,308)
Interest received	19	64	56
Net cash flows from (used in) operating activities		46,226	25,553
Cash flows from investing activities			
(Acquisition) of property, plant, equipment and intangible assets		(22,920)	(17,790)
Proceeds on sale of property, plant and equipment		10	250
Short term deposits (placed)/received		(21,000)	65,000
(Acquisition) of other investments		(4,353)	(2)
Dividends received		36	54
Net cash flows from investing activities		(48,227)	47,512

CASH FLOWS STATEMENT (CONT'D)

	Notes	For the twelve months period ended 31 December 2019 <i>(unaudited)</i>	For the twelve months period ended 31 December 2018 <i>(audited)</i>
Cash flows from financing activities			
(Acquisition) of own shares	1	(600)	-
Loans received (paid)	12	(2,649)	(246)
Financial lease liabilities (paid)	4	(46,120)	-
Currency impact from financial lease liabilities	4	6,082	-
Dividends paid		(11,577)	(17,031)
Received grants, subsidies		1,763	893
Interest and fee related to loans (paid)	19	(290)	(190)
Net cash flows from (used in) financing activities		(53,391)	(16,574)
Net increase (decrease) in cash flows		(55,392)	56,491
Cash and cash equivalents on 1 January	11	73,238	16,747
Cash and cash equivalents on 31 December	11	17,846	73,238

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 Energy Regulatory Council (hereinafter referred to as “NERC”) 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 December 2019 all the shares were owned by 2,646 shareholders (as of 31 December 2018 all the shares were owned by 2,172 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 authorized capital of the Company. Following the increase of the authorized 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 December 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. In May 2019 the Company paid out part of annual bonuses to employees in Company’s shares - 807,606 units of shares have been granted to the employees of the Company. During twelve 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 December 2019 and 31 December 2018 the shareholders of the Company were:

	31 December 2019		31 December 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)	39,650	10.41	39,605	10.41
Other (less than 5 per cent each)	65,715	17.25	65,760	17.27
Total	380,952	100.00	380,606	100.00

The average number of employees on 31 December 2019 was 369 (391 – on 31 December 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 twelve 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 December 2019 the value of construction in progress amounted to EUR 30,455 thousand. During the twelve months of the year 2019 investment amounted to EUR 17,911 thousand).
- Development of the railroad tracks (comprise of the acquired equipment). As of 31 December 2019, the value of construction in progress amounted to EUR 1,860 thousand. (During the twelve months of the year 2019 investment amounted to EUR 223 thousand).
- Reconstruction of Klaipėda state seaport quay No. 1 and No. 2. As of 31 December 2019, the value of construction in progress amounted to EUR 1,224 thousand. (During the twelve months of the year 2019 investment amounted to EUR 1,174 thousand).
- Other investment. As of 31 December 2019, the value of constructions in progress amounted to EUR 776 thousand (During the twelve months of the year 2019 investment amounted to EUR 224 thousand).

Part of the Company's property, plant and equipment with the acquisition cost of EUR 38,355 thousand as on 31 December 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 twelve months of 2019 amounts to EUR 13,659 thousand (EUR 14,772 thousand – in 2018 twelve months), EUR 13,684 thousand of depreciation charge has been included into cost of sales (EUR 14,571 thousand - in 2018 twelve months), EUR 400 thousand was reimbursement of the costs according the grant agreement (EUR 158 thousand – in 2018 twelve months) and the remaining amount EUR 254 thousand (EUR 158 thousand – in 2018 twelve months) has been included into operating expenses in the Statement of comprehensive income.

During the twelve months of 2019 the Company additionally calculated depreciation costs, amounting to EUR 43.907 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 December 2019:

	31-12-2019
Assets:	
Right of use the assets	235,999
Deferred income tax asset	901
Non-current liabilities:	-
Financial lease liabilities	197,716
Current liabilities:	-
Financial lease liabilities	44,288
Impact on Equity	(5,104)

4 IFRS 16 "LEASES" (CONT'D)

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

	31-12-2019
Depreciation expenses	43.907
Rent expenses	(46.120)
Profit from operating activities	2.213
Finance costs:	
Interest	(2.136)
(Losses) from currency exchange	(6.082)
Profit before income tax	(6.005)
Profit tax:	
Change in deferred income tax	901
Profit for the period	(5.104)

