О К Т А Рафинерија на нафта
Акционерско друштво
Бр. 01-2152
11.04.2014 год.
Скопје 1

OKTA Crude Oil Refinery A.D. – Skopje

Annual Report,

Financial Statements and

Annual Accounts

For the year ended 31st December 2013

OKTA Crude Oil Refinery A.D. – Skopje

Annual Report

For the year ended 31st December 2013

TRANSLATION

ANNUAL REPORT OF OKTA AD SKOPJE

FOR THE YEAR ENDED 31 DECEMBER 2013

Key achievements

In 2013 operating profit improved by MKD 387m (€ 6.3m) compared to 2012.

During the year 2013, OKTA ("the Company") stabilized its market share in the domestic market, especially in certain key market channels. It maintained a relatively goodpart of the Kosovo market and increased significantly the profitability of its export activities. At the same time, OKTA achieved significant cost improvements inproduction and transportation of employees. Improvements in working capital, including in inventory management, led to improved cash flow.

Company operations

Although the year started with negative margins, the situation gradually improved leading to a profitable second half of the year.

The company during 2013 embarked in a significant operational and organizationalrestructuring:it reviewed all its commercial contracts and established new more flexible ones; it managed to improve effectiveness by taking a number of measures such as re-allocating its personnel and engaging them in projects for improvement of their performance;it adjusted its organizational structure to changing market needs; it emphasized on efficiency by implementing a detailed cost reduction project; and it improved its controls and information flow.

Market environment

The year 2013 was another one during which OKTA operated under turbulent environment.

The first factor that affected the company operations was the international refining marketconditions, which were characterized by very negative international hydroskimming margins. Persisting strength in Brentprices was driven by high demand originating from developing countries coupled with relatively low supply to our region from crude oil producing countries. On the other hand, prices of refined products were kept relatively low, influenced by the low industrial demand in Europe, the increased offer from refineries in Russia and the Gulf area, as well as the closing of the US market to exports from Europe. The relatively old design of OKTA's refinery exacerbated the impact of the negative refining margins, leading to the decision to suspend refining operations in January 2013.

The second factor that affected negatively the commercial performance was further increase in opportunistic import competition. Imports of oil derivatives were fully liberalized since 2011. Under the current legal framework, it is very easy for an entity to receive a license for import of oil derivatives, with minimal requirementsfor storage capacity, minimal safety requirements andwith limited controls of imports, both in terms of quantity and quality. This resulted in fierce price competition in thelocal wholesale market and created a competitive disadvantage for OKTA, which maintains a significant storage facility to ensure the uninterrupted supply of its customers and complies fully and constantly to the strict standards and specifications.

The third factor was theincreased competition inthe supply ofthe Kosovo market, coming from Serbia and Albania. Improvements in logistics infrastructure in Albania and removal of administrative barriers with Serbia resulted in reduced cost of bringing of oil products to the Kosovo market from those destinations. At the same time, surplus of fuel oil and gasoline in Serbia allowed these productsto quickly gain access to the surrounding markets, including Serbia's southern neighbors.

TRANSLATION

Company Outlook for 2014

OKTA's operations plan for 2014 operations targets to improve further the business performance. The main focus is expected to be in:

- focusing on market share increase;
- fully deploying of the recently updated logistics model;
- completing the organizational transformation;
- increasing sustainability in company operations (EBITDA, working capital etc.);
- reducing expenses further in order to increase competitiveness;
- upgrading the company installations, IT and communications through its targeted investmentprogram;
- maintaining the company's supply flexibility.

Other related information

During 2013 OKTA:

- Stopedits investment policy in order to facilitate the company cash flow;
- Did not buy any of its own shares;
- Had no assets the value of which was not included in the Balance Sheet;
- Had no significant activities in the field of research and development;
- Did not distribute any dividend;
- Entered into transactions with interested partiesasis analyzed in Note 26 of the annual Financial Statements under theRelated Party transactions;
- Used its operating cash flow as the source of its assets;
- Did not have any long term debt therefore applied no policy that links long term debt and basic capital;
- Followed its risk management policy as depicted in Note 3of the yearly Financial Statements and faced no significant issues.
- Paid its three executive Board members the amount of gross salaries of 6.555.414 MKD and other benefits of 2.002.719 MKD. It also paid its six non-executive Board members the amount of 979.598 MKD as compensation and the amount of 1.104.365 MKD as other allowances (hotel accommodation, airplane tickets etc). For confidentiality reasons the numbers of each member are not disclosed here but are available for every shareholder upon request.

Chief Executive Officer

Victor Papaconstantinou

OKTA CRUDE OIL REFINERY A.D. - SKOPJE

Financial Statements

For the year ended 31st December 2013

With Report of the Auditors Thereon

Content

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and the Shareholders of
OKTA Crude Oil Refinery A.D. – Skopje

Report on the Financial Statements

We have audited the accompanying financial statements of OKTA Crude Oil Refinery A.D. – Skopje (the Company), which comprise the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Accounting Standards applicable in the Republic of Macedonia and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards of Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers Revizija doo, 8 September,16, Hyperium Business Center, 2nd floor, 1000 Skopje, Republic of Macedonia, VAT No. MK4030008022586, T: +389 (02)31 40 900/901,
F:+389 (02) 31 16 525, www.pwc.com/mk

Basis for Qualified opinion

Following the provisions of the Share Purchase and Concession Agreement dated 8 May 1999 concluded between EL.P.ET Balkanike S.A. (the parent company of OKTA Crude Oil Refinery A.D. - Skopje) and the Government of the Republic of Macedonia, the Company has recognized receivables in the period from 2000 to 2004 in amount of MKD 769,497,000, relating to the period prior to the acquisition. We did not receive sufficient appropriate audit evidence to assess whether the Company will be able to recover the balance of MKD 769,497,000. Our report on the Financial Statements as of 31 December 2012 and for the year then ended was modified accordingly.

Opinion

In our opinion, except for the effect of matter referred to in the preceding paragraph, the financial statements give a true and fair view of the financial position of OKTA Crude Oil Refinery A.D. - Skopje as of 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with Accounting Standards applicable in the Republic of Macedonia.

Report on Other Legal and Regulatory Requirements

Annual Report prepared by the Management in accordance with the requirement of the Company Law, article 384.

Management is responsible for the preparation of the Annual Accounts and Annual Report of the Company, which were approved by the Board of Directors of the Company on 25 February 2014.

As required by the Audit Law, we report that the historical information presented in the Annual Report prepared by the Management of the Company in accordance with article 384 of the Company Law is consistent in all material respects with the financial information presented in the Annual Accounts and audited Financial Statements of the Company, as of and for the year ended 31 December 2013.

