



AB KLAIPĖDOS NAFTA

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

**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2020
(UNAUDITED)**



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STATEMENT OF FINANCIAL POSITION

	Notes	Group		Company	
		31-03-2020 <i>(unaudited)</i>	31-12-2019 <i>(audited)</i>	31-03-2020 <i>(unaudited)</i>	31-12-2019 <i>(audited)</i>
ASSETS					
Non-current assets					
Intangible assets		460	534	460	534
Property, plant and equipment	3	206,327	207,824	206,327	207,824
Right-of-use assets	3	367,220	370,872	367,220	370,872
Non-current contract assets and long-term receivables	5	973	974	973	974
Investment in subsidiaries		-	-	4,553	4,553
Investment in associates		197	197	197	197
Deferred tax asset		768	950	767	950
Total non-current assets		575,945	581,351	580,497	585,904
Current assets					
Inventories	6	2,198	2,400	2,198	2,400
Trade receivables and other receivables	7	13,326	13,171	13,176	13,161
Contract assets	5, 8	1,302	1,156	1,302	1,156
Prepaid income tax		1,080	1,080	1,080	1,080
Short term deposits	9	16,000	21,000	16,000	21,000
Other financial assets		793	1,274	793	1,274
Cash and cash equivalents	10	50,671	41,865	46,793	37,846
Total current assets		85,370	81,946	81,342	77,917
Total assets		661,315	663,297	661,839	663,821

(cont'd on the next page)

Explanatory notes are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION (CONT'D)

	Notes	Group		Company	
		31-03-2020 <i>(unaudited)</i>	31-12-2019 <i>(audited)</i>	31-03-2020 <i>(unaudited)</i>	31-12-2019 <i>(audited)</i>
EQUITY AND LIABILITIES					
Equity					
Share capital	1	110,476	110,476	110,476	110,476
Share premium		3,993	3,993	3,993	3,993
Own shares		(267)	(267)	(267)	(267)
Legal reserve		11,038	11,038	11,038	11,038
Reserve for own shares		15,929	15,929	15,929	15,929
Other reserves		42,057	42,057	42,057	42,057
Foreign currency translation reserve		(16)	-	-	-
Retained earnings		7,046	7,423	7,657	7,947
Total equity		190,256	190,649	190,883	191,173
Non-current amounts payable and liabilities					
Non-current employee benefits		264	240	264	240
Loans	11	75,029	69,537	75,029	69,537
Deferred government grants	12	5,854	5,988	5,854	5,988
Lease liabilities	11	326,309	332,589	326,309	332,589
Total non-current amounts payable and liabilities		407,456	408,354	407,456	408,354
Current amounts payable and liabilities					
Current employee benefits		37	41	37	41
Loans	11	4,264	3,836	4,264	3,836
Lease liabilities	11	44,544	44,288	44,544	44,288
Trade payables and other liabilities	13	8,342	9,910	8,277	9,910
Payroll related liabilities	14	3,044	2,726	3,006	2,726
Provisions		52	72	52	72
Contract liabilities		3,320	3,421	3,320	3,421
Total current amounts payable and liabilities		63,603	64,294	63,500	64,294
Total equity and liabilities		661,315	663,297	661,839	663,821

Explanatory notes are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

	Notes	Group		Company	
		For the three months period ended 31 March 2020 <i>(unaudited)</i>	For the three months period ended 31 March 2019 <i>(unaudited)</i>	For the three months period ended 31 March 2019 <i>(unaudited)</i>	For the three months period ended 31 March 2019 <i>(unaudited)</i>
Revenue from contracts with customers	15	20,009	26,324	19,773	26,324
Cost of sales	16	(12,634)	(21,351)	(12,516)	(21,351)
Gross profit		7,375	4,973	7,257	4,973
Operating expenses		(1,989)	(1,641)	(1,784)	(1,641)
Other income and (expenses)		10	(11)	10	(11)
Profit from operating activities		5,396	3,321	5,483	3,321
Income from financial activities	17	72	37	72	37
Expenses from financial activities	17	(5,662)	(5,486)	(5,662)	(5,486)
Profit before tax		(194)	(2,128)	(107)	(2,128)
Income tax (expenses)		(183)	786	(183)	786
Profit for the year		(377)	(1,342)	(290)	(1,342)
Other comprehensive income					
Items that will not be subsequently reclassified to profit or loss		-	-	-	-
Items that may be subsequently reclassified to profit or loss		-	-	-	-
Exchange differences on translation of foreign operations		(16)	-	-	-
Total comprehensive income, net of tax		(393)	(1,342)	(290)	(1,342)
Profit attributable to:					
The shareholders of the Company		(377)	(1,342)	-	-
Non-controlling interests		=	=	=	=
Total comprehensive income attributable to:					
The shareholders of the Company		(393)	(1,342)	-	-
Non-controlling interests		-	-	-	-
Basic and diluted earnings (losses) per share, in EUR	18	(0.001)	(0.004)	-	-

