



Naftna industrija Srbije A.D.

Interim Condensed Financial Statements (Unaudited)

30 September 2019

This version of the financial statements is a translation from the original, which is prepared in Serbian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original Serbian language version of the document takes precedence over this translation

Contents

INTERIM CONDENSED FINANCIAL STATEMENTS

Interim Condensed Statement of Financial Position	3
Interim Condensed Statement of Profit and Loss and Other Comprehensive Income	4
Interim Condensed Statement of Changes in Shareholders' Equity	5
Interim Condensed Statement of Cash Flows	6

Notes to the Interim Condensed Financial Statements

1. General Information	7
2. Summary of Significant Accounting Policies	7
3. Application of New IFRS	8
4. New Accounting Standards	10
5. Segment Information	10
6. Cash and Cash Equivalents	14
7. Short-term Financial Assets	14
8. Trade and Other Receivables	14
9. Inventories	15
10. Other Current Assets	15
11. Property, Plant and Equipment	16
12. Long-term Financial Assets	17
13. Other Non-Current Assets	17
14. Short-term Debt and Current Portion of Long-term Debt	17
15. Trade and Other Payables	17
16. Other Current Liabilities	18
17. Other Taxes Payable	18
18. Long-term Debt	18
19. Lease Liabilities	19
20. Production and Manufacturing Expenses	20
21. Selling, General and Administrative Expenses	20
22. Net Foreign Exchange Gain (Loss)	20
23. Finance Income	21
24. Finance Expenses	21
25. Fair Value Measurement	21
26. Contingencies and Commitments	21
27. Related Party Transactions	22
Contact Information	24

NIS a.d.
Interim Condensed Statement of Financial Position
(All amounts are in 000 RSD, unless otherwise stated)

Assets	Note	30 September 2019	31 December 2018
		<i>(unaudited)</i>	
Current assets			
Cash and cash equivalents	6	12,699,218	12,222,578
Short-term financial assets	7	4,981,784	6,686,363
Trade and other receivables	8	31,472,560	28,076,947
Inventories	9	40,827,041	44,443,778
Current income tax prepayments		588,662	-
Other current assets	10	4,197,677	5,416,286
Non-current assets held for sale		131,740	9,271
Total current assets		94,898,682	96,855,223
Non-current assets			
Property, plant and equipment	11	270,225,005	258,254,117
Right-of-use assets	3	831,717	-
Investment property		1,697,964	1,730,100
Intangible assets		2,178,062	2,576,046
Investments in joint venture		1,038,800	1,038,800
Investments in subsidiaries		13,425,586	13,425,586
Trade and other non-current receivables		226,228	2,837
Long-term financial assets	12	24,333,798	23,408,424
Deferred tax assets		1,102,770	2,405,175
Other non-current assets	13	1,692,204	1,777,859
Total non-current assets		316,752,134	304,618,944
Total assets		411,650,816	401,474,167
Liabilities and shareholder's equity			
Current liabilities			
Short-term debt and current portion of long-term debt	14	7,403,639	8,242,122
Current lease liabilities	19	98,901	-
Trade and other payables	15	38,053,523	30,365,339
Other current liabilities	16	5,097,934	5,087,681
Current income tax payable		-	539,811
Other taxes payable	17	11,707,652	8,560,193
Provisions for liabilities and charges		1,836,316	1,928,116
Total current liabilities		64,197,965	54,723,262
Non-current liabilities			
Long-term debt	18	82,147,474	87,367,868
Non-current lease liabilities	19	590,925	-
Provisions for liabilities and charges		10,451,064	10,079,405
Total non-current liabilities		93,189,463	97,447,273
Equity			
Share capital		81,530,200	81,530,200
Reserves		95,137	92,060
Retained earnings		172,638,051	167,681,372
Total equity		254,263,388	249,303,632
Total liabilities and shareholder's equity		411,650,816	401,474,167

Kirill Tyurdenev
Chief Executive Officer
28 October 2019

Anton Cherepanov
Chief Financial Officer

The accompanying notes are an integral part of these Interim Condensed Financial Statements.

NIS a.d.

Interim Condensed Statement of Profit and Loss and Other Comprehensive Income

(All amounts are in 000 RSD, unless otherwise stated)

	Note	Three month period ended 30 September		Nine month period ended 30 September	
		2019 <i>(unaudited)</i>	2018 <i>(unaudited)</i>	2019 <i>(unaudited)</i>	2018 <i>(unaudited)</i>
Sales of petroleum products, oil and gas		67,710,470	75,475,148	167,980,814	179,642,312
Other revenues		2,541,323	4,245,053	6,724,431	10,809,257
Total revenue from sales	5	70,251,793	79,720,201	174,705,245	190,451,569
Purchases of oil, gas and petroleum products		(43,191,169)	(48,191,688)	(107,613,502)	(110,205,399)
Production and manufacturing expenses	20	(6,003,630)	(7,378,956)	(18,141,632)	(20,100,156)
Selling, general and administrative expenses	21	(5,391,132)	(5,235,925)	(15,894,930)	(15,541,374)
Transportation expenses		(303,812)	(345,568)	(698,391)	(908,910)
Depreciation, depletion and amortization		(4,645,471)	(4,596,912)	(13,818,039)	(12,869,917)
Taxes other than income tax		(1,132,835)	(1,160,573)	(3,312,297)	(3,327,472)
Exploration expenses		-	(41,169)	(11,474)	(56,940)
Total operating expenses		(60,668,049)	(66,950,791)	(159,490,265)	(163,010,168)
Other income (expenses), net		12,319	(170,973)	(172,674)	(138,294)
Operating profit		9,596,063	12,598,437	15,042,306	27,303,107
Net foreign exchange gain (loss)	22	181,363	(237,240)	310,696	(234,701)
Finance income	23	212,994	389,941	705,252	1,209,825
Finance expenses	24	(462,317)	(542,979)	(1,417,461)	(1,663,485)
Total other expense		(67,960)	(390,278)	(401,513)	(688,361)
Profit before income tax		9,528,103	12,208,159	14,640,793	26,614,746
Current income tax expense		(1,168,241)	(1,508,875)	(1,869,552)	(3,149,785)
Deferred tax expense		(783,339)	(465,260)	(1,302,405)	(1,095,141)
Total income tax expense		(1,951,580)	(1,974,135)	(3,171,957)	(4,244,926)
Profit for the period		7,576,523	10,234,024	11,468,836	22,368,820
Other comprehensive income:					
Items that will not be reclassified to profit (loss)					
Gains (losses) from investments in equity instruments		569	(364)	8,444	(950)
Other comprehensive income (loss) for the period		569	(364)	8,444	(950)
Total comprehensive income for the period		7,577,092	10,233,660	11,477,280	22,368,870
Earnings per share attributable to shareholders of Naftna Industrija Srbije					
Basic earnings (RSD per share)		46.46	62.76	70.33	137.18
Weighted average number of ordinary shares in issue (in millions)		163	163	163	163

The accompanying notes are an integral part of these Interim Condensed Financial Statements.