Ljube Gjorgjievski
General Manager

Dragan Davitkov
Certified Auditor

PricewaterhouseCoopers REVIZIJA DOO - Skopje

14 March 2014
Skopje

(all amounts are in thousands of MKD unless otherwise stated)

Statement of comprehensive income

	Note	Year ended 31st December 2013	2012
Sales	5	25,997,931	36,209,040
Cost of goods sold	6	(25,211,545)	(35,662,816)
Gross profit/ (loss)		**786,386**	**546,224**
Operations and logistics expenses	7	(669,399)	(755,693)
Administrative expenses	8	(197,325)	(210,720)
Sales and distribution expenses	9	(103,512)	(149,522)
Other operating income	10	40,246	12,497
Other operating expenses	11	(45,305)	(18,342)
Operating loss		**(188,909)**	**(575,556)**
Finance income	12	639,164	941,231
Finance costs	12	(588,217)	(962,919)
Finance costs – net		50,947	(21,688)
Loss before income tax		**(137,962)**	**(597,244)**
Income tax expense	13	(12,116)	(8,179)
Loss for the year		**(150,078)**	**(605,423)**
Other comprehensive income/(loss)			
Change in employee benefits obligations		(898)	(4,593)
Change in value of available-for-sale financial assets		3,662	(2,042)
Total other comprehensive profit/ (loss)		**2,764**	**(6,635)**
Total comprehensive loss for the year		**(147,314)**	**(612,058)**
Loss attributable to:			
- Owner of the parent		(122,329)	(493,480)
- Minority interest		(27,749)	(111,943)
Total comprehensive loss attributable to:			
- Owner of the parent		(120,076)	(498,888)
- Minority interest		(27,238)	(113,059)
Earnings per share information:			
Basic and diluted loss per share	14	**(0.18)**	**(0.74)**

(all amounts are in thousands of MKD unless otherwise stated)

Statement of financial position

	Note	As at 31st December 2013	2012
ASSETS			
Non-current assets			
Intangible assets		2,054	3,128
Property, plant and equipment	15	2,564,504	2,818,534
Available-for-sale financial assets	16	8,520	4,858
Total non-current assets		**2,575,078**	**2,826,520**
Current assets			
Inventories	17	1,014,040	3,470,518
Trade receivables	18	2,232,816	3,092,070
Other receivables	18	812,638	1,624,327
Current income tax receivable		-	8,428
Cash and cash equivalents	19	343,092	94,261
Total current assets		**4,402,586**	**8,289,604**
TOTAL ASSETS		**6,977,664**	**11,116,124**
EQUITY AND LIABILITIES			
Equity			
Share capital		2,472,820	2,472,820
Statutory reserves		494,718	494,718
Revaluation and other reserves		399,506	396,812
Retained earnings		1,237,815	1,387,893
Total equity	20	**4,604,859**	**4,752,243**
Non-current liabilities			
Employee benefit obligations	21	21,751	22,893
Total non-current liabilities		**21,751**	**22,893**
Current liabilities			
Trade payables	22	1,544,204	5,466,858
Other current liabilities	22	179,010	214,177
Loans and borrowings	23	624,653	659,953
Current income tax payable		3,187	-
Total current liabilities		**2,351,054**	**6,340,988**
TOTAL LIABILITIES AND EQUITY		**6,977,664**	**11,116,124**

The financial statements of OKTA Crude oil refinery A.D. – Skopje were authorised for issue by the Management on 21stFebruary 2014 and will be subject of approval by the Board of Directors on 25th February 2014. These financial statements are subject to approval from Company's Shareholders Assembly, as well.
Signed on behalf of the Management of OKTA Crude Oil Refinery A.D. - Skopje:

Рафинерија на нафта OKTA Скопје 0 Акционерско друштво

Victor Papaconstantinou
Chief Executive Officer

SreckoSurkov
Director for Financeand Administration

(all amounts are in thousands of MKD unless otherwise stated)

Statement of changes in equity

	Capital	**Statutory reserves**	**Revaluation and other reserves**	**Retained Earnings**	**Total**
Balance at 1stJanuary2012	**2,472,820**	**494,718**	**398,740**	**1,999,265**	**5,365,543**
Dividends paid	-	-		(1,356)	**(1,356)**
Comprehensive income	-	-	(2,042)	(4,593)	**(6,635)**
Net loss for 2012	-	-	-	(605,423)	**(605,423)**
Allocation of funds	-	-	114	-	**114**
Balance at 31stDecember 2012	**2,472,820**	**494,718**	**396,812**	**1,387,893**	**4,752,243**
Dividends paid	-	-			
Comprehensive income	-	-	2,764	-	**2,764**
Net loss for 2013	-	-	-	(150,078)	**(150,078)**
Allocation of funds	-	-	(70)	-	**(70)**
Balance at 31stDecember 2013	**2,472,820**	**494,718**	**399,506**	**1,237,815**	**4,604,859**

(all amounts are in thousands of MKD unless otherwise stated)

Statement of cash flows

	Year ended 31st December 2013	2012
Operating activities		
Loss before tax	**(137,962)**	**(597,244)**
Adjustments for:		
Depreciation	261,391	251,541
Interest income	(46,890)	(36,760)
Interest expense and bank charges	39,262	32,348
Cash generated from operations before changes in working capital	**115,801**	**(350,115)**
Cash flow from operating activities		
Decrease/ (increase) in inventories	2,456,478	(1,388,673)
Decrease/ (increase) in receivables	1,670,943	(145,153)
(Decrease)/ increase in payables	(3,957,821)	1,290,688
Cash generated from operations	**285,401**	**(593,253)**
Interest and bank charges paid	(39,262)	(32,348)
Income taxes paid	(501)	(13,610)
Net cash generated from operating activities	**245,638**	**(639,211)**
Cash flow from investing activities		
Acquisition of property, plant and equipment	(8,397)	(83,270)
Interest received	46,890	36,760
Net cash used in investing activities	**38,493**	**(46,510)**
Cash flow from financing activities		
Repayment/ proceeds from loans	(35,300)	659,953
Dividends paid	-	(1,356)
Net cash used in financing activities	**(35,300)**	**658,597**
Net increase/ (decrease) in cash and cash equivalents	**248,830**	**(27,124)**
Cash and cash equivalents at 1st January	94,261	121,385
Cash and cash equivalents at 31st December (note 19)	**343,092**	**94,261**

1. General information

OKTA Crude oil refinery A.D. - Skopje (hereinafter "the Company") is a joint stock company established on 26 March 1980. The Company is owned 81.51% by EL.P.ET Balkaniki S.A., a company jointly controlled - 63% by Hellenic Petroleum S.A. and 37% by Consortium of banks APE. The parent company is incorporated in Greece.

The Company's main activities are production, blending, trade and import of oil derivatives. Major products are Gasolines, Diesels, Fuel oil, LPG, Kerosene-Jet Oil and Sulphur. OKTA has a leading position in the supply and trading of oil derivatives. The company uses the Refinery and installation in Skopje for production, import and sale of oil derivatives.

Starting from July 2013 OKTA is listed company on Macedonian Stock Exchange.

As of 31stDecember2013, the Company had 645 employees (2012: 674 employees).

The address of the Company is as follows:
Street 1 no.25
Miladinovcillinden
1000 Skopje
Macedonia

The names of the Directors of the Company serving during the financial year are as follows:

Chief Executive Officer:

- Victor Papaconstantinou starting from 6th June 2013
- Konstantinos Karachalios up to 6th June 2013

Director of Finance and Administration: SreckoSurkov

The financial statements of OKTA Crude oil refinery A.D. – Skopje were authorised for issuingby the Management on 21st February 2014 and will be subject of approval by the Board of Directors on 25th February 2014. These financial statements are subject to approval from the Company's Shareholders Assembly.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis of preparation

These financial statements are prepared, in all material respects, in accordance with the Company Law (published in Official Gazette No. 28/2004, 84/2005, 25/2007, 87/2008, 42/2010. 48/2010, 24/2011 and 166/2012) and the Rule Book for Accounting (published in Official Gazette No.159/2009 and No.164/2010), whereby the International Financial Reporting Standards (IFRS) were published. This Rule Book of Accounting comprise International Financial Reporting Standards (IFRS) - IFRS 1 to IFRS 8, International Accounting Standards (IAS) - IAS 1 to IAS 41, International Financial Reporting Interpretations Committee (IFRIC) - IFRIC 1 to IFRIC 17 and Standing Interpretations Committee (SIC) Interpretations comprising SIC 7 to SIC 32.