Explanatory notes are an integral part of these financial statements,

STATEMENT OF CHANGES IN EQUITY

Group

	Notes	Share	Share	Own	Legal	Reserve	Other	Foreign	Retained	Total
		capital	premium	shares (-)	reserve	for own	reserves	currency	earnings	
						shares		translation		
								reserve		
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 three months		-	-	-	-	-	-	-	2,766	2,766
Other comprehensive income		-	-	-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	-	-	-	2,766	2,766
Increase in share capital	1	100	-	-	-	-	-	-	-	100
Acquisition of own shares (-)	1	-	-	(600)	-	-	-	-	-	(600)
Balance as at 31 March 2019 (unaudited)		110,476	3,913	(600)	10,750	15,929	42,945	-	14,343	197,756
Balance as at 31 December 2019 (audited)		110,476	3,993	(267)	11,038	15,929	42,057	-	7,423	190,649
Net profit for the three months		-	-	-	-	-	-	-	(377)	(377)
Other comprehensive income		-	-	-	-	-	-	(16)	-	(16)
Total comprehensive income		-	-	-	-	-	-	(16)	(377)	(393)
Balance as at 31 March 2020 (unaudited)		110,476	3,993	(267)	11,038	15,929	42,057	(16)	7,046	190,256

Explanatory notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY (CONT'D)

Company

	Notes	Share capital	Share premium	Own shares (-)	Legal reserve	Reserve for own shares	Other reserves	Retained earnings	Total
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 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 (unaudited)		110,476	3,913	(600)	9,899	15,929	42,945	14,343	197,756
Balance as at 31 December 2018 (audited)		110,476	3,993	(267)	11,038	15,929	42,057	7,947	191,173
Net profit for the three months		-	-	-	-	-	-	(290)	(290)
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	-	-	(290)	(290)
Balance as at 31 March 2020 (unaudited)		110,476	3,993	(267)	11,038	15,929	42,057	7,657	190,883

Explanatory notes are an integral part of these financial statements.

CASH FLOW STATEMENT

	Notes	Group		Company	
		For the three months period ended	For the three months period ended	For the three months period ended	For the three months period ended
		31 March 2020 <i>(unaudited)</i>	31 March 2019 <i>(unaudited)</i>	31 March 2020 <i>(unaudited)</i>	31 March 2019 <i>(unaudited)</i>
Cash flows from operating activities					
Net profit		(377)	(1,342)	(290)	(1,342)
Adjustments for non-cash items:					
Depreciation and amortization	3	6,612	14,373	6,612	14,373
Change in vacation reserve	14	98	(58)	87	(58)
Impairment and write-off (reversal) of property, plant and equipment	3	-	-	-	-
Profit (loss) from write-off and sales of non-current tangible assets	3	-	(9)	-	(9)
Change in provisions		(20)	-	(20)	-
Change in impairment of investment in subsidiary		-	50	-	50
Change in non-current liabilities for employees		21	(69)	21	(69)
Change in allowance in inventory		-	11	-	11
Contract assets	5, 8	(145)	(559)	(145)	(559)
Accrued income	5	-	(4,695)	-	(4,695)
Income tax expenses		183	(786)	183	(786)
Change in allowance for doubtful trade and other receivables	7	171	120	171	120
Interest income	17	(30)	(56)	(30)	(56)
Interest expenses	17	573	603	573	603
Currency impact from lease liabilities	17	6,853	-	6,853	-
Other non-cash adjustments		253	5,260	269	5,260
		14,192	12,843	14,284	12,843
Changes in working capital					
(Increase) decrease in inventories	6	203	234	203	234
Decrease (increase) in trade and other accounts receivable	7	151	5,017	290	5,017
Increase (decrease) in trade and other payables	13	(1,359)	(484)	(1,422)	(484)
Increase (decrease) in contract liabilities		(101)	(386)	(101)	(386)
Increase (decrease) in payroll related liabilities	14	57	393	32	393
		13,143	17,617	13,286	17,617
Income tax (paid)		-	(365)	-	(365)
Interest received	17	30	56	30	56
Net cash flows from (used in) operating activities		13,173	17,308	13,316	17,308
Cash flows from investing activities					
(Acquisition) of property, plant, equipment and intangible assets	3	(3,532)	(5,366)	(3,532)	(5,366)
Income from sales of non-current assets		1	9	1	9
Short term deposits (placed)/received	9	5,000	-	5,000	-
(Acquisition) of other investments		-	(800)	-	(800)
Dividends received		-	-	-	-
Grants, subsidies received		-	-	-	-
Net cash flows from (used in) investing activities		1,469	(6,157)	1,469	(6,157)

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Explanatory notes are an integral part of these financial statements.

CASH FLOW STATEMENT (CONT'D)

	Notes	Group		Company	
		For the three months period ended 31 March 2020 <i>(unaudited)</i>	For the three months period ended 31 March 2020 <i>(unaudited)</i>	For the three months period ended 31 March 2020 <i>(unaudited)</i>	For the three months period ended 31 March 2020 <i>(unaudited)</i>
Cash flows from financing activities					
Purchase of own share	1	-	(600)	-	(600)
Loans received (paid)	11	6,215	(246)	6,215	(246)
Interest and fee related to loans (paid)	11	(313)	(26)	(313)	(26)
Lease liabilities (paid)	11	(11,207)	(10,654)	(11,207)	(10,654)
Interest on leasing liabilities paid	11	(533)	(551)	(533)	(551)
Net cash flows from (used in) financing activities		(5,838)	(12,077)	(5,838)	(12,077)
Net increase (decrease) in cash flows		8,804	(926)	8,947	(926)
Cash and cash equivalents on 1 January		41,865	73,238	37,846	73,238
Cash and cash equivalents on 31 March		50,671	72,312	46,793	72,312

Explanatory notes are an integral part of these financial statements.

