



**Naftna industrija Srbije A.D.**

**Interim Condensed Financial Statements (Unaudited)**

**31 March 2020**

*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*

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

<b>Assets</b>	Note	<b>31 March 2020</b>	<b>31 December 2019</b>
		<i>(unaudited)</i>	
<b>Current assets</b>			
Cash and cash equivalents	5	7,916,512	13,501,827
Short-term financial assets	6	7,099,325	6,445,937
Trade and other receivables	7	24,679,846	28,649,729
Inventories	8	37,048,703	44,092,319
Current income tax prepayments		1,656,210	647,660
Other current assets	9	5,792,106	4,430,038
Non-current assets held for sale		142,807	91,901
<b>Total current assets</b>		<b>84,335,509</b>	<b>97,859,411</b>
<b>Non-current assets</b>			
Property, plant and equipment	10	277,471,509	276,244,341
Right-of-use assets	11	1,479,992	943,835
Investment property		1,694,241	1,694,307
Intangible assets		2,892,742	2,811,560
Investments in joint venture		1,038,800	1,038,800
Investments in subsidiaries		13,425,627	13,425,586
Trade and other non-current receivables		152,472	227,491
Long-term financial assets	12	22,385,339	23,316,659
Deferred tax assets		1,161,227	962,197
Other non-current assets	13	1,318,912	1,283,233
<b>Total non-current assets</b>		<b>323,020,861</b>	<b>321,948,009</b>
<b>Total assets</b>		<b>407,356,370</b>	<b>419,807,420</b>
<b>Liabilities and shareholder's equity</b>			
<b>Current liabilities</b>			
Short-term debt and current portion of long-term debt	14	10,720,997	7,451,531
Current lease liabilities	19	269,853	159,332
Trade and other payables	15	24,822,104	40,811,541
Other current liabilities	16	6,173,369	5,951,561
Other taxes payable	17	8,495,296	8,909,634
Provisions for liabilities and charges		1,546,826	1,572,542
<b>Total current liabilities</b>		<b>52,028,445</b>	<b>64,856,141</b>
<b>Non-current liabilities</b>			
Long-term debt	18	81,577,732	82,583,969
Non-current lease liabilities	19	1,085,820	652,092
Other non-current financial liabilities	20	841,303	-
Long-term trade and other payables		9,856	-
Provisions for liabilities and charges		11,473,751	11,251,613
<b>Total non-current liabilities</b>		<b>94,988,462</b>	<b>94,487,674</b>
<b>Equity</b>			
Share capital		81,530,200	81,530,200
Reserves		92,978	93,959
Retained earnings		178,716,285	178,839,446
<b>Total equity</b>		<b>260,339,463</b>	<b>260,463,605</b>
<b>Total liabilities and shareholder's equity</b>		<b>407,356,370</b>	<b>419,807,420</b>

Kirill Tyurdenev  
 Chief Executive Officer  
 24 April 2020



Anton Charepanov  
 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	
		31 March	
		2020	2019
		(unaudited)	(unaudited)
Sales of petroleum products, oil and gas		46,521,229	46,306,335
Other revenues		2,146,057	1,989,293
<b>Total revenue from sales</b>	4	<b>48,667,286</b>	<b>48,295,628</b>
Purchases of oil, gas and petroleum products		(31,681,888)	(30,727,433)
Production and manufacturing expenses	21	(5,265,695)	(5,373,377)
Selling, general and administrative expenses	22	(5,238,020)	(5,055,750)
Transportation expenses		(255,424)	(221,398)
Depreciation, depletion and amortization		(5,014,810)	(4,573,839)
Taxes other than income tax		(1,046,132)	(1,060,399)
Exploration expenses		(3,579)	(11,474)
<b>Total operating expenses</b>		<b>(48,505,548)</b>	<b>(47,023,670)</b>
Other income (expenses), net		(83,102)	(75,443)
<b>Operating profit</b>		<b>78,636</b>	<b>1,196,515</b>
Net foreign exchange gain (loss)	23	(142,031)	115,101
Finance income	24	198,645	265,818
Finance expenses	25	(412,656)	(477,788)
<b>Total other expense</b>		<b>(356,042)</b>	<b>(96,869)</b>
<b>Profit (loss) before income tax</b>		<b>(277,406)</b>	<b>1,099,646</b>
Current income tax expense		(44,786)	(134,828)
Deferred tax income (expense)		199,031	(205,097)
<b>Total income tax expense</b>		<b>154,245</b>	<b>(339,925)</b>
<b>Profit (loss) for the period</b>		<b>(123,161)</b>	<b>759,721</b>
<b>Other comprehensive income (loss):</b>			
<b>Items that will not be reclassified to profit (loss)</b>			
Gains (losses) from investments in equity instruments		(981)	6,410
<b>Other comprehensive income (loss) for the period</b>		<b>(981)</b>	<b>6,410</b>
<b>Total comprehensive income (loss) for the period</b>		<b>(124,142)</b>	<b>766,131</b>
Earnings (Loss) per share attributable to shareholders of Naftna Industrija Srbije			
Basic earnings (RSD per share)		(0.76)	4.66
Weighted average number of ordinary shares in issue (in millions)		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**

Three month period ended 31 March 2020 and 2019  
*(All amounts are in 000 RSD, unless otherwise stated)*