2. Summary of significant accounting policies (continued)

2.1. Basis of preparation(continued)

IFRS 9, IFRS 10, IFRS 11, IFRS 12, IFRS 13, IFRIC 18, IFRIC 19 and IFRIC 20 are not included in the Rule Book for Accounting and are not applied by the Company.

IFRS standards (including IFRS 1) were initially published in the Official Gazette in 1997, and since then several updates have followed. The last update was in December 2010. The Company applies all relevant standards and the amendments and interpretations which were published in the Official Gazette.

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain fixed assets and depreciation and available for sale financial assets.

The financial statements are presented in thousands Macedonian Denars – MKD, unless otherwise stated.

Consistency

The presentation and classification of items in the financial statements is retained from one period to the next unless it is apparent that due to the change in the nature of the entity's operations or a review of its financial statements that another presentation or classification would be more appropriate.

The main changes in the comparatives relate to reclassifications between production and other non-production expenses which ape resulting from the changes in nature of entity's operations. The changes are explained and described under Note 2.20 Comparative Information.

2.2. Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency') which is Macedonian denars (MKD).

(b) Transactions and balances

Foreign currency transactions are translated into Macedonian denars using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation monetary assets and liabilities denominated in foreign currencies at year-end are recognised in the Profit or loss. Monetary assets and liabilities denominated in foreign currencies are translated according the middle exchange rates from the National Bank of the Republic of Macedonia valid at the date of the financial statements.

Foreign exchange gains and losses are presented in the Profit or loss within "finance income/ costs (net)".

(all amounts are in thousands of MKD unless otherwise stated)

2. Summary of significant accounting policies (continued)

2.2. Foreign currency translation (continued)

The foreign currency deals of the Company are predominantly EURO (EUR) and United States Dollars (USD) based. The exchange rates used for translation at 31st December 2013 and 31st December 2012 were as follows:

Exchange rate:	31st December 2013 MKD	31st December 2012 MKD
EUR	61.51	61.50
USD	44.62	46.65

2.3. Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Up to 2003 they have been revaluated at the year-end by applying official revaluation coefficients based on the general manufactured goods price index. Such coefficients have been applied to historical cost or later valuation and to accumulated depreciation. The effect of the revaluation of property, plant and equipment has been credited to the revaluation reserve.

Additions are recorded at cost. Cost includes the invoiced value and the expenditure that is directly attributable to the acquisition of the items.

Disposal of property, plant and equipment represents expense or technology obsoleteness or other type of elimination of property, plant and equipment, including the accumulated provision. Gains and losses on disposal of property, plant and equipment are recognised in the income statement.

Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Profit or loss, during the financial period in which they are incurred.

Depreciation

Depreciation of property, plant and equipment is charged using rates not lower than those prescribed by the law and is designed to allocate the cost or valuation of property, plant and equipment on the straight-line basis over their estimated useful lives.

The depreciation of property, plant and equipment shall start after expiration of the month of the start-up in the year in which the utilization of the property, plant and equipment has started.

(all amounts are in thousands of MKD unless otherwise stated)

2. Summary of significant accounting policies (continued)

2.3. Property, plant and equipment(continued)

The following represent the range of the estimated useful lives applied to items of property, plant and equipment:

	2013	2012
Buildings	40 years	40 years
Computers	4 years	4 years
Equipment	20 years	20 years
Other equipment and vehicles	5 - 10 years	5 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other operating income/expense" in the Profit or loss.

Land is not depreciated.

2.4. Intangible assets

An intangible asset is measured initially at cost. Acquisition costs include acquisition price (including import duties and non-recoverable taxes, after deducting trade discounts and rebates) and all directly attributable costs which are incurred to prepare the asset for its intended use. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and less any impairment loss. All intangible assets with a finite useful life are amortised over their useful lives using the straight-line method.

Amortisation begins when the asset is available for use and ends when the asset is classified as held for sale or is derecognised. Amortisation is recognised in the income statement as incurred. Estimated useful life over which company's intangible assets are being amortised is 4 years.

2. Summary of significant accounting policies (continued)

2.5. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. Available-for-sale financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Changes in the fair value of available for sale investments are recognised in other comprehensive income. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the Statement of comprehensive income as 'gains and losses from investment securities'.

Dividends on available-for-sale financial assets are recognised in the Profit or lossas part of other income when the Company's right to receive payments is established.

The company assesses at the end of each reporting period whether there is objective evidence for impairment of an available for sale financial asset. Significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in Profit or loss – is removed from equity and recognised in the Profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in Profit or loss, the impairment loss is reversed through the Profit or loss.

2.6 Inventories

Inventories are stated at lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred bringing the inventories to their present location and condition. Cost of crude oil and cost of other raw materials, spare parts and tools and consumable stores, finished and trading goods is determined on a weighted average cost basis.

The cost of purchase of inventories comprises of the purchase price, import duties, other non-recoverable taxes and other costs, which can be directly attributed to the procurement of the inventories (e.g. transportation costs). Trade discounts, rebates and other similar items are deducted in determining the purchase cost of inventories.

The costs of conversion of inventories comprise those costs that are directly related to the units of production, such as direct labour and a systematic allocation of fixed and variable production overheads. The allocation of fixed production overheads to the cost of conversion is based on the normal capacity of the production facilities. Any unallocated fixed production overheads are recognised as an expense in the period in which they are incurred. Variable production overheads are allocated to each unit of production on the basis of the actual use of the production facilities.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(all amounts are in thousands of MKD unless otherwise stated)

2. Summary of significant accounting policies (continued)

2.7. Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in Profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

2.8. Cash and cash equivalents

Cash and cash equivalents comprise bank balances in local and foreign currency, cash in hand and deposits in banks with original maturity with less than 3 months.

2.9. Share capital

Ordinary and preference shares are classified as equity.

2.10. Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.11. Provisions and contingent liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are measured and recorded as the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provision charge is recognized in the Income statement within the expense corresponding to the nature of the provision.

2. Summary of significant accounting policies (continued)

2.11. Provisions and contingent liabilities

No provision is recognized for contingent liabilities. A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

2.12. Income taxes

Until 1 January 2009, the basis for computation of corporate income tax was the realised profit, reconciled for the amount of the non-deductible expenses incurred in the fiscal year.

As of 1 January 2009 Companies do not have to pay income tax on their profit before tax until the profit is distributed in a form of dividend or other forms of profit distributions regardless of whether in monetary or non-monetary form. The amount of 10% income tax is payable on the distributed part of the profit at the moment of the dividend payment. Dividends distributed by Macedonian companies to resident legal entities are exempt from corporate income tax at the level of the distributing entity. Dividends distributed to individuals and foreign legal entities are not exempt from corporate income tax and are subject to 10% income tax at the level of the distributing entity and the corporate income tax liability arises at the time of the dividend payment.