EXPLANATORY NOTES TO FINANCIAL STATEMENTS

1 GENERAL INFORMATION

AB Klaipėdos nafta (hereinafter “the Parent Company” or “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. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as “the Group”).

The subsidiaries are these:

- UAB SGD logistika, a subsidiary (hereinafter “the subsidiary UAB SGD logistika”).
- UAB SGD terminalas, a subsidiary (hereinafter “the subsidiary UAB SGD terminalas”).
- UAB SGD SPB, a subsidiary of UAB SGD logistika (hereinafter “the subsidiary UAB SGD SPB”).
- KN Acu Servicios de Terminal de GNL LTDA (hereinafter “the subsidiary KN Acu Servicios de Terminal de GNL LTDA”).

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 March 2020, all the shares were owned by 2,859 shareholders (as of 31 March 2019 all the shares were owned by 2,305 shareholders).

As of 31 March 2020 the authorized capital of the Company equal to EUR 110,476 thousand is divided into 380,952,393 units of shares. All shares are paid. 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.

During the three months of 2020 the Company has not acquired any own shares.

In January 2019 the Company acquired 1,463,414 units of own shares. Total price of the transaction amounts to EUR 600 thousand. 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.

The Company’s shares are listed in the Baltic Main List on the NASDAQ Vilnius Stock Exchange (ISIN code LT0000111650, abbreviation KNF1L).

As at 31 March 2020 and 31 March 2019 the shareholders of the Company were:

	31 March 2020		31 March 2019	
	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	275,587	72.34
Concern UAB Achemos grupė (Jonalaukis village, Jonava district, 156673480)	39,650	10.41	39,605	10.40
Other (less than 5 per cent each)	65,715	17.25	65,760	17.26
Total	380,952	100.00	380,952	100.00

1 GENERAL INFORMATION (CONT'D)

The Parent Company controls subsidiary UAB SGD logistika, which main objective until the end of 2019 was is to perform activities of operating and managing a liquefied natural gas bunkering carrier. This subsidiary also may carry out expansion of operation activities of international LNG terminals by investing and establishing other companies in Lithuania and abroad. The Company owns 100% of voting rights of this subsidiary.

The Parent Company also controls subsidiary UAB SGD terminalas. The purpose of is to perform activities of operating and managing a whole structure of LNG terminal in Klaipėda. The Company owns 100% of voting rights of this subsidiary.

The subsidiary UAB SGD SPB became part of the Group in October 2019. The purpose of UAB SGD SPB is to participate in the projects of liquefied natural gas. This subsidiary may carry out expansion of operation activities of international LNG terminals by investing and establishing other companies in Lithuania and abroad. UAB SGD SPB owned by 100% UAB SGD logistika.

On 13 December 2019 the subsidiary of UAB SGD logistika (90%) and UAB SGD SPB (10%) – limited liability company – KN Açu Servicos de Terminal de GNL LTDA was established in Federal Republic of Brazil. The purpose of KN Açu Servicos de Terminal de GNL LTDA is to provide operations and maintenance services for liquefied natural gas terminal at the port of Açu. KN Açu Servicos de Terminal de GNL LTDA did not perform any activities during year 2019.

The average number of employees of the Company on 31 March 2020 was 364 (383 – on 31 March 2019).
The average number of employees of the Group on 31 March 2020 was 381 (387 – on 31 March 2019).

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 Group and 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 2019. The principles used in preparation of financial statements were presented in more detail in the Notes to the Financial Statements for 2019.

These financial statements have been prepared on a historical cost basis, unless otherwise stated in the accounting policies below.

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 2020 the Group and 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 2020 the value of construction in progress amounted to EUR 31,290 thousand. During the three months of the year 2020 the investment amounted to EUR 707 thousand).
- Development of the railroad tracks (comprise of the acquired equipment). As of 31 March 2020 the value of construction in progress amounted to EUR 1,860 thousand. (During the three months of the year 2020 the investment amounted to EUR 1 thousand).
- Reconstruction of Klaipėda state seaport quay No. 1 and No. 2. As of 31 March 2020, the value of construction in progress amounted to EUR 1,416 thousand. (During the three months of the year 2020 the investment amounted to EUR 192 thousand).
- Other investment. As of 31 March 2020 the value of constructions in progress amounted to EUR 1.102 thousand (During the three months of the year 2020 the investment amounted to EUR 274 thousand).

Part of the Group and the Company's property, plant and equipment with the acquisition cost of EUR 38,024 thousand as on 31 March 2020 was completely depreciated (EUR 38,355 thousand on 31 December 2019), however, it was still in operation.