NIS a.d.
Interim Condensed Statement of Changes in Shareholders' Equity

Nine month period ended 30 September 2019 and 2018

(All amounts are in 000 RSD, unless otherwise stated)

(unaudited)

Balance as at 1 January 2018

Adoption of IFRS 9:

- remeasurement of expected credit losses, net of tax

Restated total equity at 1 January 2018

Profit for the period

Other comprehensive income (loss)

Loss from investments in equity instruments

Sale of investments in equity instruments

Total comprehensive income (loss) for the period

Dividend distribution

Balance as at 30 September 2018

	Share capital	Reserves	Retained earnings	Total
Balance as at 1 January 2018	81,530,200	17,782	157,419,313	238,967,295
Adoption of IFRS 9:				
- remeasurement of expected credit losses, net of tax	-	-	(8,860,905)	(8,860,905)
Restated total equity at 1 January 2018	81,530,200	17,782	148,558,408	230,106,390
Profit for the period	-	-	22,369,820	22,369,820
Other comprehensive income (loss)				
Loss from investments in equity instruments	-	(950)	-	(950)
Sale of investments in equity instruments	-	3,455	(3,455)	-
Total comprehensive income (loss) for the period	-	2,505	22,366,365	22,368,870
Dividend distribution	-	-	(6,948,004)	(6,948,004)
Balance as at 30 September 2018	81,530,200	20,287	163,976,769	245,527,256

(unaudited)

Balance as at 1 January 2019

Profit for the period

Other comprehensive income (loss)

Gains from investments in equity instruments

Sale of investments in equity instruments

Total comprehensive income for the period

Dividend distribution

Balance as at 30 September 2019

	Share capital	Reserves	Retained earnings	Total
Balance as at 1 January 2019	81,530,200	92,060	167,681,372	249,303,632
Profit for the period	-	-	11,468,836	11,468,836
Other comprehensive income (loss)				
Gains from investments in equity instruments	-	8,444	-	8,444
Sale of investments in equity instruments	-	(5,367)	5,367	-
Total comprehensive income for the period	-	3,077	11,474,203	11,477,280
Dividend distribution	-	-	(6,517,524)	(6,517,524)
Balance as at 30 September 2019	81,530,200	95,137	172,638,051	254,263,388

The accompanying notes are an integral part of these Interim Condensed Financial Statements.

NIS a.d.
Interim Condensed Statement of Cash Flows¹

(All amounts are in 000 RSD, unless otherwise stated)

	Note	Nine month period ended	
		30 September 2019	2018
		(unaudited)	(unaudited)
Cash flows from operating activities			
Profit before income tax		14,640,793	26,614,746
Adjustments for:			
Finance expenses	24	1,417,461	1,663,485
Finance income	23	(705,252)	(1,209,825)
Net unrealised foreign exchange (gain) loss		(311,739)	565,384
Depreciation, depletion and amortization		13,818,039	12,869,917
Other non-cash items		(92,494)	261,410
Operating cash flow before changes in working capital		28,766,808	40,765,117
Changes in working capital:			
Accounts receivables		(3,738,435)	(4,797,963)
Inventories		3,675,879	(3,367,640)
Other assets		1,300,367	74,005
Accounts payables and other current liabilities		4,217,239	1,704,643
Taxes payable		9,678,466	1,818,680
Total effect on working capital changes		15,133,516	(4,568,275)
Income taxes paid		(3,003,913)	(4,328,368)
Interest paid		(1,334,931)	(1,625,204)
Interest received		610,194	652,870
Net cash generated from operating activities		40,171,674	30,896,140
Cash flows from investing activities			
Loans issued		(5,533,105)	(2,621,606)
Loan proceeds received		4,307,707	1,606,005
Capital expenditures ²		(29,329,489)	(29,787,703)
Proceeds from sale of property, plant and equipment		318,514	179,938
Bank deposits repayment, net		1,986,458	5,586,458
Other inflow		27,226	32,122
Net cash used in investing activities		(28,222,689)	(25,004,786)
Cash flows from financing activities			
Proceeds from borrowings	14,18	23,043,914	29,941,738
Repayment of borrowings	14,18	(27,980,202)	(33,253,718)
Repayment of lease liabilities	19	(86,684)	(39,388)
Dividends paid		(6,517,524)	(6,948,004)
Net cash used in financing activities		(11,540,496)	(10,299,372)
Net increase (decrease) in cash and cash equivalents		408,489	(4,408,018)
Effect of foreign exchange on cash and cash equivalents		68,151	77,448
Cash and cash equivalents as of the beginning of the period		12,222,578	23,410,724
Cash and cash equivalents as of the end of the period		12,699,218	19,080,154

¹ Company's policy is to present cash flow inclusive of related VAT.

² CF from investing activities includes VAT in the amount of 3,0 bln RSD (2018: 4,3 bln RSD)

The accompanying notes are an integral part of these Interim Condensed Financial Statements.

NIS a.d.

Notes to the Interim Condensed Financial Statements for the nine month period ended 30 September 2019

(All amounts are in 000 RSD, unless otherwise stated)

1. GENERAL INFORMATION

Open Joint Stock Company Naftna Industrija Srbije, Novi Sad (the "Company") is a vertically integrated oil company operating predominantly in the Republic of Serbia. The Company's principal activities include:

- Exploration, production and development of crude oil and gas,
- Production of refined petroleum products,
- Petroleum products and gas trading and
- Electricity generation and trading.

Other activities primarily include sales of other goods, works and services.