Corporate income tax is also levied on non-deductable expenses incurred in the fiscal year, decreased by the amount of tax credits and other tax reliefs. Corporate income tax on non-deductible expenses is payable regardless the companies have generated profit or loss.

Deferred income tax

Due to the changes in the Macedonian tax legislation effective from 1 January 2009, the tax rate for undistributed profits was effectively reduced to zero, as tax is only payable when profits are distributed only to foreign legal entities. According IAS 12.52A and SIC 25, deferred tax assets and liabilities should be measured using the undistributed rate. This resulted in reversal of the deferred tax asset and all deferred tax liability balances as of 31 December 2009, and reversal of all deferred tax assets as of 31 December 2010, if any.

2.13. Employees Benefits

a) Pension

The Company, in the normal course of business, makes payments on behalf of its employees for pensions, health care, employment and personnel tax which are calculated on the basis on gross salaries and wages according to the legislation. The Company makes these contributions to the Governmental health and retirement funds as well to private retirement funds. The cost of these payments is charged to the income statement in the same period as the related salary cost.

The Company does not operate any other pension scheme or post-retirement benefits plan and consequently, has no obligation in respect of pensions.

2. Summary of significant accounting policies (continued)

2.13. Employees Benefits

a) *Termination benefits*

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

b) *Retirement benefits and jubilee awards*

Pursuant to the Labour law prevailing in the Republic of Macedonia, the Company is obliged to pay retirement benefits in an amount equal to two average monthly salaries, at their retirement date, for which appropriate liability is recognized in the balance sheet measured at the present value of two average monthly salaries with adjustments incorporated in the actuarial calculation. According to the Collective agreement, the Company is obliged to pay jubilee anniversary awards that correspond to the total number of years of service of the employee. These employee benefit obligations are calculated annually by independent actuaries using the projected unit credit method. The actuarial valuation involves making assumption about discount rates, expected rates of return on assets, future salary increased, mortality increases and future pension increased. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. In addition, the Company is not obligated to provide further benefits to current and former employees.

2.14. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.15. Leases

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

2. Summary of significant accounting policies (continued)

2.16. Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of products, retail goods and services net of value-added tax, excise, rebates and discounts. Sales of products and retail goods are recognised when the Company has delivered it to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery does not occur until the products or retail goods have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Company has objective evidence that all criteria for acceptance have been satisfied.

Interest income is recognized in the Profit or losson a time proportion basis using the effective interest method. Dividend income is recognised when the right to receive payment is established.

2.17. Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.18. Earnings per share

Basic earnings per share is calculated by dividing profit attributable to the equity holders of the Company for the period by the weighted average number of common stocks outstanding.

2.19. Operating segments

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the Management and for which discrete financial information is available. The Management is the person or group of persons who allocates resources and assesses the performance for the entity.

The functions of the Management are performed by Board of the directors the Company. The internal reporting within the Company presented to the Management is on a Company level and as one operating segment. The decisions brought by the Management are based on received reports presented as one operating segment.

(all amounts are in thousands of MKD unless otherwise stated)

2.Summary of significant accounting policies (continued)

2.20. Comparative Information

In order to provide more relevant information to the readers of the Financial Statements, during 2013 the Company made a change in presentation and classification of operating expenses under the Statement of Comprehensive Income. For maintaining the consistency with the current year presentation, certain items have been adjusted for comparative purposes. Material changes of the adjustments are presented as follows:

	2012 after change	Description of change	2012 before change
Sales	36,209,040		36,209,040
Cost of goods sold	35,662,816	Reclassification in Operations and logistics expenses	36,418,509
Gross profit/ (loss)	**546,224**		**(209,469)**
Operations and logistics expenses	(755,693)	Reclassification from Cost of goods sold	-
Administrative expenses	(210,720)		(210,720)
Sales and distribution expenses	(149,522)		(149,522)
Other operating income	12,497		12,497
Other operating expenses	(18,342)		(18,342)
Operating loss	**(575,556)**		**(575,556)**

3. *Financial risk management*

3.1 Financial risk factors

The Company does not apply hedge accounting for its financial instruments, all gains and losses are recognized in the income statement. The Company is exposed in particular to risks from movements in exchange rates and market prices that affect its assets and liabilities. Financial risk management aims to limit these market risks through ongoing operational and finance activities.

(all amounts are in thousands of MKD unless otherwise stated)

3. Financial risk management (continued)

3.1 Financial risk factors(continued)

(i) Market risk

Market risk is defined as the 'risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices' and includes interest rate risk, currency risk and other price risk. The majority of the revenues of the Company are generated in MKD and the remaining part mainly in USD.

Expenses of the Company that arise are mainly connected to USD, partially in EUR and the remaining part in MKD. As a result, the Company objective is to minimize the level of its financial risk in MKD terms. For the presentation of market risks according IFRS 7 sensitivity analyses that show the effects of hypothetical changes of relevant risk variables on profit or loss and shareholders' equity are required. The periodic effects are determined by relating the hypothetical changes in the risk variables to the balance of financial instruments at the balance sheet date. The balance at the balance sheet date is representative for the year as a whole.

Foreign exchange risk

The Company's functional currency is the MKD. The foreign exchange risk exposure of the Company is related to holding foreign currency cash balances, and operating activities through revenues from and payments to international companies as well as capital expenditure contracted with vendors in foreign currency.

The currency giving rise to this risk is primarily USD. The Company manages the foreign exchange risk exposure by striving to lower the number of contracts in USD and to introduce contracts in EUR. The Company has small cash reserves in USD currency. The Company uses cash deposits in MKD or cash deposits in MKD indexed to EUR, to economically manage its foreign currency risk as well as local currency risk in accordance with the available banks offers.

However, the purchase of raw materialsfrom related parties are denominated in USD and connected to the price movement on the global movement, which is denominated in USD. Therefore there is associated inherent business risk with such transactions. The Company's exposure to foreign currency risk was as follows:

2013	MKD	EUR	USD
Assets			
Cash and cash equivalents	305,685	52	37,355
Trade receivables and other current financial assets	2,680,289	241	364,924
Total assets	**2,985,974**	**293**	**402,279**
Liabilities			
Trade payables	84,037	4,491	1,455,676
Other current liabilities	179,010	-	-
Loans and borrowings	485,000	-	139,653
Total liabilities	**748,047**	**4,491**	**1,595,329**
Net balance sheet exposure	**2,237,927**	**(4,198)**	**(1,193,050)**

(all amounts are in thousands of MKD unless otherwise stated)

3. Financial risk management (continued)

3.1 Financial risk factors(continued)

Foreign exchange risk (continued)

2012	MKD	EUR	USD
Assets			
Cash and cash equivalents	76,909	2,418	14,904
Trade receivables and other current financial assets	4,238,262	705	477,430
Total assets	**4,315,171**	**3,123**	**492,334**
Liabilities			
Trade payables	103,623	9,835	5,353,400
Other current liabilities	214,177	-	-
Loans and borrowings	520,000	-	139,953
Total liabilities	**837,800**	**9,835**	**5,493,353**
Net balance sheet exposure	**3,477,371**	**(6,712)**	**(5,001,019)**

The Company realized more purchases in USD than sales. At 31stDecember 2013, if USD would have been 5% (2012: 5%) weaker or stronger against MKD profit would have been MKD 54,538 thousand (2012: MKD 242,968 thousand) after tax in net balance higher or lower, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Change in the interest rates and interest margins may influence financing costs and returns on financial investments.