3 NON-CURRENT TANGIBLE ASSETS (CONT'D)

The depreciation of the Company's non-current tangible assets for the three months of 2020 amounts to EUR 2,948 thousand (EUR 3,390 thousand – in 2019 three months), EUR 2,880 thousand of depreciation charge has been included into cost of sales (EUR 3,336 thousand - in 2019 three months), EUR 134 thousand was reimbursement of the costs according the grant agreement (EUR 87 thousand – in 2019 three months) and the remaining amount EUR 69 thousand (EUR 55 thousand – in 2019 three months) has been included into operating expenses in the Statement of comprehensive income.

During the three months of 2020 the Company additionally calculated depreciation costs, amounting to EUR 3,724 thousand, according to IFRS 16 "Leases" (EUR 10,976 thousand – in 2019 three months).

4 OPERATING SEGMENTS

The Management of the Group and the Company has identified the following business segments:

- LNGT – LNG terminal in Klaipėda which receives and stores liquefied natural gas, regasifies and supplies it to Gas Main pipeline;
- OT – Oil terminal in Klaipėda and Subačius oil terminal in Kupiškis who are providing oil products transshipment, services of long-term storage of oil products and other services related to oil products transshipment;
- comLNG – LNG commercial activities - includes LNG reloading station and execution of other LNG projects.

The Group and the Company updated the business segments. From the year of 2020 the oil terminal in Klaipėda and oil terminal in Subačius presented together as oil terminals in the financial statements.

The comparative figures restated.

Main indicators of the business segments of the Group and the Company included into the statement of comprehensive income for the financial year as of 31 March 2020 and Statement of financial position as of 31 March 2019, are described below:

Group

For the three months period ended 31 March 2020	LNGT	OT	comLNG	Total
Revenues from contracts with customers	11,448	7,549	1,012	20,009
Profit before income tax	(1,693)	1,895	(396)	(194)
Segment net profit (loss)	(1,783)	1,806	(400)	(377)
Interest revenue	7	23	-	30
Loan interest expense	(24)	-	-	(24)
Interest on financial lease liabilities	(469)	(78)	(2)	(549)
Depreciation and amortisation	808	1,743	472	3,023
Depreciation of right-of-use-assets	3,527	175	22	3,724
Write-off of non-current tangible assets	-	(1)	-	(1)
Impairment of non-current tangible asset (reversal)	-	-	-	-
Acquisitions of tangible and intangible assets	66	1,370	17	1,453
Segment total assets*	401,139	165,212	28,293	594,644
Loan and related liabilities	79,355	(20)	(42)	79,293
Lease liabilities	354,747	15,645	461	370,853
Segment total liabilities	451,390	14,047	5,622	471,059

4 OPERATING SEGMENTS (CONT'D)

Group

For the three months period ended 31 March 2019

	LNGT	OT	comLNG	Total
Revenues from contracts with customers	18,085	8,179	60	26,324
Profit before income tax	(2,729)	1,600	(999)	(2,128)
Segment net profit (loss)	(2,396)	1,943	(889)	(1,342)
Interest revenue	16	1	-	17
Loan interest expense	44	2	5	51
Interest on financial lease liabilities	467	77	7	551
Depreciation and amortisation	1,055	1,902	527	3,484
Depreciation of right-of-use-assets	10,781	168	28	10,977
Write-off of non-current tangible assets	-	(9)	-	(9)
Impairment of non-current tangible asset (reversal)	-	-	-	-
Acquisitions of tangible and intangible assets	11	6,255	-	6,266
Segment total assets*	308,349	153,185	31,380	492,914
Loan and related liabilities	75,984	(12)	(41)	75,931
Lease liabilities	257,405	15,474	1,340	274,219
Segment total liabilities	343,635	21,901	6,042	371,578

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

5 LONG-TERM RECEIVABLES AND ACCRUED RENT INCOME

Long-term receivable and long-term contract assets income consists of long-term rent revenue accrual arising from Subačius fuel storage reservoirs rent agreement.

Subačius fuel storage reservoirs rent agreement signed with the Lithuanian petroleum products Agency in 2012 for the duration of 10 years is treated. The rent tariffs are different for the first 5 years and for the remaining period. Therefore, the income is recognized on a straight line basis over the term of a agreement, i.e. the incomes are calculated on average tariff of the all agreement term (10 years), balances as of 31 March 2020 and 31 December 2019 respectively amounted to EUR 1,396 thousand and EUR 1,538 thousand, part of the accrued income is presented under short-term contract assets (EUR 423 thousand as of 31 March 2020 and EUR 564 thousand as of 31 December 2020).

6 INVENTORIES

	Group		Company	
	31-03-2020	31-12-2019	31-03-2020	31-12-2019
Diesel fuel for the LNG Terminal purpose	370	409	370	409
Oil products for sale	213	213	213	213
Liquefied natural gas	110	335	110	335
Fuel for transport and other equipment	49	41	49	41
Spare parts, construction materials and other inventories	1,461	1,408	1,461	1,408
Total inventories	2,203	2,406	2,203	2,406
Write-down of spare parts, construction materials and other inventories	(5)	(6)	(5)	(6)
Total inventories	2,198	2,400	2,198	2,400

As of 31 March 2020 the Group and the Company accounted for allowance of inventories in the amount of EUR 5 thousand (EUR 6 thousand on 31 December 2019), 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).