<i>(unaudited)</i>	Share capital	Reserves	Retained earnings	Total
<b>Balance as at 1 January 2019</b>	<b>81,530,200</b>	<b>92,060</b>	<b>167,681,372</b>	<b>249,303,632</b>
Profit for the period	-	-	759,721	759,721
<b>Other comprehensive income (loss)</b>				
Gains from investments in equity instruments	-	6,410	-	6,410
<b>Total comprehensive income (loss) for the period</b>	<b>-</b>	<b>6,410</b>	<b>759,721</b>	<b>766,131</b>
<b>Balance as at 31 March 2019</b>	<b>81,530,200</b>	<b>98,470</b>	<b>168,441,093</b>	<b>250,069,763</b>

<i>(unaudited)</i>	Share capital	Reserves	Retained earnings	Total
<b>Balance as at 1 January 2020</b>	<b>81,530,200</b>	<b>93,959</b>	<b>178,839,446</b>	<b>260,463,605</b>
Profit (loss) for the period	-	-	(123,161)	(123,161)
<b>Other comprehensive income (loss)</b>				
Loss from investments in equity instruments	-	(981)	-	(981)
<b>Total comprehensive income (loss) for the period</b>	<b>-</b>	<b>(981)</b>	<b>(123,161)</b>	<b>(124,142)</b>
<b>Balance as at 31 March 2020</b>	<b>81,530,200</b>	<b>92,978</b>	<b>178,716,285</b>	<b>260,339,463</b>

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

**NIS a.d.**  
**Interim Condensed Statement of Cash Flows<sup>1</sup>**  
*(All amounts are in 000 RSD, unless otherwise stated)*

	Note	Three month period ended	
		31 March	
		2020	2019
		<i>(unaudited)</i>	<i>(unaudited)</i>
<b>Cash flows from operating activities</b>			
Profit (loss) before income tax		<b>(277,406)</b>	<b>1,099,646</b>
<b>Adjustments for:</b>			
Finance expenses	25	412,656	477,788
Finance income	24	(198,645)	(265,818)
Net unrealised foreign exchange (gain) loss		142,031	(146,157)
Depreciation, depletion and amortization		5,014,810	4,573,839
Other non-cash items		124,190	101,426
<b>Operating cash flow before changes in working capital</b>		<b>5,217,636</b>	<b>5,840,724</b>
<b>Changes in working capital:</b>			
Accounts receivables		4,088,634	649,956
Inventories		7,045,225	8,101,884
Other assets		(1,458,159)	551,043
Accounts payables and other current liabilities		(13,969,691)	(3,098,747)
Taxes payable		(414,370)	620,123
<b>Total effect on working capital changes</b>		<b>(4,708,361)</b>	<b>6,824,259</b>
Income taxes paid		(1,056,265)	(925,404)
Interest paid		(374,605)	(396,259)
Interest received		99,799	154,095
<b>Net cash (used in) generated from operating activities</b>		<b>(821,796)</b>	<b>11,497,415</b>
<b>Cash flows from investing activities</b>			
Net cash outflow on acquisition of subsidiaries		(41)	-
Loans issued		(541,265)	(1,609,341)
Loan proceeds received		1,724,140	1,362,078
Capital expenditures <sup>2</sup>		(8,230,919)	(8,284,828)
Proceeds from sale of property, plant and equipment		92,698	37,672
<b>Net cash used in investing activities</b>		<b>(6,955,387)</b>	<b>(8,494,419)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	14, 18	6,940,175	8,297,900
Repayment of borrowings	14, 18	(4,646,603)	(10,291,551)
Repayment of lease liabilities	19	(36,878)	(22,953)
<b>Net cash generated from (used in) financing activities</b>		<b>2,256,694</b>	<b>(2,016,604)</b>
Net increase (decrease) in cash and cash equivalents		(5,520,489)	986,392
Effect of foreign exchange on cash and cash equivalents		(64,826)	20,627
<b>Cash and cash equivalents as of the beginning of the period</b>		<b>13,501,827</b>	<b>12,222,578</b>
<b>Cash and cash equivalents as of the end of the period</b>		<b>7,916,512</b>	<b>13,229,597</b>

<sup>1</sup> Company's policy is to present cash flow inclusive of related VAT.

<sup>2</sup> CF from investing activities includes VAT in the amount of 0,9 bln RSD (2019: 1,0 bln RSD)

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

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**Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2020**

*(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 2019, 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 2019.

However, the spread of the coronavirus pandemic (COVID-19) and the preventive measures which led to decrease in the economic activity of market participants in the first quarter of 2020, as well as significant volatility in the commodity markets (including the decrease in oil prices) while, on the other hand, local currency RSD maintained a relatively stable against the US dollar (USD) and EURO (EUR), since March 2020, have impacted the accounting estimates used by the Company in the Condensed Interim Financial Statements preparation and bear the risk of adjustments to the carrying amounts of assets and liabilities. Information on the effect of these macroeconomic factors on the estimates with the greatest impact on the amounts reflected in these Condensed Interim Financial Statements is provided below.

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**Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2020**

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

**Recoverability of carrying amount of Property, Plant and Equipment**

In the line with changes of macroeconomic parameters, management of the Company performed stress sensitivity analysis of its impact on recoverability of the Company PPE and overall business performance (note 10).