The Company was established in accordance with the Decision of Government of Republic of Serbia on 7 July 2005. On 2 February 2009 PJSC Gazprom Neft ("Gazprom Neft") acquired a 51% of the share capital of Naftna Industrija Srbije which became a subsidiary of Gazprom Neft. In March 2011, under the Company's Share Sale and Purchase Agreement, Gazprom Neft acquired an additional 5.15% of shares, thereby increasing its percentage of ownership to 56.15%. PJSC Gazprom, Russian Federation is the ultimate owner of the Company.

The Company is an open joint stock company, listed on the prime market on the Belgrade Stock Exchange.

These Interim Condensed Financial Statements have been approved and authorized for issue by Chief Executive Officer and will be presented to Board of Directors for approval.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

The Company maintains its books and records in accordance with accounting and taxation principles and practices mandated by Serbian legislation. The accompanying Interim Condensed Financial Statements were primarily derived from the Company's statutory books and records with adjustments and reclassifications made to present them in accordance with International Financial Reporting Standards (IFRS).

The Interim Condensed Financial Statements have been prepared in accordance with International Accounting Standard **IAS 34 Interim Financial Reporting**. IAS 34 for interim financial reporting does not require all disclosures that would be necessarily required by IFRS.

The Company does not disclose information which would substantially duplicate the disclosures contained in its audited Financial Statements for 2018, such as significant accounting policies, significant estimates and judgements, financial risk disclosures or disclosures of financial line items, which have not changed significantly in amount or composition. Management of the Company believes that the disclosures in these Interim Condensed Financial Statements are adequate to make the information presented not misleading if these Interim Condensed Financial Statements are read in conjunction with the Company's Financial Statements for 2018.

Subsequent events occurring after 30 September 2019 were evaluated through 28 October 2019, the date these Interim Condensed Financial Statements were authorised for issue.

The results for the nine month period ended 30 September 2019 are not necessarily indicative of the results expected for the full year.

The Company as a whole is not subject to significant seasonal fluctuations.

NIS a.d.

Notes to the Interim Condensed Financial Statements for the nine month period ended 30 September 2019

(All amounts are in 000 RSD, unless otherwise stated)

2.2. Changes in significant accounting policies

Significant accounting policies, judgements and estimates applied while preparing these Interim Condensed Financial Statements are consistent with those applied during the preparation of Financial Statements as of and for the year ended 31 December 2018, except for those described in the Application of new IFRS paragraph.

3. APPLICATION OF NEW IFRS

Accounting policies applied from 1 January 2019

The Company has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

Operating lease commitments disclosed as at 31 December 2018	265,067
(Less): short-term leases recognised on a straight-line basis as expense	(31,155)
(Less): low-value leases recognised on a straight-line basis as expense	<u>(108,527)</u>
Undiscounted leases recognized under IFRS 16	125,385
Discounted using the lessee's incremental borrowing rate at the date of initial application	100,027
Add: finance lease liabilities recognised as at 31 December 2018	<u>644,611</u>
Lease liability recognised as at 1 January 2019	744,638
Of which are:	
Current lease liabilities	96,572
Non-current lease liabilities	<u>648,066</u>
	744,638

The associated right-of-use assets for property leases were measured at the amount equal to the lease liability. There were no onerous lease contracts that would have required an adjustments to the right-of-use assets at the date of initial application.

The recognized right-of-use assets relates to the following types of assets:

	30 September 2019	1 January 2019
Property	501,877	540,388
Plant and equipment	283,778	324,713
Motor vehicles	46,062	54,331
Total right-of-use assets	831,717	919,432

NIS a.d.

Notes to the Interim Condensed Financial Statements for the nine month period ended 30 September 2019

(All amounts are in 000 RSD, unless otherwise stated)

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

Property, plant and equipment – decrease	(819,405)
Right-of-use assets – increase	919,432
Long-term and current portion of long-term debt – decrease	644,611
Lease liabilities – increase	(744,638)

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the accounting for operating leases for which the underlying asset is of low value
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a lease.

Accounting policy

The Company leases various offices, warehouses, retail stores, equipment and cars. Rental contracts are typically made for fixed periods of 2 to 20 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

NIS a.d.

Notes to the Interim Condensed Financial Statements for the nine month period ended 30 September 2019

(All amounts are in 000 RSD, unless otherwise stated)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

4. NEW ACCOUNTING STANDARDS

The following other new standards and pronouncements which became effective did not have any material impact on the Company:

- IFRIC 23 – Uncertainty over Income Tax Treatments (issued on 7 June 2017 and effective for annual periods beginning on or after 1 January 2019);
- Prepayment Features with Negative Compensation – Amendments to IFRS 9 (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019);
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28 (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019);
- Annual improvements 2015-2017 Cycle (issued on 12 December 2017 and effective for annual periods beginning on or after 1 January 2019);
- Plan amendment, Curtailment or Settlement – Amendments to IAS 19 (issued on 7 February 2018 and effective for annual periods beginning on or after 1 January 2019).

The following other new standards and pronouncements are not expected to have any material impact on the Company when adopted:

- IFRS 17 – Insurance Contracts (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2021);
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB);
- Amendments to the Conceptual Framework for Financial Reporting (issued in March 2018 and effective for annual periods beginning on or after 1 January 2020);
- Definition of a Business – Amendments to IFRS 3 (issued in October 2018 and effective for annual periods beginning on or after 1 January 2020);
- Definition of Material – Amendments to IAS 1 and IAS 8 (issued in October 2018 and effective for annual periods beginning on or after 1 January 2020).

Unless otherwise described above, the new standards and interpretations are not expected to have significant impact on the Company's Interim Condensed Financial Statements.

5. SEGMENT INFORMATION

Presented below is information about the Company's operating segments for the nine month period ended 30 September 2019 and 2018. Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM), and for which discrete financial information is available.

The Company manages its operations in 2 operating segments: Upstream and Downstream.

Upstream segment (exploration and production) includes the following Company operations: exploration, development and production of crude oil and natural gas and oil field services. Downstream segment (refining and marketing) processes crude oil into refined products and purchases, sells and transports

NIS a.d.**Notes to the Interim Condensed Financial Statements for the nine month period ended 30 September 2019***(All amounts are in 000 RSD, unless otherwise stated)*

crude and refined petroleum products (refining and marketing). Corporate centre and Energy business activities are presented within the Downstream segment.