As at 31 December 2019 the Group and the Company reviewed the accounting policy for slow-moving and obsolete stock. The Group and the Company identified reserve stock, part of which, has been classified as property, plant and equipment due to the fact that they meet the definition, including the requirement to be used over more than one period. The impairment accounted only for old, obsolete stock, that the Group and the Company are not going to use any more. The reversal of write-off of inventories to the net realizable value of EUR 1 thousand for the three months ended of 31 March 2020 (reversal of write-off of inventories to the net realizable value amounts to EUR 1,057 thousand as of 31 December 2019) are included under cost of sales in the profit (loss).

6 INVENTORIES (CONT'D)

Oil products for sale are energy products collected in the Wastewater Treatment Facilities. On 31 March 2020 the Company had 1.1 thousand tons of oil products for sale (1.1 thousand tons of oil products as of 31 December 2019). On 31 March 2020 the Company also had 2.4 thousand tons of heavy oil products for sale (2.4 thousand tons of heavy oil products as of 31 December 2019).

As of 31 March 2020, the Company stored 283 thousand tons of oil products delivered for transshipment in its storage tanks (172 thousand tons as on 31 December 2019 (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 March 2020, the Company stored 1.4 thousand MWh (as of 31 December 2019 – 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 2020, in the Liquefied natural gas reloading station the Company owned 3.8 thousand MWh natural gas (as of 31 December 2019 – 13.7 thousand MWh), (the quantities are unaudited).

As of 31 March 2020, the Company stored 778 thousand MWh (as of 31 December 2019 – 661 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 March 2020, in the Liquefied natural gas reloading station the Company stored 19.7 MWh natural gas products that, belonged to the third parties (As of 31 December 2019 – 6.3 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.

7 TRADE RECEIVABLES

	Group		Company	
	31-03-2020	31-12-2019	31-03-2020	31-12-2019
Trade receivable	12,084	12,559	12,008	12,559
Prepayments	501	568	490	558
Other receivable	741	44	678	44
Total	13,326	13,171	13,176	13,161

Trade receivable disclosed below:

	Group		Company	
	31-03-2020	31-12-2019	31-03-2020	31-12-2019
Receivables from LNG terminal activities	7,828	10,546	7,828	10,546
Receivables for transshipment of oil products and other related services	4,941	2,741	5,079	2,741
Receivable for operating and management services	214	-	-	-
Less: impairment allowance	(899)	(728)	(899)	(728)
Total	12,084	12,559	12,008	12,559

Change in allowance for trade receivables for the three months of 2020, amounting to EUR 171 thousand (for 2019 – EUR 221 thousand (reversal)) has been included into operating expenses in the statement of the comprehensive income.

8 CONTRACT ASSETS

The Group and the Company

	31-03-2020	31-12-2019
Accrued income (1)	879	592
Short-term of accrued income (Note 5)	423	564
	<u>1,302</u>	<u>1,156</u>

(1) Contract assets comprise accrued income for storage of oil products as of 31 March 2020 and 31 December 2019 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.

9 SHORT TERM DEPOSITS

	Group		Company	
	31-03-2020	31-12-2019	31-03-2020	31-12-2019
Short-term bank deposits at the commercial banks	16,000	21,000	16,000	21,000

As of 31 March 2020, the Group and the Company had 5 term deposits at banks, amounted to EUR 16,000 thousand, with maturity of more than 3 months. Annual interest rate ranges from 0.15 to 0.28 per cent.

As of 31 December 2019, the Group and the Company had 2 term deposits at banks, amounted to EUR 21,000 thousand, with maturity of more than 3 months. Annual interest rate ranges from 0.16 to 0.25 per cent.

10 CASH AND CASH EQUIVALENTS

	Group		Company	
	31-03-2020	31-12-2019	31-03-2020	31-12-2019
Cash at bank	45,671	41,865	41,793	37,846
Cash in transit	5,000	-	5,000	-
	<u>50,671</u>	<u>41,865</u>	<u>46,793</u>	<u>37,846</u>

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

Currency	Group		Company	
	31-03-2020	31-12-2019	31-03-2020	31-12-2019
EUR	45,899	36,583	42,023	32,564
USD	4,770	5,282	4,770	5,282
BRL	2	-	-	-
	<u>50,671</u>	<u>41,865</u>	<u>46,793</u>	<u>37,846</u>

Management of the Group and the Company considered potential impairment losses on cash held in banks as per IFRS 9 requirements. Assessment is based on official Standard & Poor's long-term credit ratings:

	Group		Company	
	31-03-2020	31-12-2019	31-03-2020	31-12-2019
A +	7,840	25,104	3,963	21,085
A-	2	-	-	-
AA -	25,965	8,282	25,966	8,282
BBB+	16,864	8,479	16,864	8,479
	<u>50,671</u>	<u>41,865</u>	<u>46,793</u>	<u>37,846</u>

11 FINANCIAL LIABILITIES

Loans

Group and Company

	31-03-2020	31-12-2019
European Investment Bank's loan	52,602	53,091
Nordic Investment Bank's loan	26,813	20,398
Guarantee payment to the Ministry of Finance to the Republic of Lithuania	(134)	(134)
Payable loan interest	12	18
	<u>79,293</u>	<u>73,373</u>