The macroeconomic factors mentioned above were taken into account when preparing business plans (models), which are the main source of information for measuring the value in use of non-current assets, including when preparing oil price dynamics, as well as when determining the discount rate.

Based on the currently available information and crude oil price forecast, management believe that recoverable amount of Company's PPE exceed its carrying value at reporting date.

**Estimation of oil and gas reserves**

The estimation of proved reserves of oil and gas reserves is used to calculate depreciation, depletion and amortization of oil and gas assets. In addition, the assessment of proved oil and gas reserves is used to calculate future cash flows, which are one of the main indicators of whether an asset is impaired. Oil and gas reserves are estimated based on certain assumptions of the Company, including the economic profitability of production, which is affected by the dynamics of oil prices and future capital and operating expenses. The macroeconomic factors mentioned above may lead to a downward revision of the inventory estimate. The Company intention is to assess the macroeconomic factors impact on the amount of reserves in the next reporting periods.

These macroeconomic factors also affected the fair value of financial assets and financial liabilities that are carried at fair value or amortised cost (note 26).

While this is still an evolving situation at the time of issuing these financial statements and the future effects cannot be predicted, the management expects a negative impact. Management will continue to monitor the potential impact in order to adequately take measure to mitigate impact if the negative trends on the market continue.

Subsequent events occurring after 31 March 2020 were evaluated through 24 April 2020, the date these Interim Condensed Financial Statements were authorised for issue.

The results for the three month period ended 31 March 2020 are not necessarily indicative of the results expected for the full year.

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

**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 2019, except for those described in the Application of new IFRS paragraph.

**3. NEW ACCOUNTING STANDARDS**

**Application of new IFRS**

The following amendments to the existing standards which become effective did not have any material impact on the Company:

- 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);



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**Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2020**

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

- 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);
- Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7 (issued in September 2019 and effective for annual periods beginning on or after January 2020).

**New accounting standards**

The following new standards and amendments to the existing standards 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);
- Classification of Liabilities as Current or Non-Current – Amendments to IAS 1 (issued in January 2020 and effective for annual periods beginning on or after January 2022).

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

**4. SEGMENT INFORMATION**

Presented below is information about the Company's operating segments for the three month period ended 31 March 2020 and 2019. 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 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.

**NIS a.d.****Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2020***(All amounts are in 000 RSD, unless otherwise stated)*

Reportable segment results for the three month period ended 31 March 2020 are shown in the table below:

	<b>Upstream</b>	<b>Downstream</b>	<b>Eliminations</b>	<b>Total</b>
Segment revenue	9,576,349	48,393,961	(9,303,024)	48,667,286
Intersegment	9,144,573	158,451	(9,303,024)	-
External	431,776	48,235,510	-	48,667,286
EBITDA (Segment results)	5,372,006	(199,232)	-	5,172,774
Depreciation, depletion and amortization	(2,821,383)	(2,193,427)	-	(5,014,810)
Net foreign exchange loss	(30,090)	(111,941)	-	(142,031)
Finance expenses, net	(13,533)	(200,478)	-	(214,011)
Income tax	(44,786)	199,031	-	154,245
Segment profit /(loss)	2,462,524	(2,585,685)	-	(123,161)

Reportable segment results for the three month period ended 31 March 2019 are shown in the table below:

	<b>Upstream</b>	<b>Downstream</b>	<b>Eliminations</b>	<b>Total</b>
Segment revenue	11,275,869	48,608,803	(11,589,044)	48,295,628
Intersegment	11,262,768	326,276	(11,589,044)	-
External	13,101	48,282,527	-	48,295,628
EBITDA (Segment results)	8,413,708	(2,607,187)	-	5,806,521
Depreciation, depletion and amortization	(2,855,936)	(1,717,903)	-	(4,573,839)
Net foreign exchange gain (loss)	(160,397)	275,498	-	115,101
Finance expenses, net	(55,405)	(156,565)	-	(211,970)
Income tax	(43,095)	(296,830)	-	(339,925)
Segment profit /(loss)	5,301,788	(4,542,067)	-	759,721

EBITDA for the three month period ended 31 March 2020 and 2019 is reconciled below:

	<b>Three month period ended 31 March</b>	
	<b>2020</b>	<b>2019</b>
Profit (loss) for the period	(123,161)	759,721
Income tax	(154,245)	339,925
Finance expenses	412,656	477,788
Finance income	(198,645)	(265,818)
Depreciation, depletion and amortization	5,014,810	4,573,839
Net foreign exchange loss (gain)	142,031	(115,101)
Other expense, net	83,102	75,443
Other non-operating income, net	(3,774)	(39,276)
<b>EBITDA</b>	<b>5,172,774</b>	<b>5,806,521</b>

**NIS a.d.****Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2020***(All amounts are in 000 RSD, unless otherwise stated)*

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

	<b>Three month period ended 31 March 2020</b>		
	<b>Domestic market</b>	<b>Export and International sales</b>	<b>Total</b>
Sale of crude oil	-	416,925	416,925
Sale of gas	61,206	-	61,206
<i>Through a retail network</i>	-	-	-
<i>Wholesale activities</i>	61,206	-	61,206
Sale of petroleum products	37,190,477	8,852,621	46,043,098
<i>Through a retail network</i>	14,165,063	-	14,165,063
<i>Wholesale activities</i>	23,025,414	8,852,621	31,878,035
Sale of electricity	192,663	12,658	205,321
Lease revenue	79,784	1,155	80,939
Other sales	1,805,017	54,780	1,859,797
<b>Total sales</b>	<b>39,329,147</b>	<b>9,338,139</b>	<b>48,667,286</b>