Eliminations and other adjustments section encompasses elimination of inter-segment sales and related unrealised profits, mainly from the sale of crude oil and products, and other adjustments. Intersegment revenues are based upon estimated market prices.

EBITDA represents the Company's EBITDA. Management believes that EBITDA represents useful means of assessing the performance of the Company's ongoing operating activities, as it reflects the Company's earnings trends without showing the impact of certain charges. EBITDA is defined as earnings before interest, income tax expense, depreciation, depletion and amortization, finance income (expenses) net and other non-operating income (expenses). EBITDA is a supplemental non-IFRS financial measure used by management to evaluate operations.

Reportable segment results for the nine month period ended 30 September 2019 are shown in the table below:

	Upstream	Downstream	Eliminations	Total
Segment revenue	36,333,304	174,759,374	(36,387,433)	174,705,245
Intersegment	35,633,111	754,322	(36,387,433)	-
External	700,193	174,005,052	-	174,705,245
EBITDA (Segment results)	25,728,701	3,569,925	-	29,298,626
Depreciation, depletion and amortization	(7,660,592)	(6,157,447)	-	(13,818,039)
Reversal of non-financial assets impairment	-	389,321	-	389,321
Net foreign exchange gain (loss)	(45,511)	356,207	-	310,696
Finance expenses, net	(88,378)	(623,831)	-	(712,209)
Income tax	(74,444)	(3,097,513)	-	(3,171,957)
Segment profit /(loss)	17,783,034	(6,314,198)	-	11,468,836

Reportable segment results for the nine month period ended 30 September 2018 are shown in the table below:

	Upstream	Downstream	Eliminations	Total
Segment revenue	25,550,616	190,985,157	(26,084,204)	190,451,569
Intersegment	24,276,020	1,808,184	(26,084,204)	-
External	1,274,596	189,176,973	-	190,451,569
EBITDA (Segment results)	27,739,616	12,444,127	-	40,183,743
Depreciation, depletion and amortization	(6,311,286)	(6,558,631)	-	(12,869,917)
Net of impairment of non-financial assets	(3,471)	(21,164)	-	(24,635)
Net foreign exchange gain (loss)	(42,776)	(191,925)	-	(234,701)
Finance income (expenses), net	10,006	(463,666)	-	(453,660)
Income tax	(122,158)	(4,122,768)	-	(4,244,926)
Segment profit /(loss)	21,082,559	1,287,261	-	22,369,820

NIS a.d.

Notes to the Interim Condensed Financial Statements for the nine month period ended 30 September 2019

(All amounts are in 000 RSD, unless otherwise stated)

EBITDA for the three and nine month period ended 30 September 2019 and 2018 is reconciled below:

	Three month period ended 30 September		Nine month period ended 30 September	
	2019	2018	2019	2018
Profit for the period	7,576,523	10,234,024	11,468,836	22,369,820
Income tax expenses	1,951,580	1,974,135	3,171,957	4,244,926
Finance expenses	462,317	542,979	1,417,461	1,663,485
Finance income	(212,994)	(389,941)	(705,252)	(1,209,825)
Depreciation, depletion and amortization	4,645,471	4,596,912	13,818,039	12,869,917
Net foreign exchange (gain) loss	(181,363)	237,240	(310,696)	234,701
Other (income) expense, net	(12,319)	170,973	172,674	138,294
Other non-operating (income) expense, net	335,047	(134,484)	265,607	(127,575)
EBITDA	14,564,262	17,231,838	29,298,626	40,183,743

Oil, gas and petroleum products sales comprise the following (based on the country of customer incorporation):

	Nine month period ended 30 September 2019		
	Domestic market	Export and International sales	Total
Sale of crude oil	-	663,496	663,496
Sale of gas	1,332,552	-	1,332,552
<i>Through a retail network</i>	-	-	-
<i>Wholesale activities</i>	1,332,552	-	1,332,552
Sale of petroleum products	134,826,612	31,158,154	165,984,766
<i>Through a retail network</i>	48,495,359	-	48,495,359
<i>Wholesale activities</i>	86,331,253	31,158,154	117,489,407
Sale of electricity	578,390	154,044	732,434
Lease revenue	284,055	799	284,854
Other sales	5,581,119	126,024	5,707,143
Total sales	142,602,728	32,102,517	174,705,245

NIS a.d.**Notes to the Interim Condensed Financial Statements for the nine month period ended 30 September 2019***(All amounts are in 000 RSD, unless otherwise stated)*

	Nine month period ended 30 September 2018		
	Domestic market	Export and International sales	Total
Sale of crude oil	-	1,056,256	1,056,256
Sale of gas	1,415,084	-	1,415,084
<i>Through a retail network</i>	-	-	-
<i>Wholesale activities</i>	1,415,084	-	1,415,084
Sale of petroleum products	141,952,327	35,218,645	177,170,972
<i>Through a retail network</i>	46,145,291	-	46,145,291
<i>Wholesale activities</i>	95,807,036	35,218,645	131,025,681
Sale of electricity	478,885	4,466,746	4,945,631
Other sales	5,663,124	200,502	5,863,626
Total sales	149,509,420	40,942,149	190,451,569

Out of the amount of 117,489,407 RSD (2018: 131,025,681 RSD) revenue from sale of petroleum products (wholesale), the amount of 13,043,228 RSD (2018: 19,494,776 RSD) are derived from a single domestic customer HIP Petrohemija. These revenue are attributable to wholesale activities within Downstream segment.

Sales of electricity mainly relates to trading with Network For Trading doo Belgrade in the amount of 663,496 RSD (2018: Gazprom Marketing & Trading Co., Ltd. in the amount of 3,988,435 RSD).

Other sales mainly relate to sales of non-fuel products at petrol stations in the amount of 4,561,052 RSD (2018: 4,223,980 RSD).

All performance obligations related to customers are satisfied at point in time at which a customer obtains control of a promised asset and the entity satisfies a performance obligation.

The Company is domiciled in the Republic of Serbia. The revenue from external customers in the Republic of Serbia is 142,602,728 RSD (2018: 149,509,420 RSD), and the total revenue from external customer from other countries is 32,102,517 RSD (2018: 40,942,149 RSD).