Lease liabilities

Group and Company

	31-03-2020	31-12-2019
Lease liabilities	<u>370,853</u>	<u>376,877</u>

Lease liabilities as at 31 March 2020 can be specified as follows:

	Land rent	Jetty rent	FSRU lease	Other*	Total
Long-term lease liabilities	15,408	4,827	305,942	132	326,09
Short-term lease liabilities	316	68	43,909	251	44,544
	<u>15,724</u>	<u>4,895</u>	<u>349,851</u>	<u>383</u>	<u>370,853</u>

Lease liabilities as at 31 December 2019 can be specified as follows:

	Land rent	Jetty rent	FSRU lease	Other*	Total
Long-term lease liabilities	15,439	4,845	312,126	179	332,589
Short-term lease liabilities	314	68	43,641	265	44,288
	<u>15,753</u>	<u>4,913</u>	<u>355,767</u>	<u>444</u>	<u>376,877</u>

* Other comprises lease of transport vehicles, office rent, oth.

12 GRANTS RELATED TO ASSETS

	Group		Company	
	31-03-2020	31-12-2019	31-03-2020	31-12-2019
Balance at the beginning of the period	5,988	4,642	5,988	4,642
Received during the year	-	1,763	-	1,763
Reclassified	-	1	-	1
Amortisation	(134)	(400)	(134)	(400)
Compensation of costs	-	(18)	-	(18)
Balance at the end of the period	5,854	5,988	5,854	5,988
Non-current	5,854	5,988	5,854	5,988

13 TRADE DEBTS AND OTHER PAYABLES

	Group		Company	
	31-03-2020	31-12-2019	31-03-2020	31-12-2019
Trade payables	7,533	8,322	7,529	8,322
Other payables and current liabilities	809	1,588	748	1,588
	<u>8,342</u>	<u>9,910</u>	<u>8,277</u>	<u>9,910</u>

Trade payables disclosed below:

	Group		Company	
	31-03-2020	31-12-2019	31-03-2020	31-12-2019
Payables for FSRU rent	4,756	4,620	4,756	4,620
Payable to contractors	948	1,191	948	1,191
Other payments related FSRU	506	899	506	899
Payable for rent of land	233	393	233	393
Payable for gas services	8	368	8	368
Payable for railway services	102	129	102	129
Other trade payables	980	722	976	722
	<u>7,533</u>	<u>8,322</u>	<u>7,529</u>	<u>8,322</u>

On 31 March 2020 trade payables of EUR 4,938 thousand were denominated in USD (EUR 5,232 thousand – on 31 December 2019).

Trade payables are non-interest bearing and are normally settled on 30-day payment terms.

14 LIABILITIES RELATED TO LABOUR RELATIONS

	Group		Company	
	31-03-2020	31-12-2019	31-03-2020	31-12-2019
Accrued vacation reserve	1,148	1,050	1,137	1,050
Accrual of annual bonuses	1,042	873	1,034	873
Salaries payable	438	422	437	422
Social insurance payable	234	225	216	225
Income tax payable	180	153	180	153
Other deductions	2	3	2	3
	<u>3,044</u>	<u>2,726</u>	<u>3,006</u>	<u>2,726</u>

15 REVENUE FROM CONTRACTS WITH CUSTOMERS

	Group		Company	
	For the three months period ended 31 March 2020	For the three months period ended 31 March 2019	For the three months period ended 31 March 2020	For the three months period ended 31 March 2019
Income from LNGT services regulated by NERC	9,625	17,582	9,625	17,582
Sales of oil transshipment services	7,007	7,963	7,007	7,963
Other sales related to LNG terminals activity	2,113	545	1,877	545
Sales of consulting services	717	15	717	15
Other sales related to transshipment	377	219	377	219
Sales of inventories	170	-	170	-
	<u>20,009</u>	<u>26,324</u>	<u>19,773</u>	<u>26,324</u>

16 COST OF SALES

	Group		Company	
	For the three months period ended 31 March 2020	For the three months period ended 31 March 2019	For the three months period ended 31 March 2020	For the three months period ended 31 March 2019
Depreciation of right-of-use asset*	3,640	10,894	3,640	10,894
Depreciation and amortisation (incl. amortisation of grants)	2,810	3,322	2,810	3,322
Wages, salaries and social security	2,028	1,788	1,965	1,788
Expenses related to FSRU rent (OPEX element, management, crew cost)	1,424	1,841	1,424	1,841
Natural gas	533	1,188	533	1,188
Railway services	400	521	400	521
Port charges	385	381	385	381
Contribution for National Energy Regulatory Council (NERC)	243	-	243	-
Electricity	232	460	232	460
Tax on environmental pollution	179	293	179	293
Repair and maintenance of non-current assets	145	72	145	72
Insurance of assets	102	117	102	117
Tax on real estate	91	104	91	104
Work safety costs	89	31	77	31
Transport	68	65	68	65
Cleaning expenses	62	37	62	37
Services for tankers	54	60	54	60
Other expenses related to FSRU	37	100	37	100
Research costs	13	36	13	36
Other	99	41	56	41
	12,634	21,351	12,516	21,351