	<b>Three month period ended 31 March 2019</b>		
	<b>Domestic market</b>	<b>Export and International sales</b>	<b>Total</b>
Sale of crude oil	-	-	-
Sale of gas	828,086	-	828,086
<i>Through a retail network</i>	-	-	-
<i>Wholesale activities</i>	828,086	-	828,086
Sale of petroleum products	38,236,996	7,241,253	45,478,249
<i>Through a retail network</i>	13,774,276	-	13,774,276
<i>Wholesale activities</i>	24,462,720	7,241,253	31,703,973
Sale of electricity	218,307	38,800	257,107
Lease revenue	110,987	-	110,987
Other sales	1,576,228	44,971	1,621,199
<b>Total sales</b>	<b>40,970,604</b>	<b>7,325,024</b>	<b>48,295,628</b>

Out of the amount of 31,878,035 RSD (2019: 31,703,973 RSD) revenue from sale of petroleum products (wholesale), the amount of 4,873,751 RSD (2019: 3,827,301 RSD) are derived from a single domestic customer HIP Petrohemija. These revenue are attributable to wholesale activities within Downstream segment.

Other sales mainly relate to sales of non-fuel products at petrol stations for 1,383,162 RSD (2019: 1,278,144 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 39,329,147 RSD (2019: 40,970,604 RSD), and the total revenue from external customer from other countries is 9,338,139 RSD (2019: 7,325,024 RSD).

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**Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2020**

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

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

	<b>Three month period ended</b>	
	<b>31 March</b>	
	<b>2020</b>	<b>2019</b>
Sale of crude oil	416,925	-
Sale of petroleum products (retail and wholesale)		
Bosnia and Herzegovina	2,861,714	2,469,001
Bulgaria	1,841,499	1,704,833
Romania	784,411	476,917
Croatia	536,471	222,866
Switzerland	154,486	493,165
Hungary	335,237	364,029
Great Britain	361,929	344,711
Northern Macedonia	272,431	91,020
All other markets	1,704,443	1,074,711
	<b>8,852,621</b>	<b>7,241,253</b>
Sale of electricity	12,658	38,800
Lease revenue	1,155	-
Other sales	54,780	44,971
	<b>9,338,139</b>	<b>7,325,024</b>

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

**5. CASH AND CASH EQUIVALENTS**

	<b>31 March</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
Cash in bank and in hand	5,617,086	9,730,151
Deposits with original maturity of less than three months	2,080,000	3,493,453
Cash held on escrow account	12,290	13,715
Cash equivalents	207,136	264,508
	<b>7,916,512</b>	<b>13,501,827</b>

**6. SHORT-TERM FINANCIAL ASSETS**

	<b>31 March</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
Short-term loans	33,278	50,950
Current portion of long-term investments (note 12)	14,806,961	14,126,730
Less impairment loss provision	(7,740,914)	(7,731,743)
	<b>7,099,325</b>	<b>6,445,937</b>

**7. TRADE AND OTHER RECEIVABLES**

	<b>31 March</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
Trade receivables	34,250,219	38,323,574
Other receivables	103,977	110,474
<i>Less credit loss allowance for trade receivables</i>	(9,623,046)	(9,731,488)
<i>Less credit loss allowance for other receivables</i>	(51,304)	(52,831)
<b>Total trade and other receivables</b>	<b>24,679,846</b>	<b>28,649,729</b>

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.

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**Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2020**

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

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:

	<b>31 March 2020</b>	<b>31 December 2019</b>
RSD	20,754,975	23,143,779
EUR	3,193,301	5,213,349
USD	731,531	292,580
Other	39	21
	<b>24,679,846</b>	<b>28,649,729</b>

**8. INVENTORIES**

	<b>31 March 2020</b>	<b>31 December 2019</b>
Crude oil	19,637,593	29,839,954
Petroleum products	16,160,514	13,076,388
Materials and supplies	5,116,317	5,003,954
Other	785,282	842,655
Less impairment provision	(4,651,003)	(4,670,632)
	<b>37,048,703</b>	<b>44,092,319</b>

**9. OTHER CURRENT ASSETS**

	<b>31 March 2020</b>	<b>31 December 2019</b>
Advances paid	506,872	461,016
Deferred VAT	1,909,083	1,713,617
Prepaid expenses	254,678	259,101
Prepaid custom duties	63,180	62,071
Prepaid excise	2,818,300	1,705,199
Other current assets	7,791,238	7,780,183
Less impairment provision	(7,551,245)	(7,551,149)
	<b>5,792,106</b>	<b>4,430,038</b>

Deferred VAT as at 31 March 2020 amounting to 1,909,083 RSD (31 December 2019: 1,713,617 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 31 March 2020 amounting to 2,818,300 RSD (31 December 2019: 1,705,199 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.

## Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2020

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

## 10. PROPERTY, PLANT AND EQUIPMENT

	Oil and gas properties	Refining assets	Marketing and distribution assets	Other assets	Assets under construction	Total
<b>As at 1 January 2019</b>						
Cost	156,367,336	115,028,154	51,380,912	16,193,480	45,884,855	384,834,737
Depreciation and impairment	(42,496,555)	(46,153,659)	(27,626,321)	(8,300,778)	(2,003,304)	(126,580,617)
<b>Net book value</b>	<b>113,870,781</b>	<b>68,874,495</b>	<b>23,754,591</b>	<b>7,892,702</b>	<b>43,881,551</b>	<b>258,254,120</b>
<b>Period ended 31 March 2019</b>						
Additions	-	-	-	-	8,622,629	8,622,629
Changes in decommissioning obligations	26,481	-	-	-	-	26,481
Transfer from assets under construction	5,099,651	88,979	292,519	294,962	(5,776,111)	-
Transfer to non-current assets held for sale	-	-	-	(31,293)	-	(31,293)
Impairment	-	-	(14,249)	-	(13,039)	(27,288)
Depreciation	(2,516,132)	(1,349,519)	(420,487)	(136,909)	-	(4,423,047)
Disposals and write-off	9,699	(614)	(5,898)	(1,965)	(66,736)	(65,514)
Transfer to right of use assets	(54,331)	-	(765,074)	-	-	(819,405)
Other transfers	(29,417)	757	1,212	27,448	35,387	35,387
<b>As at 31 March 2019</b>	<b>116,406,732</b>	<b>67,614,098</b>	<b>22,842,614</b>	<b>8,044,945</b>	<b>46,663,681</b>	<b>261,572,070</b>
<b>As at 1 January 2020</b>						
Cost	161,297,562	115,109,144	50,580,516	16,484,453	48,680,024	392,151,699
Depreciation and impairment	(44,890,830)	(47,495,046)	(27,737,902)	(8,439,508)	(2,016,343)	(130,579,629)
<b>Net book value</b>	<b>116,406,732</b>	<b>67,614,098</b>	<b>22,842,614</b>	<b>8,044,945</b>	<b>46,663,681</b>	<b>261,572,070</b>
<b>As at 1 January 2020</b>						
Cost	174,428,161	119,078,761	51,810,197	16,384,499	58,002,489	419,704,107
Depreciation and impairment	(52,478,788)	(51,705,166)	(28,785,148)	(8,504,734)	(1,985,930)	(143,459,766)
<b>Net book value</b>	<b>121,949,373</b>	<b>67,373,595</b>	<b>23,025,049</b>	<b>7,879,765</b>	<b>56,016,559</b>	<b>276,244,341</b>
<b>Period ended 31 March 2020</b>						
Additions	-	-	-	-	6,123,069	6,123,069
Changes in decommissioning obligations	65,848	-	-	-	-	65,848
Transfer from assets under construction	4,116,683	1,333,748	506,285	100,067	(6,056,783)	-
Impairment	-	-	(3,031)	-	(10,206)	(13,237)
Depreciation	(2,799,466)	(1,459,296)	(431,731)	(145,017)	-	(4,835,510)
Disposals and write-off	(208)	(4,431)	(24,713)	(3,142)	(10,326)	(42,820)
Transfer to non-current assets held for sale	(43,445)	(272,780)	34,666	(70,558)	-	(70,558)
Other transfers	-	-	-	281,560	375	376
<b>As at 31 March 2020</b>	<b>123,288,785</b>	<b>66,970,836</b>	<b>23,106,525</b>	<b>8,042,675</b>	<b>56,062,688</b>	<b>277,471,509</b>
<b>As at 31 March 2020</b>						
Cost	178,451,775	120,095,527	52,330,135	16,488,269	58,056,828	425,422,534
Depreciation and impairment	(55,162,990)	(53,124,691)	(29,223,610)	(8,445,594)	(1,994,140)	(147,951,025)
<b>Net book value</b>	<b>123,288,785</b>	<b>66,970,836</b>	<b>23,106,525</b>	<b>8,042,675</b>	<b>56,062,688</b>	<b>277,471,509</b>

Capitalized borrowing costs for the three months ended 31 March 2020 include interest expense in the amount of 34,877 RSD (31 March 2019: 38,888 RSD).

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**Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2020**

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

**11. RIGHT-OF-USE ASSETS**

Movements in right-of-use assets for the three months ended 31 March 2020 and 2019 are as follows:

	Land	Property	Plant and equipment	Vehicles	Total
<b>As at 1 January 2019</b>	-	-	-	-	-
Changes in opening balance	-	540,388	324,713	54,331	919,432
Depreciation	-	(12,872)	(17,319)	(2,757)	(32,948)
<b>As at 31 March 2019</b>	-	<b>527,516</b>	<b>307,394</b>	<b>51,574</b>	<b>886,484</b>
<b>As at 1 January 2020</b>	-	<b>489,299</b>	<b>274,626</b>	<b>179,910</b>	<b>943,835</b>
Additions	7,509	83,270	-	495,176	585,955
Depreciation	(626)	(13,400)	(15,192)	(15,248)	(44,466)
Disposals	-	(1,356)	-	(3,976)	(5,332)
<b>As at 31 March 2020</b>	<b>6,883</b>	<b>557,813</b>	<b>259,434</b>	<b>655,862</b>	<b>1,479,992</b>