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

For the twelve months period ended 31 December 2019	SGD	SNT	GDP	KNF	Total
Revenues from contracts with customers	70,914	2,372	1,151	29,701	104,138
Profit before income tax	112	452	(3,372)	9,234	6,426
Segment net profit (loss)	835	538	(3,133)	9,894	8,134
Interest revenue	62	-	-	2	64
Loan interest expense	(137)	-	(20)	(9)	(166)
Interest on financial lease liabilities	(1,805)	-	(26)	(305)	(2,136)
Depreciation and amortization	4,218	833	2,139	6,806	13,996
Depreciation according to IFRS 16	43,123	-	110	674	43,907
Write-off of non-current tangible assets	-	-	-	(4)	(4)
Impairment of non-current tangible asset (reversal)	-	-	-	1	1
Acquisitions of tangible and intangible assets	177	198	69	21,387	21,831
Segment total assets*	273,327	8,990	33,945	152,568	468,830
Loan and related liabilities	73,435	-	(42)	(20)	73,373
Financial lease liabilities	225,807	-	1,265	14,932	242,004
Segment total liabilities	317,352	1,449	6,650	11,959	337,410

5 OPERATING SEGMENTS (CONT'D)

For the twelve months period ended 31 December 2018	SGD	SNT	GDP	KNF	Total
Revenues from contracts with customers	64,371	2,704	432	32,491	99,998
Profit before income tax	4,338	729	(2,545)	9,335	11,857
Segment net profit (loss)	4,215	715	(2,584)	9,231	11,577
Interest revenue	54	-	-	3	57
Interest expense	(177)	-	(21)	(10)	(208)
Depreciation and amortisation	5,482	873	960	7,759	15,074
Write-off of non-current tangible assets	(95)	(10)	(1)	(67)	(173)
Impairment of non-current tangible asset (reversal)	-	8	-	30	38
Net profit (loss) part in the associates	-	-	-	44	44
Acquisitions of tangible and intangible assets	349	79	1,107	10,945	12,480
Segment total assets*	56,753	10,210	29,953	122,973	219,889
Loan and related liabilities	76,212	-	(46)	(14)	76,152
Segment total liabilities	85,763	314	4,981	6,579	97,637

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

	31-12-2019	31-12-2018
Accrued income	1,537	2,090
Long-term receivables	-	594
	1,537	2,684

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

Subačius fuel storage reservoirs rent agreement signed with the Lithuanian petroleum products Agency in 2012 for the duration of 10 years is treated as operating leasing contract. The rent tariffs are different for the first 5 years and for the remaining period, Therefore, the rent income is recognized 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. 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 December 2019 this amount was disclosed under short-term other financial assets.

7 INVENTORIES

	31-12-2019	31-12-2018
Diesel fuel for the LNG Terminal purpose	409	651
Oil products for sale	213	134
Liquefied natural gas	335	357
Fuel for transport and other equipment	41	32
Emission allowances	-	-
Spare parts, construction materials and other inventories	1,671	1,636
Total inventories	2,669	2,810
Write-down of spare parts, construction materials and other inventories	(6)	(1,063)
Total inventories	2,663	1,747

As of 31 December 2019, the Company accounted the reversal of write-off of inventories in the amount of EUR 6 thousand (EUR 1,063 thousand on 31 December 2018), that have been written-down to the net realizable value.

7 INVENTORIES (CONT'D)

The write-off of inventories to the net realizable value of EUR 1,058 thousand for the twelve months ended of 31 December 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).

Oil products for sale are energy products collected in the Wastewater Treatment Facilities. On 31 December 2019 the Company had 1.1 thousand tons of oil products for sale (2.4 thousand tons of oil products as of 31 December 2018). On 31 December 2019 the Company also had 2.4 thousand tons of heavy oil products for sale (no such products as of 31 December 2018).

As of 31 December 2019, the Company stored 172 thousand tons of oil products delivered for transshipment in its storage tanks (198 thousand tons as on 31 December 2018 (the quantities are unaudited). 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. 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 December 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 December 2019 in the Liquefied natural gas reloading station the Company owned 13.7 thousand MWh natural gas (as of 31 December 2018 – 9.8 thousand MWh), (the quantities are unaudited).