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

	Group		Company	
	For the three months period ended 31 March 2020	For the three months period ended 31 March 2019	For the three months period ended 31 March 2020	For the three months period ended 31 March 2019
Fines income	42	12	42	12
Interest income	30	16	30	16
Income from currency exchange	-	9	-	9
Financial income, total	72	37	72	37
(Losses) from currency exchange on the lease liabilities	(5,018)	(4,833)	(5,018)	(4,833)
Interest on the lease liabilities	(549)	(551)	(549)	(551)
(Losses) from currency exchange	(71)	-	(71)	-
Interest (expenses)	(24)	(52)	(24)	(52)
Impairment on investment in subsidiary	-	(50)	-	(50)
Financial activity expenses, total	(5,662)	(5,486)	(5,662)	(5,486)

18 EARNINGS PER SHARE, BASIC AND DILUTED

Basic earnings per share are calculated by dividing net profit of the Group by the weighted average number of ordinary shares outstanding. Diluted earnings per share equal to basic earnings per share as the Group has no instruments issued that could dilute shares issued.

Basic and diluted earnings per share are as follows:

	For the three months period ended 31 March 2020	For the three months period ended 31 March 2019
Group		
Net profit attributable to shareholders	(377)	(1,342)
Weighted average number of ordinary shares (thousand)	380,952	380,618
Earnings and reduced earnings (in EUR)	(0.001)	(0.004)

19 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 Group and the Company and transactions with them during the three months of 2020 and 2019 were as follows:

Transactions with Lithuanian State controlled enterprises and institutions and other related parties

Group		Purchases	Sales	Receivables	Payables
State Enterprise Klaipeda State Seaport Authority	2020 three months	580	-	-	228
	2019 three months	580	-	-	313
State Enterprise Lithuanian Oil Products Agency <i>liquidated from 01-01-2019)</i>	2020 three months	-	-	-	-
	2019 three months	-	-	111	-
AB Amber Grid	2020 three months	-	9,625	6,986	-
	2019 three months	-	17,581	10,264	-
UAB Ignitis	2020 three months	293	802	337	8
	2019 three months	1,066	524	12	40
AB Lietuvos geležinkeliai	2020 three months	-	-	-	-
	2019 three months	782	-	-	138
Public Institution Lithuanian Energy Agency	2020 three months	-	725	877	-
	2019 three months	-	693	279	-
AB Energijos skirstymo operatorius	2020 three months	130	-	-	49
	2019 three months	168	-	-	63
Ministry of Energy of the Republic of Lithuania	2020 three months	-	-	-	-
	2019 three months	-	-	-	180
AB LG Cargo	2020 three months	411	-	-	102
	2019 three months	-	-	-	-
Ardega, UAB	2020 three months	-	-	-	-
	2019 three months	36	-	-	43
UAB Lietuvos draudimas	2020 three months	97	-	-	65
	2019 three months	34	-	-	-
Other related parties	2020 three months	19	2	1	1
	2019 three months	9	3	1	4
Transactions with related parties, in total:	2020 three months	1,530	11,154	8,201	453
	2019 three months	2,675	18,801	10,667	781

19 RELATED PARTY TRANSACTIONS (CONT'D)

Company		Purchases	Sales	Receivables	Payables
State Enterprise Klaipeda State Seaport Authority	2020 three months	580	-	-	228
	2019 three months	580	-	-	313
State Enterprise Lithuanian Oil Products Agency <i>liquidated from 01-01-2019</i>	2020 three months	-	-	-	-
	2019 three months	-	-	111	-
AB Amber Grid	2020 three months	-	9,625	6,986	-
	2019 three months	-	17,581	10,264	-
UAB Ignitis	2020 three months	293	802	337	8
	2019 three months	1,066	524	12	40
AB Lietuvos geležinkeliai	2020 three months	-	-	-	-
	2019 three months	782	-	-	138
Public Institution Lithuanian Energy Agency	2020 three months	-	725	877	-
	2019 three months	-	693	279	-
AB Energijos skirstymo operatorius	2020 three months	130	-	-	49
	2019 three months	168	-	-	63
Ministry of Energy of the Republic of Lithuania	2020 three months	-	-	-	-
	2019 three months	-	-	-	180
AB LG Cargo	2020 three months	411	-	-	102
	2019 three months	-	-	-	-
Ardega, UAB	2020 three months	-	-	-	-
	2019 three months	36	-	-	43
UAB Lietuvos draudimas	2020 three months	97	-	-	65
	2019 three months	34	-	-	-
UAB SGD logistika	2020 three months	-	-	-	-
	2019 three months	-	-	170	-
KN ACU Servicios de Terminal de GNL Ltda	2020 three months	-	138	138	-
	2019 three months	-	-	-	-
Other related parties	2020 three months	19	2	1	1
	2019 three months	9	3	1	4
Transactions with related parties, in total:	2020 three months	1,530	11,292	8,339	453
	2019 three months	2,675	18,801	10,837	781

Management salaries and other payments

The Company's management consists of the Chief Executive Officer (CEO) and Directors.

The Group's management consists of the Chief Executive Officer (CEO), Directors and Manager of the subsidiaries.