**12. LONG-TERM FINANCIAL ASSETS**

	31 March 2020	31 December 2019
LT loans issued	38,538,821	39,632,071
Financial assets at FVTPL (note 20)	841,303	-
Financial assets at FVTOCI	163,341	164,322
Other LT placements	26,495	26,389
<i>Less Current portion of LT loans issued (note 6)</i>	<i>(14,806,961)</i>	<i>(14,126,730)</i>
<i>Less provision of other LT placements</i>	<i>(2,377,660)</i>	<i>(2,379,393)</i>
	<b>22,385,339</b>	<b>23,316,659</b>

**13. OTHER NON-CURRENT ASSETS**

	31 March 2020	31 December 2019
Advances paid for PPE	408,904	358,552
Prepaid expenses	139,537	146,711
Other assets	1,159,871	1,153,959
<i>Less allowance for Other assets</i>	<i>(368,037)</i>	<i>(354,626)</i>
<i>Less allowance for advances paid</i>	<i>(21,363)</i>	<i>(21,363)</i>
	<b>1,318,912</b>	<b>1,283,233</b>

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

	31 March 2020	31 December 2019
Short-term loans	4,623,623	1,594,072
Interest liabilities	117,656	90,923
Current portion of long-term loans (note 18)	5,979,718	5,766,536
	<b>10,720,997</b>	<b>7,451,531</b>

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

	Three month period ended 31 March	
	2020	2019
<b>Short-term loans at 1 January</b>	<b>1,594,072</b>	<b>2,218,378</b>
Proceeds	6,474,222	6,087,653
Repayment	(3,444,671)	(6,523,919)
<b>Short-term loans at 31 March</b>	<b>4,623,623</b>	<b>1,782,112</b>

**NIS a.d.****Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2020***(All amounts are in 000 RSD, unless otherwise stated)***15. TRADE AND OTHER PAYABLES**

	<b>31 March 2020</b>	<b>31 December 2019</b>
Trade payables	20,978,525	36,940,204
Dividends payable	3,779,813	3,780,692
Other accounts payable	63,766	90,645
	<b>24,822,104</b>	<b>40,811,541</b>

As at 31 March 2020 trade payables amounting to 20,978,525 RSD (31 December 2019: 36,940,204 RSD) mainly relate to payables for crude oil in the amount of 8,099,127 RSD (31 December 2019: 19,989,597 RSD), to the most significant suppliers Gazprom Neft, St Petersburg in the amount of 5,251,934 RSD (31 December 2019: 10,240,742 RSD) and Petraco Oil Company LLP, London in the amount of 1,518,247 RSD (31 December 2019 0 RSD).

**16. OTHER CURRENT LIABILITIES**

	<b>31 March 2020</b>	<b>31 December 2019</b>
Contract liabilities arising from contracts with customers:		
- Advances received	1,616,062	1,699,250
- Customer loyalty	645,445	635,355
Payables to employees	3,893,280	3,257,059
Other current non-financial liabilities	18,582	359,897
	<b>6,173,369</b>	<b>5,951,561</b>

Revenue in the amount of 1,500,154 RSD (31 March 2019: 1,016,662 RSD) was recognized in the current reporting period related to the contract liabilities as at 1 January 2020, of which 1,257,775 RSD (31 March 2019: 904,073 RSD) related to advances and 242,379 RSD (31 March 2019: 112,589 RSD) to customer loyalty programme.

**17. OTHER TAXES PAYABLE**

	<b>31 March 2020</b>	<b>31 December 2019</b>
Mineral extraction tax	273,408	243,396
VAT	855,977	984,449
Excise tax	5,020,136	5,301,814
Contribution for buffer stocks	250,620	280,070
Custom duties	83,226	178,054
Energy efficiency fee	27,913	32,299
Other taxes	1,984,016	1,889,552
	<b>8,495,296</b>	<b>8,909,634</b>

**18. LONG-TERM DEBT**

	<b>31 March 2020</b>	<b>31 December 2019</b>
Long-term loan - Gazprom Neft	17,971,791	19,143,014
Bank loans	69,585,659	69,207,491
Less Current portion (note 14)	(5,979,718)	(5,766,536)
	<b>81,577,732</b>	<b>82,583,969</b>



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**Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2020**

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

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

	Three month period ended 31 March	
	2020	2019
<b>Long-term loans at 1 January</b>	<b>88,350,505</b>	<b>92,646,847</b>
Proceeds	465,953	2,210,247
Repayment	(1,201,932)	(3,767,632)
Foreign exchange difference (note 23)	(57,076)	(163,358)
<b>Long-term loans at 31 March</b>	<b>87,557,450</b>	<b>90,926,104</b>

(a) *Long-term loan - Gazprom Neft*

As at 31 March 2020 long-term loan - Gazprom Neft amounting to 17,971,791 RSD (31 December 2019: 19,143,014 RSD), with current portion of 5,674,839 RSD (2019: 5,469,432 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.

(b) *Bank loans*

	31 March 2020	31 December 2019
Domestic	47,292,689	46,880,636
Foreign	22,292,970	22,326,855
	69,585,659	69,207,491
Current portion of long-term loans	(304,879)	(297,104)
	<b>69,280,780</b>	<b>68,910,387</b>

The maturity of bank loans was as follows:

	31 March 2020	31 December 2019
Between 1 and 2 years	10,934,656	10,845,263
Between 2 and 5 years	55,110,012	54,737,906
Over 5 years	3,236,112	3,327,218
	<b>69,280,780</b>	<b>68,910,387</b>

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

	31 March 2020	31 December 2019
USD	195,034	209,292
EUR	69,142,408	68,732,684
RSD	462	498
JPY	247,755	265,017
	<b>69,585,659</b>	<b>69,207,491</b>

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 31 March 2020 and 31 December 2019, respectively.