The Company has borrowings in amounts of MKD 624,653 thousands as of 31stDecember 2013 (2012: MKD 659,953 thousands), therefore 1 percentage point rise in market interest rate would have caused (ceteris paribus) the interest paid to increase with approximately MKD 6,246 thousands annually before tax (2012: MKD 6,599 thousands), while similar decrease would have caused the same decrease in interest paid.

Changes in market interest rates affect the interest income on time deposits with banks. As of 31stDecember 2013 the Company has no time deposits in banks in amount of MKD150,456 thousands (2012: nil).

Price risk

The Company's has two types of commodity price exposures: crude oil and oil products price levels. Both affect the value of inventory and sales margins which in turn affect the future cash flows of the business. In the case of price risk the level of exposure is determined by the amount of priced inventory carried at each Balance Sheet date. The Company policy is to report its inventory at the lower of historic cost and net realisable value and the results are affected by the reduction in the carrying value of the inventory.

(all amounts are in thousands of MKD unless otherwise stated)

3. Financial risk management (continued)

3.1 Financial risk factors(continued)

Price risk (continued)

The extent of the exposure relates directly to the level of stocks and rate of price decrease. Sales margin exposure relates to the absolute level of margin generated by the operation of the refineries mainly driven by the regulated prices for domestic market by the Government Authorities and the Platts prices for foreign market. The Company is managing the risk of margin exposure with production and import optimisation in order to have favourable inventory level in order to control the sales margin.

(ii) Credit risk

Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk from its operating activities and certain financing activities. The process of managing the credit risk from operating activities includes preventive measures such as creditability checking and prevention barring, corrective measures during legal relationship for example reminding and disconnection activities, collaboration with collection agencies and collection after legal relationship as litigation process, court proceedings, involvement of the executive unit and factoring. The overdue payments are followed through a debt escalation procedure based on customer's type, credit class and amount of debt. The credit risk is controlled through credibility checking – which determines that the customer is not indebted and the customer's credit worthiness and through preventive barring – which determinates the credit limit based on the customer's previous revenues.

The Company's procedures ensure on a permanent basis that sales are made to customers with an appropriate credit history and not exceed an acceptable credit exposure limit.

The Company has collaterals from customers in bank guarantees, mortgages and promissory notes in order to ensure their collectability. The Company does not guarantee obligations of other parties. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. Consequently, the Company considers that its maximum exposure is reflected by the amount of debtors net of provisions for impairment recognized and the amount of cash deposits in banks at the Balance Sheet date. Management is focused on dealing with most reputable banks in foreign and domestic ownership on the domestic market.

The following table represents Company's exposure to credit risk as at 31stDecember 2013 and 31stDecember 2012:

	2013	**2012**
Cash and cash equivalents	342,940	94,042
Trade receivables	2,232,816	3,092,070
Other receivables	812,638	1,624,327
	3,388,394	**4,810,439**

Cash and cash equivalents in the table above exclude cash on hand since no credit risk exists for this category.

(all amounts are in thousands of MKD unless otherwise stated)

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(ii) Credit risk (continued)

The receivables are summarized as follows:

	31st December 2013		31st December 2012	
	Trade receivables - domestic	Trade receivables - foreign	Trade receivables - domestic	Trade receivables – foreign
Neither past due nor impaired	1,765,599	208,058	2,523,391	409,151
Past due but not impaired	102,052	157,107	90,544	68,985
Impaired	65,042	15,839	45,043	16,801
Gross	**1,932,693**	**381,004**	**2,658,978**	**494,937**
Less: allowance for impairment	(65,042)	(15,839)	(45,043)	(16,802)
Net	**1,867,651**	**365,165**	**2,613,935**	**478,135**

Trade receivables of MKD 259,159 thousands (2012: MKD 159,529 thousands) were past due but not impaired. Main part of these receivables is matured up to 30 days, with no recent history of default and is secured with collaterals. Further details are presented in Note 18.

(iii) Liquidity risk

Liquidity risk is defined as the risk that the Company could not be able to settle or meet its obligations on time. The Company's policy is to maintain sufficient cash and cash equivalents to meet its commitments in the foreseeable future. Any excess cash is mostly deposited in commercial banks. The Company's liquidity management process includes projecting cash flows by major currencies and considering the level of necessary liquid assets, considering business plan, historical collection and outflow data. Regular cash projections are prepared and updated by the Payment and Treasury Department.

The table below analyses Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

(all amounts are in thousands of MKD unless otherwise stated)

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(iii) Liquidity risk (continued)

At 31st December 2013	Less than 3 month	Between 3 months and 1 year	Over 1 year
Trade payables	1,544,204	-	-
Other current liabilities	179,010	-	-
Loans from the banks	624,653	-	-
	2,347,867	**-**	**-**
At 31st December 2012			
Trade payables	5,466,858		
Other current liabilities	214,177	-	-
Loans from the banks	659,953		
	6,340,988	**-**	**-**

The maturity analysis applies to financial instruments only and therefore statutory liabilities are not included.

3.2. Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

3.3. Fair value estimation

Cash and cash equivalents, trade receivables and other current financial assets mainly have short term maturity. For this reason, their carrying amounts at the reporting date approximate their fair values.

The table below shows the categorisation of financial assets as at 31st December 2013:

	Carrying amount	Fair Value
Cash and cash equivalents	343,092	343,092
Trade receivables	2,232,816	2,232,816
Other current financial assets	812,638	812,638
	3,388,546	**3,388,546**

(all amounts are in thousands of MKD unless otherwise stated)

3.3. Fair value estimation (continued)

The table below shows the categorisation of financial assets as at 31stDecember 2012:

	Carrying amount	Fair Value
Cash and cash equivalents	94,261	94,261
Trade receivables	3,092,070	3,092,070
Other current financial assets	1,624,327	1,624,327
	4,810,658	**4,810,658**

4. *Critical accounting estimates and judgments*

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1. *Critical accounting estimates and assumptions*

The Company makes estimates and assumptions concerning the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The most critical estimates and assumptions are discussed below.

(i) Useful lives of assets

The determination of the useful lives of assets is based on historical experience with similar assets as well as any anticipated technological development and changes in broad economic or industry factors. In addition, as general guidance the Rule Book for depreciation rates prescribed by tax authorities is followed. The appropriateness of the estimated useful lives is reviewed annually, or whenever there is an indication of significant changes in the underlying assumptions.

Further, due to the significant weight of depreciable assets in Company's total assets, the impact of any changes in these assumptions could be material to Company's financial position, and results of operations. If depreciation cost is decreased/increased by 10%, this would result in change of annual depreciation expense of approximately MKD26,139 thousand (2012: MKD25,150 thousand)

(ii) Potential impairment of property, plant and equipment and intangibles

The Company (with support from the ultimate parent company) is assessing the impairment of identifiable property, plant, equipment and intangibles whenever there is a reason to believe that the carrying value may materially exceed the recoverable amount and where impairment in value is anticipated. The recoverable amounts are determined by value in use calculations, which use a broad range of estimates and factors affecting those.