As of 31 December 2019, the Company stored 661 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 recognized 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 December 2019, in the Liquefied natural gas reloading station the Company stored 6.3 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 recognized 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

	31-12-2019	31-12-2018
Receivables from LNG terminal activities	10,546	9,805
Receivables for transshipment of oil products and other related services	2,741	3,157
Less: impairment allowance	(578)	(510)
	<u>12,709</u>	<u>12,452</u>

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

The Company has recognized impairment allowance in the amount of EUR 578 thousand on 31 December 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 December 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 recognized as contract assets are reclassified as trade receivables.

10 OTHER RECEIVABLES

	31-12-2019	31-12-2018
Receivable VAT	22	-
Receivable grant	14	20
Receivable excise tax	5	-
Real estate tax receivable	-	35
Other receivables	9	31
	50	86

11 CASH AND CASH EQUIVALENTS

	31-12-2019	31-12-2018
Cash at bank	17,846	73,238

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

Currency	31-12-2019	31-12-2018
EUR	12,564	68,656
USD	5,282	4,582
	17,846	73,238

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

	31-12-2019	31-12-2018
A +	1,085	1,828
AA -	8,282	39,616
BBB +	8,479	31,794
	17,846	73,238

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

	31-12-2019	31-12-2018
European Investment Bank's loan	53,091	54,312
Nordic Investment Bank's loan	20,264	21,811
Payable loan interest	18	29
	73,373	76,152

13 GRANTS RELATED TO ASSETS

	31-12-2019	31-12-2018
Balance at the beginning of the period	4,642	4,006
Received during the year	1,763	893
Amortisation	(400)	(156)
Compensation of costs	(17)	(54)
Written-off	-	(47)
Balance at the end of the period	5,988	4,642

14 TRADE DEBTS AND OTHER PAYABLES

	31-12-2019	31-12-2018
Payables for FSRU operating leasing	4,620	3,727
Payable to contractors	1,191	2,316
Other payments related FSRU	899	1,390
Payable for rent of land	393	393
Payable for railway services	129	253
Payable for gas services	368	447
Other trade payables	718	848
Total	8,318	9,374

On 31 December 2019 trade payables of EUR 5,232 thousand were denominated in USD (EUR 4,202 thousand – on 31 December 2018).

15 LIABILITIES RELATED TO LABOUR RELATIONS

	31-12-2019	31-12-2018
Accrued vacation reserve	1,050	1,049
Accrual of annual bonuses	504	603
Salaries payable	422	13
Social insurance payable	225	329
Income tax payable	153	1
Other deductions	3	1
Total	2,357	1,996

16 OTHER CURRENT LIABILITIES

	31-12-2019	31-12-2018
Accrued tax expenses and liabilities	1,164	385
Accrued expenses and liabilities	372	526
Shareholders related liabilities	-	180
Other liabilities	132	84
Total	1,668	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 twelve months period ended 31 December 2019	For the twelve months period ended 31 December 2018
Income from LNGT services regulated by NERC	67,724	63,008
Sales of oil transshipment services	30,062	33,935
Other sales related to LNG terminals activity	3,384	1,495
Other sales related to transshipment	1,617	1,194
Sales of consulting services	944	366
Income from sold inventory	407	-
Total	104,138	99,998

18 COST OF SALES

	For the twelve months period ended 31 December 2019	For the twelve months period ended 31 December 2018
Depreciation and amortisation*	56,864	14,684
Expenses related to FSRU rent (OPEX element, management fee, crew costs)	8,351	5,344
Wages, salaries and social security	7,092	7,784
Natural gas	2,538	3,223
Railway services	2,135	2,077
Port charges	1,529	1,529
Tax on environmental pollution	1,292	267
Electricity	1,247	1,518
Repair and maintenance of assets	508	581
Contribution for National Energy Regulatory Council (NERC)	441	-
Insurance	414	576
Tax on real estate	394	338
Transport	287	299
Services for tankers	217	203
Other FSRU related expenses	171	83
Cleaning expenses	140	144
Work safety costs	140	130
Research expenses	88	52
FSRU rent expenses	-	42,653
Rent of land and quays	-	791
Rent of facilities	-	75
Other	216	331
	84,064	82,682

* Depreciation and amortisation expenses for twelve months of 2019 include depreciation amounting to EUR 43,907 thousand according to IFRS 16 "Leases".