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**Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2020**

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

**19. LEASE LIABILITIES**

	<b>31 March 2020</b>	<b>31 December 2019</b>
Non-current lease liabilities	1,085,820	652,092
Current lease liabilities	269,853	159,332
	<b>1,355,673</b>	<b>811,424</b>

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

	<b>Three month period ended 31 March</b>	
	<b>2020</b>	<b>2019</b>
<b>As at 1 January</b>	<b>811,424</b>	<b>644,611</b>
Changes in opening balance	-	100,027
Repayment	(36,878)	(22,953)
Non-cash transactions	592,852	5,617
Foreign exchange difference (note 23)	(11,725)	2,429
<b>As at 31 March</b>	<b>1,355,673</b>	<b>729,731</b>

Amounts recognized in profit and loss:

	<b>Three month period ended 31 March</b>	
	<b>2020</b>	<b>2019</b>
Interest expense (included in finance cost)	6,210	5,616
Expense relating to short-term leases	102,401	112,048
Expense relating to leases of low value assets that are not shown above as short-term leases	37,266	8,910
Expense relating to variable lease payments not included in lease liabilities	287,189	285,701

**20. OTHER NON-CURRENT FINANCIAL LIABILITIES**

Other non-current financial liabilities in amount of 841,303 RSD in total represents deferred consideration to PJSC Zarubeznjeft (further ZN) for O&G exploration project that is ongoing through subsidiary Jadran Naftagas. This obligation depends on occurrence of uncertain future events that are beyond the control of both the issuer (ZN) and a holder of instrument (NIS). In accordance with Novation agreement and Assignment agreement concluded between ZN, NIS and Jadran Naftagas, all ZN rights and obligations are assigned to NIS for consideration equal to outstanding loan liabilities of Jadran Naftagas towards ZN and Naftegazinkor prior the novation. Consideration cannot exceed the amount of said liabilities.

In addition, Company acquired additional 34% of shares in Jadran Naftagas for consideration of 41 RSD. These transactions of shares acquisition and transfer of liabilities should be consider together.

**21. PRODUCTION AND MANUFACTURING EXPENSES**

	<b>Three month period ended 31 March</b>	
	<b>2020</b>	<b>2019</b>
Employee costs	897,617	849,677
Materials and supplies (other than purchased oil, petroleum products and gas)	182,459	284,277
Repair and maintenance services	910,227	1,286,054
Electricity for resale	82,247	103,077
Electricity and utilities	622,501	449,498
Safety and security expense	116,103	154,339
Insurance services	61,460	62,241
Transportation services for production	501,442	413,750
Other	1,891,639	1,770,464
	<b>5,265,695</b>	<b>5,373,377</b>

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**Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2020**

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

**22. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES**

	Three month period ended 31 March	
	2020	2019
Employee costs	2,745,329	2,410,437
Commission and agency fees	283,967	68,419
Legal, audit and consulting services	219,501	286,457
Current repair cost	187,716	158,154
Costs on advertising and marketing	49,420	45,051
Rent expense	45,998	50,495
Business trips expense	33,933	49,636
Safety and security expense	114,741	113,143
Insurance expense	17,133	29,350
Transportation and storage	43,194	73,005
Allowance for doubtful accounts	(119,968)	(5,137)
Other	1,617,056	1,776,740
	<b>5,238,020</b>	<b>5,055,750</b>

**23. NET FOREIGN EXCHANGE GAIN (LOSS)**

	Three month period ended 31 March	
	2020	2019
Foreign exchange gain (loss) on financing activities including:		
- foreign exchange gain	258,912	352,489
- foreign exchange loss	(190,111)	(191,560)
Net foreign exchange gain (loss) on operating activities	(210,832)	(45,828)
	<b>(142,031)</b>	<b>115,101</b>

**24. FINANCE INCOME**

	Three month period ended 31 March	
	2020	2019
Interest on bank deposits	24,153	100,934
Interest income on loans issued	174,492	164,884
	<b>198,645</b>	<b>265,818</b>

**25. FINANCE EXPENSES**

	Three month period ended 31 March	
	2020	2019
Interest expense	446,173	485,760
Decommissioning provision: unwinding of the present value discount	20,803	36,134
Financial assets: unwinding of discount	(19,443)	(5,217)
Less: interest expense capitalised on qualifying assets	(34,877)	(38,889)
	<b>412,656</b>	<b>477,788</b>

Interest expense includes expenses on lease liabilities in amount of 6,210 RSD for the three months ended 31 March 2020 (5,616 RSD for the three months ended 31 March 2019, accordingly).

## 26. 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 and other non-current financial asset and liabilities. 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 2019. There were no transfers between the levels of the fair value hierarchy during the interim period.

As of 31 March 2020 the carrying value of financial assets approximates their fair value.