The breakdown of the major component of the total revenue from external customers from other countries is disclosed below:

	Nine month period ended 30 September	
	2019	2018
Sale of crude oil	663,496	1,056,256
Sale of petroleum products (retail and wholesale)		
Bosnia and Herzegovina	11,024,572	8,507,290
Bulgaria	5,149,623	8,269,231
Romania	3,693,011	6,169,304
Croatia	1,815,734	2,366,149
Switzerland	1,253,379	1,755,558
Hungary	1,158,455	1,210,430
Great Britain	857,339	1,292,002
Northern Macedonia	819,890	1,371,827
All other markets	5,386,151	4,276,854
	31,158,154	35,218,645
Sale of electricity	154,044	4,466,746
Lease revenue	799	-
Other sales	126,024	200,502
	32,102,517	40,942,149

Revenues from the individual countries included in all other markets are not material.

NIS a.d.

Notes to the Interim Condensed Financial Statements for the nine month period ended 30 September 2019

(All amounts are in 000 RSD, unless otherwise stated)

6. CASH AND CASH EQUIVALENTS

	30 September 2019	31 December 2018
Cash in bank and in hand	10,104,668	5,621,605
Deposits with original maturity of less than three months	2,326,226	6,367,102
Cash held on escrow account	14,541	17,364
Cash equivalents	253,783	216,507
	12,699,218	12,222,578

7. SHORT-TERM FINANCIAL ASSETS

	30 September 2019	31 December 2018
Short-term loans	23,678	27,633
Deposits with original maturity more than 3 months less than 1 year	-	2,122,961
Current portion of long-term investments (note 12)	12,741,847	10,654,662
Less impairment loss provision	(7,783,741)	(6,118,893)
	4,981,784	6,686,363

8. TRADE AND OTHER RECEIVABLES

	30 September 2019	31 December 2018
Trade receivables	41,435,566	37,762,042
Other receivables	109,161	122,807
Accrued assets	-	314,496
<i>Less credit loss allowance for trade receivables</i>	(10,016,029)	(10,062,788)
<i>Less credit loss allowance for other receivables</i>	(56,138)	(59,610)
Total trade and other receivables	31,472,560	28,076,947

The Management of the Company regularly assesses the credit quality of trade and other receivables taking into account analysis of ageing profile of receivables and duration of relationships with the Company.

Management believes that not impaired trade, specific and other receivables are fully recoverable.

The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

	30 September 2019	31 December 2018
RSD	26,956,125	23,649,335
EUR	4,161,300	3,734,398
USD	355,135	693,041
Other	-	173
	31,472,560	28,076,947

NIS a.d.

**Notes to the Interim Condensed Financial Statements for the nine month period ended
30 September 2019**

(All amounts are in 000 RSD, unless otherwise stated)

9. INVENTORIES

	30 September 2019	31 December 2018
Crude oil	24,155,210	24,596,883
Petroleum products	15,704,665	18,794,803
Materials and supplies	4,916,029	5,148,165
Other	754,944	734,454
Less impairment provision	(4,703,807)	(4,830,527)
	40,827,041	44,443,778

10. OTHER CURRENT ASSETS

	30 September 2019	31 December 2018
Advances paid	620,112	716,164
Deferred VAT	1,712,294	1,567,844
Prepaid expenses	382,873	220,882
Prepaid custom duties	6,189	4,625
Prepaid excise	1,447,332	2,743,083
Other current assets	7,655,227	7,781,630
Less impairment provision	(7,626,350)	(7,617,942)
	4,197,677	5,416,286

Deferred VAT as at 30 September 2019 amounting to 1,712,294 RSD (31 December 2018: 1,567,844 RSD) represents VAT inputs claimed on invoices received and accounted for in the current period, while the inputs will be allowed in the following accounting period.

Prepaid excise as at 30 September 2019 amounting to 1,447,332 RSD (31 December 2018: 2,743,083 RSD) relates to the excise paid for finished products stored in non-excise warehouse.

Other current assets mainly relate to claims in dispute which are impaired.

NIS a.d.

Notes to the Interim Condensed Financial Statements for the nine month period ended 30 September 2019

(All amounts are in 000 RSD, unless otherwise stated)

11. PROPERTY, PLANT AND EQUIPMENT

	Oil and gas properties	Refining assets	Marketing and distribution assets	Other assets	Assets under construction	Total
As at 1 January 2018						
Cost	135,319,517	114,239,048	47,083,673	17,694,721	32,591,816	346,928,775
Depreciation and impairment	(32,675,985)	(40,818,582)	(25,487,659)	(8,841,365)	(1,996,745)	(109,820,336)
Net book value	102,643,532	73,420,466	21,596,014	8,853,356	30,595,071	237,108,439
Period ended 30 September 2018						
Additions	-	-	-	-	28,635,113	28,635,113
Acquisitions through business combinations	-	-	-	-	217,660	217,660
Changes in decommissioning obligations	158,576	-	-	-	-	158,576
Transfer from assets under construction	11,549,461	1,386,171	3,560,627	140,528	(16,636,787)	-
Transfer to investment property	-	-	(81,328)	-	-	(81,328)
Impairment	-	-	(23,931)	-	(13,412)	(37,343)
Depreciation	(6,269,861)	(4,182,159)	(1,291,547)	(392,613)	-	(12,136,180)
Disposals and write-off	(52,007)	(72,933)	(17,725)	(17,646)	(794,563)	(954,874)
Other transfers	1,980,026	(1,400,947)	20,705	(599,720)	8,177	8,241
	110,009,727	69,150,598	23,762,815	7,983,905	42,011,259	252,918,304
As at 30 September 2018						
Cost	149,474,499	113,765,057	51,043,367	16,217,905	44,021,415	374,522,243
Depreciation and impairment	(39,464,772)	(44,614,459)	(27,280,552)	(8,234,000)	(2,010,156)	(121,603,939)
Net book value	110,009,727	69,150,598	23,762,815	7,983,905	42,011,259	252,918,304
As at 1 January 2019						
Cost	156,367,336	115,028,154	51,380,912	16,193,480	45,864,852	384,834,734
Depreciation and impairment	(42,496,555)	(46,153,659)	(27,626,321)	(8,300,778)	(2,003,304)	(126,580,617)
Net book value	113,870,781	68,874,495	23,754,591	7,892,702	43,861,548	258,254,117
Period ended 30 September 2019						
Additions	-	-	-	-	26,332,523	26,332,523
Changes in decommissioning obligations	104,542	-	-	-	-	104,542
Transfer from assets under construction	9,873,390	1,862,125	1,003,196	440,433	(13,179,144)	-
Transfer to non-current assets held for sale	(19,663)	(11,959)	(26)	(74,151)	-	(105,799)
Impairment	-	(3,488)	(55,783)	-	(16,405)	(75,676)
Depreciation	(7,621,144)	(4,051,541)	(1,259,938)	(418,193)	-	(13,350,816)
Disposals and write-off	(122,080)	(16,927)	(29,359)	(5,972)	(110,305)	(284,643)
Transfer to right of use assets (note 3)	(54,331)	-	(765,074)	-	-	(819,405)
Other transfers	(28,832)	(3,167)	1,541	30,469	170,151	170,162
	116,002,663	66,649,538	22,649,148	7,865,288	57,058,368	270,225,005
As at 30 September 2019						
Cost	165,905,912	116,797,043	51,074,751	16,228,154	59,078,077	409,083,937
Depreciation and impairment	(49,903,249)	(50,147,505)	(28,425,603)	(8,362,866)	(2,019,709)	(138,858,932)
Net book value	116,002,663	66,649,538	22,649,148	7,865,288	57,058,368	270,225,005