4.1. Critical accounting estimates and assumptions (continued)

(ii) Potential impairment of property, plant and equipment and intangibles (continued)

Among others, the Company typically considers future revenues and expenses, macroeconomic indicators, technological obsolescence, discontinuance of operations and other changes in circumstances that may indicate impairment. If impairment is identified using the value in use calculations, the Company also determines the fair value less cost to sell (if determinable), to calculate the exact amount of impairment to be charged (if any). As this exercise is highly judgmental, the amount of potential impairment may be significantly different from that of the result of these calculations.

(iii) Impairment of trade and other receivables

The Company calculates impairment for doubtful accounts based on estimated losses resulting from the inability of its customers to make required payments. For customers in bankruptcy and liquidation, impairment is calculated on an individual basis, while for other customers it is estimated on a portfolio basis, for which the Company bases its estimate on the aging of its account receivables balance and its historical write-off experience, customer credit-worthiness and changes in its customer payment terms. These factors are reviewed periodically, and changes are made to calculations when necessary. The estimates involve assumptions about future customer behaviour and the resulting future cash collections. If the financial condition of its customers were to deteriorate, actual write-offs of currently existing receivables may be higher than expected and may exceed the level of the impairment losses recognized so far.

(iv) Provisions

Provisions in general are highly judgmental, especially in the cases of legal disputes. The Company assesses the probability of an adverse event as a result of a past event to happen and if the probability is evaluated to be more than fifty percent, the Company fully provides for the total amount of the liability. The Company is rather prudent in these assessments, but due to the high level of uncertainty, in some cases the evaluation may not prove to be in line with the eventual outcome of the case.

5. Sales

	2013	2012
Sales on domestic market	19,387,897	24,687,387
Sales on foreign market	6,610,034	11,521,653
	25,997,931	**36,209,040**

The sales on domestic and foreign market represent sale of oil derivatives.

(all amounts are in thousands of MKD unless otherwise stated)

6. Cost of goods sold

	2013	2012
Cost of traded goods	19,925,052	26,336,927
Consumed crude oil	2,434,973	11,089,365
Inventory movements	2,428,517	(2,066,534)
Depreciation	187,843	177,991
Expenses for chemicals	125,382	121,172
Impairment of inventory	57,643	3,895
Manipulation and shrinkage expenses	52,135	-
	25,211,545	**35,662,816**

The main changes in the comparatives relate to reclassifications between production and other non-production expenses which are resulting from the changes in nature of entity's operations as presented and described in Note 2.20 Comparative information.

7. Operations and logistics expenses

	2013	2012
Gross salaries and wages	355,875	361,226
Electricity	68,638	128,826
Insurance expenses	42,141	41,889
Depreciation	36,663	30.077
Redundancy expenses	35,924	5,802
Maintenance expenses	35,746	83,814
Personnel transportation expenses	23,746	24,500
Other fixed cost	22,033	19,454
Consumed food products	21,342	23,105
Miscellaneous expenses	18,137	14,577
Own consumption of fuel oil	7,826	20,507
Telecommunication expenses	861	1,098
Office supplies expenses	467	818
	669,399	**755,693**

The main changes in the comparatives relate to reclassifications between production and other non-production expenses which are resulting from the changes in nature of entity's operations as presented and described in Note 2.20 Comparative information.

(all amounts are in thousands of MKD unless otherwise stated)

8. Administrative expenses

	2013	2012
Gross salaries and wages	82,327	79,670
Miscellaneous expenses	59,387	56,991
Depreciation	13,829	14,223
Public relation and advertising expenses	7,890	21,478
Rental expenses	5,874	7,948
Consumed food products	5,375	5,296
Insurance expenses	5,209	5,198
Personnel transportation expenses	4,436	4,473
Other fixed cost	4,005	4,935
Maintenance expenses	2,484	2,944
Telecommunication expenses	2,161	2,552
Business travel	1,945	1,437
Management and allocated expenses	1,533	2,417
Office supplies expenses	870	1,158
	197,325	**210,720**

The miscellaneous expenses include membership fees, management fees, expenses for audit, health services, real estate tax and other non-production related expenses.

9. Sales and distribution expenses

	2013	2012
Gross salaries and wages	28,622	26,143
Depreciation	23,056	29,249
Miscellaneous expenses	17,470	27,728
Transportation of oil products - in the country	6,960	13,590
Other variable expenses	6,916	13,737
Other fixed cost	3,667	2,684
Insurance expenses	3,016	4,559
Maintenance expenses	2,673	3,812
Transportation of oil products – abroad	2,369	18,543
Redundancy expenses	2,169	-
Dues and subscriptions	1,643	1,538
Consumed food products	1,300	2,004
Personnel transportation expenses	1,107	1,057
Telecommunication expenses	1,089	1,481
Public relation and advertising expenses	738	2,144
Rental expenses	567	850
Office supplies expenses	150	403
	103,512	**149,522**

The miscellaneous expenses are mainly related to cost for quality control for exports.

(all amounts are in thousands of MKD unless otherwise stated)

10. Other operating income

	2013	2012
Collected written off receivables	224	37
Additionally determined income	34,997	621
Other income	2,986	11,839
Change in employee benefits obligations	2,039	-
	40,246	**12,497**

11. Other operating expenses

	2013	2012
Impairment of bad and doubtful debts	20,839	3,402
Impairment of spare parts	14,683	-
Other expenses	5,588	1,288
Additionally determined expenses	4,124	1,986
Net book value of disposed fixed assets	71	16
Impairment of other receivables	-	11,650
	45,305	**18,342**

12. Finance income and costs

	2013	2012
Foreign exchange gain	601,670	904,471
Interest income	37,494	36,760
Finance income	**639,164**	**941,231**
Foreign exchange loss	(539,560)	(930,571)
Interest expenses	(39,261)	(17,806)
Bank charges	(9,396)	(14,542)
Finance costs	**(588,217)**	**(962,919)**
Net finance costs	**50,947**	**(21,688)**

13. Income tax expense

	2013	2012
Loss before tax	(137,962)	(597,244)
Tax calculated at a tax rate of 10%	-	-
Expenses non tax deductible according to local regulations	121,160	81,790
Tax credit	-	-
Tax charge	**12,116**	**8,179**

Commencing from 1st January 2010 the Government of the Republic of Macedonia has introduced modifications and changes in the Profit Tax Law. According to these changes the profit tax shall apply at the moment of distribution of the profits in a form of dividends. In addition, official amendments were made in Income Tax Manual, published on 18th December 2010. According these changes the base for computation of profit tax are non-deductible expenses incurred during the fiscal year. Subsequently, as long as the undistributed profits are retained within the Company the profit tax would not be applied.

(all amounts are in thousands of MKD unless otherwise stated)

13. Income tax expense (continued)

The tax authorities may at any time inspect the books and records within 5 to 10 years subsequent to the reported tax year, and may impose additional tax assessments and penalties. The Company's management is not aware of any circumstances, which may give rise to a potential material liability in this respect.

14. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	2013	2012
Loss for the year	(150,078)	(605,423)
Less: preference share dividends	-	(1,356)
Loss attributable to ordinary equity holders	(150,078)	(606,779)
Weighted average number of ordinary shares in issue:	846,360	824,799

The preference shares were converted into ordinary shares on 9th January 2013. Following this the weighted average shares of the Company during 2013 were 846,360 (2012: 824,799).