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

	For the twelve months period ended 31 December 2019	For the twelve months period ended 31 December 2018
Interest income	64	56
Fines and penalties income	46	175
Financial income, total	110	231
(Losses) from currency exchange according to IFRS 16	(6,082)	-
Interest on the financial lease liabilities	(2,136)	-
Loan interest expenses	(166)	(208)
(Losses) from currency exchange	(16)	(58)
Fines and penalties expenses	(4)	(17)
Other financial activity expenses	(79)	-
Financial activity expenses, total	(8,483)	(283)

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.

Basic and diluted earnings per share are as follows:

	For the twelve months period ended 31 December 2019	For the twelve months period ended 31 December 2018
Net profit attributable to shareholders	8,134	11,577
Weighted average number of ordinary shares (thousand)	380,870	380,610
Earnings and reduced earnings (in EUR)	0.02	0.03

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 twelve months of 2019 and 2018 were as follows:

21 RELATED PARTY TRANSACTIONS (CONT'D)

Transactions with Lithuanian State controlled enterprises and institutions

		Purchases	Sales	Receivables	Payables
VĮ Klaipėdos valstybinio Jūrų uosto direkcija	2019 twelve months	2.322	-	-	393
	2018 twelve months	2.319	-	-	393
AB Lietuvos geležinkeliai	2019 twelve months	1.004	-	-	-
	2018 twelve months	2.247	-	-	253
VĮ Lietuvos naftos produktų agentūra (liquidated from 01-01-2019)	2019 twelve months	-	-	-	-
	2018 twelve months	-	2.764	111	-
AB Amber Grid	2019 twelve months	-	67.724	10.156	-
	2018 twelve months	-	63.008	9.707	-
Viešoji įstaiga Lietuvos energetikos agentūra	2019 twelve months	-	2.798	-	-
	2018 twelve months	-	-	-	-
UAB LITGAS	2019 twelve months	-	-	-	-
	2018 twelve months	217	440	69	262
UAB „Ignitis (until 2019-09-05 UAB „Lietuvos energijos tiekimas“)	2019 twelve months	2.516	1.521	171	368
	2018 twelve months	1.813	484	38	447
AB Energijos skirstymo operatorius	2019 twelve months	500	-	-	53
	2018 twelve months	600	-	-	78
LG Cargo, AB	2019 twelve months	1.266	-	-	129
	2018 twelve months	-	-	-	-
UAB Energijos tiekimas	2019 twelve months	-	-	-	-
	2018 twelve months	920	-	-	140
Lietuvos Respublikos energetikos ministerija	2019 twelve months	-	-	-	-
	2018 twelve months	-	-	-	180
UAB Neo Group	2019 twelve months	-	78	-	-
	2018 twelve months	-	73	-	-
BĮ Kertinis valstybės telekomunikacijų centras	2019 twelve months	43	-	-	-
	2018 twelve months	38	-	-	-
UAB Ardega	2019 twelve months	53	-	-	-
	2018 twelve months	122	-	-	-
AB Lietuvos draudimas	2019 twelve months	406	-	-	47
	2018 twelve months	271	-	-	14
Other related parties	2019 twelve months	34	(4)	-	3
	2018 twelve months	36	11	40	1
Transactions with related parties, in total:	2019 twelve months	8.144	72.117	10.327	993
	2018 twelve months	8.583	66.780	9.965	1.768

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 twelve months period ended 31 December 2019	For the twelve months period ended 31 December 2018
Payroll related costs	2,832	2,658
Number of managers	41	40

During the twelve 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

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

CONFIRMATION OF RESPONSIBLE PERSONS

Following Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we, Darius Šilenskis, 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 twelve months period ended on 31 December 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

Darius Šilenskis

Chief Financial Officer

Jonas Lenkšas

Chief Accountant

Rasa Tamaliūnaitė