Capitalized borrowing costs for the nine months ended 30 September 2019 include interest expense in the amount of 104,898 RSD (30 September 2018: 83,833 RSD).

NIS a.d.

Notes to the Interim Condensed Financial Statements for the nine month period ended 30 September 2019

(All amounts are in 000 RSD, unless otherwise stated)

12. LONG-TERM FINANCIAL ASSETS

	30 September 2019	31 December 2018
LT loans issued	39,190,504	37,976,787
Financial assets at FVTOCI	26,540	177,767
Other LT placements	165,499	25,984
<i>Less Current portion of LT loans issued (note 7)</i>	<i>(12,741,847)</i>	<i>(10,654,662)</i>
<i>Less provision of other LT placements</i>	<i>(2,306,898)</i>	<i>(4,117,452)</i>
	24,333,798	23,408,424

13. OTHER NON-CURRENT ASSETS

	30 September 2019	31 December 2018
Advances paid for PPE	752,329	790,744
Prepaid expenses	143,630	151,070
Other financial assets	1,192,384	1,240,438
<i>Less allowance for Other financial assets</i>	<i>(363,563)</i>	<i>(371,817)</i>
<i>Less allowance for advances paid</i>	<i>(32,576)</i>	<i>(32,576)</i>
	1,692,204	1,777,859

14. SHORT-TERM DEBT AND CURRENT PORTION OF LONG-TERM DEBT

	30 September 2019	31 December 2018
Short-term loans	1,486,753	2,218,378
Interest liabilities	102,952	100,154
Current portion of long-term loans (note 18)	5,813,934	5,852,524
Current portion of finance lease liabilities (note 18)	-	71,066
	7,403,639	8,242,122

Movements on the Company's liabilities from short-term finance activities are as follows:

	Nine month period ended 30 September	
	2019	2018
Short-term loans at 1 January	2,218,378	2,298,487
Proceeds	10,922,793	9,208,996
Repayment	(11,654,418)	(9,691,224)
Foreign exchange difference (note 22)	-	(131)
Short-term loans at 30 September	1,486,753	1,816,128

15. TRADE AND OTHER PAYABLES

	30 September 2019	31 December 2018
Trade payables	34,247,355	26,584,597
Dividends payable	3,772,308	3,772,308
Other accounts payable	33,860	8,434
	38,053,523	30,365,339

As at 30 September 2019 trade payables amounting to 34,247,355 RSD (31 December 2018: 26,584,597 RSD) mainly relate to payables for crude oil in the amount of 19,456,621 RSD (31 December 2018: 10,240,742 RSD), to the suppliers Glencore Energy, Great Britain in the amount of 5,705,905 RSD (31 December 2018: 0 RSD) and Gazprom Neft, St Petersburg in the amount of 10,706,518 RSD (31 December 2018: 10,240,742 RSD).

NIS a.d.

Notes to the Interim Condensed Financial Statements for the nine month period ended 30 September 2019

(All amounts are in 000 RSD, unless otherwise stated)

16. OTHER CURRENT LIABILITIES

	30 September 2019	31 December 2018
Contract liabilities arising from contracts with customers:		
- Advances received	1,684,691	1,322,558
- Customer loyalty	568,956	502,254
Payables to employees	2,678,699	3,199,959
Other current non-financial liabilities	165,588	62,910
	5,097,934	5,087,681

Revenue in the amount of 1,451,120 RSD was recognized in the current reporting period related to the contract liabilities as at 1 January 2019, of which 1,129,191 RSD related to advances and 321,929 RSD to customer loyalty programme.

17. OTHER TAXES PAYABLE

	30 September 2019	31 December 2018
Mineral extraction tax	344,941	378,481
VAT	3,348,644	1,187,246
Excise tax	5,617,037	4,680,755
Contribution for buffer stocks	274,548	260,905
Custom duties	217,233	291,534
Energy efficiency fee	32,727	-
Other taxes	1,872,522	1,761,272
	11,707,652	8,560,193

18. LONG-TERM DEBT

	30 September 2019	31 December 2018
Long-term loan - Gazprom Neft	20,499,122	24,738,405
Bank loans	67,462,286	67,908,442
Finance lease liabilities (note 19)	-	644,611
Less Current portion (note 14)	(5,813,934)	(5,923,590)
	82,147,474	87,367,868

Movements on the Company's liabilities from finance activities are as follows:

	Nine month period ended 30 September	
	2019	2018
Long-term loans at 1 January	92,646,847	95,404,544
Proceeds	12,121,121	20,732,742
Repayment	(16,325,784)	(23,562,494)
Foreign exchange difference (note 22)	(480,776)	141,228
Long-term loans at 30 September	87,961,408	92,716,020

(a) Long-term loan - Gazprom Neft

As at 30 September 2019 long-term loan - Gazprom Neft amounting to 20,499,122 RSD (31 December 2018: 24,738,405 RSD), with current portion of 5,466,432 RSD (2018: 5,497,423 RSD), relate to loan from Gazprom Neft granted based on the Agreement for Sale and Purchase of shares signed on 24 December 2008. The stated liabilities shall be settled in quarterly instalments starting from December 2012 until 15 May 2023.