(all amounts are in thousands of MKD unless otherwise stated)

15. Property Plant and Equipment

	Land	Buildings	Machinery and equipment	Construction in progress	Total
At 1 January 2012					
Cost	144,283	3,105,052	6,368,718	122,691	9,740,744
Accumulated depreciation	-	(2,600,206)	(4,148,167)	-	(6,748,373)
Net book amount	**144,283**	**504,846**	**2,220,551**	**122,691**	**2,992,371**
Year ended 31 December 2012					
Opening net book amount	144,283	504,846	2,220,551	122,691	2,992,371
Additions	-	-	-	79,762	79,762
Transfer from construction in progress	-	10,484	135,692	(146,176)	-
Disposals (net book value)	-	-	(16)	-	(16)
Transfer to intangible assets	-	-	-	(3,508)	(3,508)
Depreciation charge	-	(34,361)	(215,714)	-	(250,075)
Closing net book amount	**144,283**	**480,969**	**2,140,513**	**52,769**	**2,818,534**
At 31 December 2012					
Cost	144,283	3,115,536	6,494,370	52,769	9,806,958
Accumulated depreciation	-	(2,634,567)	(4,353,857)	-	(6,988,424)
Net book amount	**144,283**	**480,969**	**2,140,513**	**52,769**	**2,818,534**
Year ended 31 December 2013					
Opening net book amount	144,283	480,969	2,140,513	52,769	2,818,534
Additions	-	-	-	5,976	5,976
Transfer from construction in progress	-	7,918	33,817	(41,735)	-
Depreciation charge	-	(200,202)	(59,804)	-	(260,006)
Closing net book amount	**144,283**	**288,685**	**2,114,526**	**17,010**	**2,564,504**
At 31 December 2013					
Cost	144,283	3,123,454	6,519,989	17,010	9,804,735
Accumulated depreciation	-	(2,834,769)	(4,405,463)	-	(7,240,231)
Net book amount	**144,283**	**288,685**	**2,114,526**	**17,010**	**2,564,504**

Out of total depreciation and amortisation expense (of the tangible and intangible assets) amount ofMKD224,506 thousands (2012: MKD208,068 thousands) has been charged in cost of sales, MKD 13,829 thousands (2012: MKD 14,223 thousands) in administrative costs and MKD 22,055 thousands (2012: MKD 29,249 thousands) in retail, selling and distribution expenses.

The Company has recognised land in the financial statement which is in state ownership and the Company has right of use. The procedure for obtaining the legal titles over the land is in process.

Impairment test

Based on the change in the nature of entity's operations, management reassessed the valuation model of property, plant and equipment as at 31stDecember 2013.The recoverable amounts were assessed on basis on value in use treating the operational activities of importing and reefing as one Cash generating unit. In determining value in use, the cash flows were discounted at a rate of 8% on a post-tax basis. The valuation model has not suggested any impairment and hence no impairments have been recorded as of 31stDecember 2013.

(all amounts are in thousands of MKD unless otherwise stated)

16. Available-for-sale financial assets

	2013	2012
At 1st January	11,648	11,648
Additions	-	-
Disposals	-	-
Net losses transfer to revaluation reserves	(3,128)	(6,790)
At 31st December	**8,520**	**4,858**

Available-for-sale financial assets are denominated in Macedonian denars and include the following:

	2013	2012
Investments in companies	5,227	2,484
Investments in banks	3,293	2,374
	8,520	**4,858**

17. Inventories

	2013	2012
Raw materials - crude oil	288,503	649,517
Raw materials	49,522	53,542
Work in progress	19,673	541,998
Finished goods	145,852	2,046,942
Trade goods	473,754	130,467
Spare parts and tools and consumables stores	36,736	48,052
	1,014,040	**3,470,518**

18. Trade and other receivables

Carrying amount of trade receivables is presented as follows:

	2013	2012
Trade receivables domestic	1,932,693	2,658,978
Trade receivables foreign	381,004	494,937
Trade receivables – gross	**2,313,697**	**3,153,915**
Provision for impairment of trade receivables	(80,881)	(61,845)
	2,232,816	**3,092,070**

(all amounts are in thousands of MKD unless otherwise stated)

18. Trade and other receivables (continued)

Carrying amount of trade and other receivables is presented as follows:

	2013	2012
Trade receivables - domestic	1,932,693	2,658,978
Trade receivables - foreign	380,670	494,690
Foreign receivables from related parties (note 26)	334	247
Less: Provision for impairment	(80,881)	(61,845)
Trade receivables – net	**2,232,816**	**3,092,070**
Receivable from Escrow account	769,497	769,497
VAT receivables and other receivables from state institutions	-	782,525
Prepaid expenses	33,928	68,304
Advance payments	3,791	3,974
Receivables from employees	23	27
Other short term receivables	5,399	-
Other receivables	**812,638**	**1,624,327**
	3,045,454	**4,716,397**

Receivables from related parties represent receivables from Hellenic Petroleum S.A. Greece, EL.P.ET. BalkanikiS.A.Greece, Global Petroleum Albania Sh.p.k. Albania and Vardax S.A. (Note 26).

Following the provisions of the Share Purchase and Concession Agreement dated 8thMay 1999 concluded between EL.P.ET Balkaniki S.A. (the parent company of OKTA crude oil refinery AD Skopje) and the Government of the Republic of Macedonia, the Company has recognized receivables in the period from 2000 to 2004 in the amount of approximately MKD 769,497 thousands relating to the period prior to the acquisition.

The ageing analysis of trade receivables is as follows:

	2013	2012
Not past due	2,932,540	2,932,540
less than 30 days	118,006	118,006
30 to 90 days	21,800	21,800
90 days to 1 year	17,744	17,744
Over 1 year	63,825	63,825
Total gross receivables	**3,153,915**	**3,153,915**

Movements on the provision for impairment of trade receivables are as follows:

	2013	2012
At 1stJanuary	61,845	58,470
Provision for receivables impairment	20,838	3,402
Collected receivables	(224)	-
Unused amounts reversed	(1,578)	(27)
At 31stDecember	**80,881**	**61,845**

(all amounts are in thousands of MKD unless otherwise stated)

18. Trade and other receivables (continued)

Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.
The ageing analysis of provision for impairment is as follows:

	2013	2012
Over 1 year	63,825	61,845
Over 180 days	17,056	-
	80,881	**61,845**

Movement in allowance for impairment for the separate categories of receivables is as follows:

Domestic	2013	2012
Opening balance at 1st of January	45,043	42,260
Charged to expenses	20,223	2,789
Collected receivables recognised as income	(224)	(6)
	65,042	**45,043**

Foreign	2013	2012
Opening balance at 1st of January	16,802	16,210
Charged to expenses	615	613
Collected receivables recognised as income	-	(21)
Unused amounts reversed	(1,578)	-
	15,839	**16,802**

Amounts charged to the allowance account are generally written-off when there is no expectation of recovering additional cash. According the Company's policies the following factors are taking into consideration when assessing the impairment of receivables: receivables above 90 days or more, frequent late payments, high risk customers and customer with financial difficulties. Trade receivables are secured with bank guarantees and mortgages.

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

	2013	2012
MKD	1,867,651	2,613,935
EUR	241	705
USD	364,924	477,430
	2,232,816	**3,092,070**

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

	2013	2012
MKD	812,638	1,624,327
	812,638	**1,624,327**

The fair value of the trade receivables and the other receivables at the balance sheet date is the same as their carrying value.