	Group		Company	
	For the three months period ended 31 March 2020	For the three months period ended 31 March 2019	For the three months period ended 31 March 2020	For the three months period ended 31 March 2019
Payroll related costs	196	152	172	151
Number of management	11	9	7	7

During the three months of the years 2020 and 2019 the Management of the Group and the Company did not receive any loans, guarantees, or any other payments or property transfers were made or accrued.

20 SUBSEQUENT EVENTS

- On the initiative and by the resolution of the Board of the Company Annual General Meeting of Shareholders of the Company will be held on 28 April 2020 at 1:00 p.m. The meeting will be held in the Company's office at Buriu str. 19, Klaipeda, in the administrative office of the Company (in the hall of the meeting on the 2nd floor).

Agenda of the meeting:

- Announcement of the Auditor's Report regarding the Financial Statements and Annual Report of the Company for the year 2019 to the shareholders;
 - Announcement of the Annual Report of the Company for the year 2019 to the shareholders;
 - Approval of the audited Financial Statements of the Company for the year 2019;
 - Approval of the appropriation of profit (loss) of the Company for the year 2019;
 - Approval of Remuneration Policy of AB Klaipėdos nafta.
- The Company revised its balance sheet as of 31 December 2019 since the communication to Nasdaq on 31 January 2020. As of 31 December 2019, the Company's total audited assets amounting to EUR 663.8 million and liabilities amounting to EUR 472.7 million were adjusted from the initial unaudited assets amount of EUR 528.8 million and liabilities amount of EUR 337.5 million by the amount of EUR 135 million and EUR 135.2 million respectively. The Company recorded the gross up of the balance sheet as a result of the assessment of the terms of Floating Storage Regasification Unit (FSRU) Independence lease contract with resulting capitalization of the purchase option in the audited financial statements as at 31 December 2019.
 - 10-04-2020 held Extraordinary General Meeting of Shareholders of the Company agreed on increase of authorized capital with additional contribution issuing 138,236 units registered ordinary shares with each nominal value of 0.29 Eur. By the decision of Extraordinary General Meeting of Shareholders increasing authorized capital of the Company new registered ordinary shares issue price is determined according to average weighted shares market price of the Company during 6 months concerning the period from 1 October 2019 to 1 March 2020 and it is equal to 0.38 EUR for 0.29 EUR nominal value share.

24 April 2020 is the first day without rights (ex-date), from which with the securities market billing cycle T+2 acquired shares of the Company do not entitle to acquire newly issued shares of the Company.

About the right of priority to acquire newly issued shares of the Company the separate notification will be announced.

- On the initiative and by the decision of the Board of the Company an Annual General Meeting of Shareholders of the Company was convened on 28 April 2020 at 1:00 p.m. The meeting was held in the registered office of the Company at Buriu str. 19, Klaipeda.

Annual General Meeting of Shareholders of the Company, held on 28 April 2020, adopted the following resolutions:

- Announcement of the Auditor's Report regarding the Financial Statements and Annual Report of the Company for the year 2019 to the shareholders:

"The Auditor's Report regarding the Financial Statements and Annual Report of the Company for the year 2019 had been heard by the shareholders. Decision on this topic of the Agenda should not be taken."

- Announcement of the Annual Report of the Company for the year 2019 to the shareholders:

„The Annual Report of the Company for the year 2019, as drafted by the Company, assessed by the Auditor and approved by the Board of A the Company had been heard. Decision on this topic of the Agenda should not be taken."

- Approval of the audited Financial Statements of the Company for the year 2019:

"To approve the audited Financial Statements of the Company for the year 2019."

- Approval of the appropriation of profit (loss) of the Company for the year 2019:

"To allocate the AB Klaipėdos nafta profit in the following order:

20 SUBSEQUENT EVENTS (CONT'D)

No.	Ratios	Amount, EUR thousand
1	Non-allocated profit (loss) at the beginning of the financial year as of 01-01-2019	-
2	Net profit (loss) for the financial year	7,947
3	Transfers from restricted reserves	87
4	Shareholders' contribution against losses	-
5	Portion of the reserve of tangible fixed assets	-
6	Profit for allocation (1+2+3+4+5)	8,034
7	Allocation of earnings to legal reserve	10
8	Allocation of profit to own shares acquisition	-
9	Allocation of profit to other reserves	-
10	Allocation of profit to dividends	7,947
11	Allocation of profit to tantiems	-
12	Non-allocated profit (loss) at the end of the year 2019 carried forward to next financial year (6-7-8-9-10-11)	77

5. Approval of Remuneration Policy of AB Klaipėdos nafta:

"1.1. To approve the Remuneration Policy of AB Klaipėdos nafta (enclosed);

1.2. To declare the "Guidelines on determination the remuneration for the activity in AB Klaipėdos nafta collegial bodies", approved on 27-04-2018 in General Meeting of Shareholders (minutes No. J1-1) with its later amendments as revoked."

The Company additionally notes that Annual General Meeting of Shareholders of the Company decided to distribute Company's profit received in 2019 and allocate dividends to the amount of EUR 0.02 per share.

The first day without rights (ex-date) from which the shares of the Company acquired on the stock exchange do not give right to receive dividends for 2019 is 12 May 2020.

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, 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 consolidated and separate Financial Statements of AB Klaipėdos nafta for the three months period ended on 31 March 2020, 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