## 27. CONTINGENCIES AND COMMITMENTS

### Economic environment in the Republic of Serbia

The Company operates primarily in the Republic of Serbia and is therefore exposed to risks related to the state of the economy and financial markets of the Republic of Serbia. Before the pandemic crisis, the country's credit rating was at BB+ level with stable national currency rate. The development of the coronavirus pandemic (COVID-19) in 2020 and the measures taken in this regard to prevent the spread of coronavirus infection lead to negative economic consequences. The Government of the Republic of Serbia has prepared a set of measures to mitigate these negative impacts through delays in payment of tax liabilities, grants and credit arrangements. The situation in the financial markets is currently stable. This operating environment has a significant impact on the Company's operations and financial position.

The management is taking necessary measures to ensure sustainability of the Company's operations. However, the future effects of the current economic situation are difficult to predict and the management's current expectations and estimates could differ from actual results.

### 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 478,746 RSD (31 December 2019: 488,857 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 31 March 2020.

### Capital commitments

As of 31 March 2020 the Company has entered into contracts to purchase property, plant and equipment for 1,752,920 RSD (31 December 2019: 2,818,801 RSD).

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

**Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2020**
*(All amounts are in 000 RSD, unless otherwise stated)*
**28. 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 three month period ended 31 March 2020 and in the same period in 2019, 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 31 March 2020 and 31 December 2019 the outstanding balances, net of impairment, with related parties were as follows:

	<b>Subsidiaries</b>	<b>Parent company</b>	<b>Joint ventures, associates and parent's subsidiaries and associates</b>
<b>As at 31 March 2020</b>			
Short-term financial assets	7,099,325	-	-
Trade and other receivables	2,862,837	-	522,731
Other current assets	11,209	-	11,786
Right of use assets	48,407	-	-
Investments in subsidiaries, associates and joint ventures	13,425,627	-	1,038,800
Long-term financial assets	22,274,742	-	-
Other non-current assets	76,002	-	-
Trade and other payables	(4,162,507)	(5,251,934)	(1,085,955)
Other current liabilities	(5,813)	-	(3,305)
Short-term debt and current portion of long-term debt	(1,626,027)	(5,687,492)	-
Current lease liabilities	(2,065)	-	(139)
Long-term debt	-	(12,296,952)	-
Non-current lease liabilities	(47,500)	-	(63)
	<b>39,954,237</b>	<b>(23,236,378)</b>	<b>483,855</b>
			<b>Joint ventures, associates and parent's subsidiaries and associates</b>
<b>As at 31 December 2019</b>	<b>Subsidiaries</b>	<b>Parent company</b>	<b>associates</b>
Short-term financial assets	6,445,937	-	-
Trade and other receivables	4,542,457	-	1,281,002
Other current assets	15,998	-	34,371
Right of use assets	52,049	-	-
Investments in subsidiaries, associates and joint ventures	13,425,586	-	1,038,800
Long-term financial assets	23,205,186	-	-
Trade and other payables	(4,488,356)	(10,498,354)	(1,711,826)
Other current liabilities	(2,443)	-	(3,784)
Short-term debt and current portion of long-term debt	(1,596,354)	(5,469,432)	-
Current lease liabilities	(5,075)	-	(159)
Long-term debt	-	(13,673,582)	-
Non-current lease liabilities	(48,010)	-	(128)
	<b>41,546,975</b>	<b>(29,641,368)</b>	<b>638,276</b>

NIS a.d.

**Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2020**

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

For the three month period ended 31 March 2020 and 31 March 2019 the following transaction occurred with related parties:

	<b>Subsidiaries</b>	<b>Parent company</b>	<b>Joint ventures, associates and parent's subsidiaries, and associates</b>
<b>Three month period ended 31 March 2020</b>			
Petroleum products and oil and gas sales	3,596,452	-	5,000,740
Other revenues	190,271	-	5,628
Purchases of oil, gas and petroleum products	(331,539)	(14,647,442)	(5,265,753)
Production and manufacturing expenses	(911,324)	-	(89,195)
Selling, general and administrative expenses	(458,548)	-	(2,301)
Transportation expenses	(722)	-	-
Depreciation	(2,286)	-	-
Other income (expenses), net	(15,071)	5,233	(104)
Finance income	171,812	-	-
Finance expense	(8,272)	(82,536)	-
	<b>2,230,773</b>	<b>(14,724,745)</b>	<b>(350,985)</b>

	<b>Subsidiaries</b>	<b>Parent company</b>	<b>Joint ventures, associates and parent's subsidiaries, and associates</b>
<b>Three month period ended 31 March 2019</b>			
Petroleum products and oil and gas sales	3,684,151	-	3,948,948
Other revenues	101,963	-	20,084
Purchases of oil, gas and petroleum products	(3,709,417)	(16,170,749)	(3,950,761)
Production and manufacturing expenses	(967,862)	-	(97,306)
Selling, general and administrative expenses	(141,668)	-	(7,055)
Transportation expenses	(264)	-	-
Depreciation	(2,268)	-	-
Other income (expenses), net	-	13,320	(94)
Finance income	162,171	-	-
Finance expense	(15,230)	(110,753)	-
	<b>(888,424)</b>	<b>(16,268,182)</b>	<b>(86,184)</b>

***Transactions with Key Management Personnel***

For the three month period ended on 31 March 2020 and 2019 the Company recognized 228,485 RSD and 225,797 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 three month period ended**  
**31 March 2020**

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

**NIS a.d.**  
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