NIS a.d.

Notes to the Interim Condensed Financial Statements for the nine month period ended 30 September 2019

(All amounts are in 000 RSD, unless otherwise stated)

(b) Bank loans

	30 September 2019	31 December 2018
Domestic	45,678,548	50,621,113
Foreign	21,783,738	17,287,329
	67,462,286	67,908,442
Current portion of long-term loans	(347,502)	(355,101)
	67,114,784	67,553,341

The maturity of bank loans was as follows:

	30 September 2019	31 December 2018
Between 1 and 2 years	1,248,984	1,403,463
Between 2 and 5 years	62,608,034	61,219,659
Over 5 years	3,257,766	4,930,219
	67,114,784	67,553,341

The carrying amounts of bank loans are denominated in the following currencies:

	30 September 2019	31 December 2018
USD	214,301	361,696
EUR	66,974,007	67,250,132
RSD	531	649
JPY	273,447	295,965
	67,462,286	67,908,442

The Company repays loans in accordance with agreed dynamics, i.e. determined annuity plans. The Company has both fixed and floating interest rates with the creditors. Floating interest rates are connected with Euribor and Libor. Management expects that the Company will be able to fulfill its obligations within agreed timeframe.

The loan agreements contain financial covenants that require the Company's ratio of Indebtedness to EBITDA. Management believes the Company is in compliance with these covenants as of 30 September 2019 and 31 December 2018, respectively.

19. LEASE LIABILITIES

	30 September 2019	31 December 2018
Non-current lease liabilities	590,925	-
Current lease liabilities	98,901	-
	689,826	-

At 31 December 2018 finance lease liabilities was recognised within balance sheet lines Long-term debt (note 18) and Current portion of long-term debt (note 14) in total amount of 644,611 RSD.

Movements on the Company's liabilities from lease activities are as follows:

	Nine month period ended	
	30 September 2019	2018
As at 1 January	644,611	247,210
Changes in opening balance	100,027	-
Repayment	(86,684)	(39,388)
Non-cash transactions	31,276	478,384
Foreign exchange difference (note 22)	596	(242)
As at 30 September	689,826	685,964

NIS a.d.

**Notes to the Interim Condensed Financial Statements for the nine month period ended
30 September 2019**

(All amounts are in 000 RSD, unless otherwise stated)

20. PRODUCTION AND MANUFACTURING EXPENSES

	Three month period ended 30 September		Nine month period ended 30 September	
	2019	2018	2019	2018
Employee costs	877,507	847,637	2,570,868	2,525,340
Materials and supplies (other than purchased oil, petroleum products and gas)	239,480	185,225	728,841	558,469
Repair and maintenance services	1,057,433	968,013	4,854,568	3,015,198
Electricity for resale	119,436	1,876,257	302,388	4,495,713
Electricity and utilities	645,174	581,066	1,576,007	1,538,780
Safety and security expense	135,125	133,364	398,796	361,828
Insurance services	75,750	68,018	213,740	206,272
Transportation services for production	446,265	490,428	1,273,512	1,449,303
Other	2,407,460	2,228,948	6,222,912	5,949,253
	6,003,630	7,378,956	18,141,632	20,100,156

21. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three month period ended 30 September		Nine month period ended 30 September	
	2019	2018	2019	2018
Employee costs	2,435,124	2,460,715	7,352,575	7,400,661
Commission and agency fees	81,015	102,209	220,776	282,420
Legal, audit and consulting services	407,588	399,579	1,132,771	1,030,197
Current repair cost	221,029	193,822	599,665	549,072
Costs on advertising and marketing	98,306	74,210	222,735	219,140
Rent expense	59,635	30,545	186,203	96,766
Business trips expense	89,469	75,308	199,014	221,119
Safety and security expense	133,782	111,560	365,195	343,152
Insurance expense	29,174	29,473	86,314	81,861
Transportation and storage	78,428	87,366	238,849	255,842
Allowance for doubtful accounts	(179,843)	(183,557)	(248,078)	(317,036)
Other	1,937,425	1,854,695	5,538,911	5,378,180
	5,391,132	5,235,925	15,894,930	15,541,374

22. NET FOREIGN EXCHANGE GAIN (LOSS)

	Three month period ended 30 September		Nine month period ended 30 September	
	2019	2018	2019	2018
Foreign exchange gain (loss) on financing activities including:				
- foreign exchange gain	452,341	825,425	1,058,351	1,479,949
- foreign exchange loss	(180,133)	(1,144,083)	(578,171)	(1,620,804)
Net foreign exchange gain (loss) on operating activities	(90,845)	81,418	(169,484)	(93,846)
	181,363	(237,240)	310,696	(234,701)

NIS a.d.

Notes to the Interim Condensed Financial Statements for the nine month period ended 30 September 2019

(All amounts are in 000 RSD, unless otherwise stated)

23. FINANCE INCOME

	Three month period ended 30 September		Nine month period ended 30 September	
	2019	2018	2019	2018
Interest on bank deposits	37,772	138,616	194,198	520,435
Interest income on loans issued	174,964	226,194	510,796	664,259
Dividend income	258	25,131	258	25,131
	212,994	389,941	705,252	1,209,825

24. FINANCE EXPENSES

	Three month period ended 30 September		Nine month period ended 30 September	
	2019	2018	2019	2018
Interest expense	438,147	552,269	1,409,156	1,725,140
Decommissioning provision: unwinding of the present value discount	38,005	23,154	110,436	66,839
Financial assets: unwinding of discount	9,117	-	2,767	(44,661)
Less: interest expense capitalised on qualifying assets	(22,952)	(32,444)	(104,898)	(83,833)
	462,317	542,979	1,417,461	1,663,485

25. FAIR VALUE MEASUREMENT

The following assets are measured at fair value in the Interim Condensed Financial Statements: investment properties and financial investments classified as available for sale. The valuation techniques and inputs used in fair value measurements are on the same basis as disclosed in the Financial Statements as of 31 December 2018. There were no transfers between the levels of the fair value hierarchy during the interim period.

As of 30 September 2019 the carrying value of financial assets approximates their fair value.

26. CONTINGENCIES AND COMMITMENTS

Environmental protection

Based on an internal assessment of compliance with the Republic of Serbia environmental legislation as at the reporting date, the Company's management recognised an environmental provision in the amount of 540,399 RSD (31 December 2018: 637,414 RSD).

The Company's Management believes that cash outflows related to provision will not be significantly higher than the ones already provided for. However, it is possible that these costs will increase significantly in the future, should the legislation become more restrictive.

Taxes

Tax laws are subject to different interpretations and frequent amendments. Tax authorities' interpretation of Tax laws may differ to those made by the Company's management. As result, some transactions may be disputed by tax authorities and the Company may have to pay additional taxes, penalties and interests. Tax liability due date is five years. Tax authorities have rights to determine unpaid liabilities within five years since the transaction date. Management has assessed that the Company has paid all tax liabilities as of 30 September 2019.

Capital commitments

As of 30 September 2019 the Company has entered into contracts to purchase property, plant and equipment for 5,329,414 RSD (31 December 2018: 15,944,407 RSD).

There were no other material contingencies and commitments of the Company.

NIS a.d.

Notes to the Interim Condensed Financial Statements for the nine month period ended 30 September 2019

(All amounts are in 000 RSD, unless otherwise stated)

27. RELATED PARTY TRANSACTIONS

For the purpose of these Interim Condensed Financial Statements parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial and operational decision as defined by IAS 24 Related Party disclosure.

The majority owner of the Company is Gazprom Neft, St Petersburg, Russian Federation, with 56.15% shares of the Company. The second largest shareholder with 29.87% interest is Republic of Serbia, while remaining 13.98% of interest owned by various minority shareholders are traded on the Belgrade Stock Exchange and are owned by various shareholders. PJSC Gazprom, Russian Federation is the ultimate owner of the Company.

In the nine month period ended 30 September 2019 and in the same period in 2018, the Company entered into business transactions with its related parties. The most significant transactions with related parties in the mentioned periods related to supply/delivery of crude oil, petroleum products and energy.

As at 30 September 2019 and 31 December 2018 the outstanding balances with related parties were as follows:

	Subsidiaries	Parent company	Joint ventures, associates and parent's subsidiaries and associates
As at 30 September 2019			
Short-term financial assets	12,763,506	-	-
Trade and other receivables	3,413,389	-	1,533,295
Other current assets	8,595	-	18,315
Right to use assets	61,192	-	-
Investments in subsidiaries, associates and joint ventures	16,847,566	-	1,038,800
Long-term financial assets	26,448,656	-	-
Other non-current assets	64,984	-	-
Trade and other payables	(4,345,307)	(10,706,518)	(1,303,562)
Other current liabilities	(2,728)	-	(7,527)
Short-term debt and current portion of long-term debt	(1,489,420)	(5,466,432)	-
Current lease liabilities	(6,706)	-	-
Long-term debt	-	(15,032,690)	-
Non-current lease liabilities	(48,571)	-	-
	53,715,156	(31,205,640)	1,279,321

	Subsidiaries	Parent company	Joint ventures, associates and parent's subsidiaries and associates
As at 31 December 2018			
Short-term financial assets	10,224,339	-	-
Trade and other receivables	3,318,542	99	1,856,781
Other current assets	30,338	-	337,220
Investments in subsidiaries, associates and joint ventures	13,425,586	-	1,038,800
Long-term financial assets	23,279,079	-	-
Other non-current assets	3,582	-	-
Trade and other payables	(3,074,680)	(10,243,742)	(1,918,499)
Other current liabilities	(2,097)	-	(2,141)
Short-term debt and current portion of long-term debt	(2,222,441)	(5,497,423)	-
Long-term debt	-	(19,240,982)	-
	44,982,248	(34,982,048)	1,312,161

NIS a.d.**Notes to the Interim Condensed Financial Statements for the nine month period ended 30 September 2019***(All amounts are in 000 RSD, unless otherwise stated)*

For the nine month period ended 30 September 2019 and 2018 the following transaction occurred with related parties:

	Subsidiaries	Parent company	Joint ventures, associates and parent's subsidiaries, and associates
Nine month period ended 30 September 2019			
Petroleum products and oil and gas sales	12,812,825	-	13,422,530
Other revenues	320,013	-	45,586
Purchases of oil, gas and petroleum products	(175,768)	(35,443,305)	(3,205)
Production and manufacturing expenses	(3,154,844)	-	(324,319)
Selling, general and administrative expenses	(806,712)	-	(6,543)
Transportation expenses	(1,956)	-	-
Depreciation	(6,857)	-	-
Other income (expenses), net	(86,751)	14,610	(463)
Finance income	502,870	-	-
Finance expense	(37,043)	(309,072)	-
	9,365,777	(35,737,767)	13,133,586

	Subsidiaries	Parent company	Joint ventures, associates and parent's subsidiaries, and associates
Nine month period ended 30 September 2018			
Petroleum products and oil and gas sales	12,111,754	-	19,931,844
Other revenues	530,557	462	4,006,428
Purchases of oil, gas and petroleum products	(29,880)	(45,583,790)	(8,608)
Production and manufacturing expenses	(3,141,895)	-	(4,270,025)
Selling, general and administrative expenses	(365,591)	-	(6,198)
Transportation expenses	(69,229)	-	(1,555)
Other expenses, net	-	(4,985)	(809)
Finance income	655,249	-	-
Finance expense	(33,225)	(379,285)	-
	9,657,740	(45,967,598)	19,651,077

Transactions with Key Management Personnel

For the nine month period ended on 30 September 2019 and 2018 the Company recognized 679,623 RSD and 740,326 RSD, respectively, as compensation for key management personnel (Chief Executive Officer, members of the Board of Directors and Advisory Board and Corporate Secretary). Key management remuneration includes salaries, bonuses and other contributions.

NIS a.d.
Notes to the Interim Condensed Financial Statements for the nine month period ended
30 September 2019

(All amounts are in 000 RSD, unless otherwise stated)

NIS a.d.
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