(all amounts are in thousands of MKD unless otherwise stated)

19. Cash and cash equivalents

	2013	**2012**
Bank accounts in domestic currency	153,990	75,357
Bank accounts in foreign currency	37,252	17,240
Cash on hand	153	219
Other cash and cash equivalents	151,697	1,445
	343,092	**94,261**

The carrying amounts of the cash and cash equivalents are denominated in the following currencies:

	2013	**2012**
MKD	305,685	76,909
EUR	52	2,418
USD	37,355	14,904
GBP	-	30
	343,092	**94,261**

20. Capital and reserves

Shares

The total authorised number of ordinary shares is 846,360 shares value of EUR 51.12 per share (2012: 824,799 ordinary shares with EUR 51.12 par value of 51.12 and 21,561 preference shares with par value of EUR 51.12 per share). All issued shares are fully paid. During 2013 all preference shares were converted to ordinary shares.
For the year 2013 there was change in the ownership structure of the Company and the shareholders structure as at 31 December 2013 was as follows:

	Number of ordinary shares	**Total shares**	**% of total share capital**
EL.P.ET Balkaniki S.A.	689,875	689,875	81.51 %
DPTUPucko- Petrol Uvoz-Izvoz Doo- MakedonskiBrod	91,965	91,965	10.87 %
Other 1)	64,520	64,520	7.62 %
	846,360	**846,360**	**100 %**

1) Shareholders which individually hold less than 0.4% in share capital.

Dividends

There are no dividend payments during 2013 (2012: MKD 1,356 thousands for preference shares). There are no other declared dividends.

(all amounts are in thousands of MKD unless otherwise stated)

20. Capital and reserves (continued)

Reserves

Statutory reserves

According to Macedonian regulations, the Company is required to have compulsory statutory reserve established through appropriation of its net profits. With the changes of the Law on Trading Companies effective from 1stJanuary 2013, the Company is required to set aside 5 percent of its net statutory profit for the year in a statutory reserve until the level of the reserve reaches 1/10 of the share capital.The Company has achieved the required minimum in prior years and consequently no appropriation in 2013 has been made.

Revaluation reserve

The revaluation reserve relates to: (i) property, plant and equipment and comprises the cumulative increased carrying value based on the increase of the producers' price index on the date of revaluation that was performed up to 2003; and (ii) effects of revaluation of available for sale financial assets.

21. Employee benefit obligations

	2013	**2012**
Retirement benefit obligations and jubilee awards	21,751	22,893
	21,751	**22,893**

Assumptions are set based on actuarial advice in accordance with published statistics and experience in the country. The employee benefit obligation is calculated annually but in 2013 it is calculate by independent actuaries using the projected unit credit method.

Mortality rate:
From the study of the mortality rates in the past years the Company has determined a representation of the expected current mortality in Republic of Macedonia. Swiss mortality table EVK2000 was used.

(all amounts are in thousands of MKD unless otherwise stated)

21. Employee benefits obligations (continued)

	2013	2012
Amounts recognised in Balance sheet		
Present value of obligations	21,751	22,893
Fair value of plan assets	-	-
Net Liability/ (Asset) in Balance Sheet	**21,751**	**22,893**
Amounts recognized in Profit and Loss		
Service cost	1,030	4,593
Net interest on the net defined benefit liability/ (asset)	1,170	-
Recognition of actuarial (gain)/Loss	-	-
Regular P&L charge	**2,200**	**4,593**
Settlement/ Curtailment/ Termination loss/ (gain)	33,155	-
Total P&L Charge	**35,355**	**4,593**
Reconciliation of benefit obligation		
Defined Benefit Obligation at start period	22,893	18,300
Service cost	1,030	4,593
Interest cost	1,170	-
Benefits paid directly by the Company	(37,396)	-
Settlement/ Curtailment/ Termination loss (gain)	33,156	-
Actuarial (gain)/loss- experience	898	-
Defined benefit obligation at end of period	**21,751**	**22,893**
Movements in Net Liability/ (Asset) in Balance Sheet		
Net Liability/ (Asset) in Balance Sheet at the beginning of the period	22,893	18,300
Benefits paid directly	(37,395)	-
Total expense recognised in the income statement	35,355	4,593
Total amount recognised in the Other comprehensive income	898	-
Net Liability/ (Asset) in Balance sheet	**21,751**	**22,893**
Assumptions		
Discount rate	5%	
Price inflation	3%	
Rate of compensation increase	5%	
Plan duration	8,23	
Future working life	15,97	
Expected benefits to be paid by the plan in next financial year	795	-

(all amounts are in thousands of MKD unless otherwise stated)

22. Trade and other payables

Carrying amount of trade payables is presented as follows:

	2013	2012
Domestic trade payables	82,725	100,301
Foreign trade payables	1,460,166	5,363,237
Payables for non-invoiced goods	1,313	3,320
	1,554,204	**5,466,858**

Carrying amount of trade and other payables is presented as follows:

	2013	2011
Domestic trade payables	82,725	100,301
Foreign trade payables	144,792	161,831
Foreign payables from related parties (note 26)	1,315,374	5,201,406
Payables for non-invoiced goods	1,313	3,320
Trade payables	**1,554,204**	**5,466,858**
Advances received	22,985	27,214
VAT payable	39,744	-
Excise taxes payable	78,523	130,587
Salaries and wages	19,857	19,944
Personal income tax and contributions	9,306	9,405
Withholding tax	107	17
Accrued liabilities	8,488	27,010
Other current liabilities	**179,010**	**214,177**
	1,733,214	**5,681,035**

Liabilities to related parties represent liabilities to Hellenic Petroleum S.A. Greece and Vardax S.A. Greece (Note 26).

The carrying amounts of the trade payables are denominated in the following currencies:

	2013	2012
MKD	84,037	103,623
USD	1,455,676	5,353,400
EUR	4,491	9,835
	1,544,204	**5,466,858**

The carrying amounts of the other payables are denominated in the following currencies:

	2013	2012
MKD	179,010	214,177
	179,010	**214,177**

(all amounts are in thousands of MKD unless otherwise stated)

23. Loans and borrowings

	2013	2012
Bank borrowings	624,653	659,953
	624,653	**659,953**

The borrowings are measured at amortised cost. Bank borrowings mature until 2014 and bear average interest rate of 5-6% annually.

The carrying amounts and fair value of the current borrowings are as follows:

	Carrying amount		Fair value	
	2013	**2012**	**2013**	**2012**
Bank Borrowings	624,653	659,953	624,653	659,953
	624,653	**659,953**	**624,653**	**659,953**

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant.

The carrying amounts of the borrowings are denominated in the following currencies:

	2013	2012
MKD	485,000	520,000
USD	139,653	139,953
	624,653	**659,953**

(all amounts are in thousands of MKD unless otherwise stated)

24. Expenses by nature

	2013	2012
Cost of trading goods sold	19,925,052	26,336,927
Consumed raw materials	2,435,831	11,090,797
Changes in inventories	2,428,516	(2,066,534)
Employee related expenses	466,825	467,038
Depreciation	261,391	251,541
Consumed chemicals	125,382	121,175
Remaining non-material expenses	101,593	111,539
Consumed energy	68,757	129,234
Allowance for the expenses of the employees	58,630	63,122
Manipulation and shrinkage expenses	57,643	-
Insurance premiums	50,368	51,646
Inventory shortages	52,135	-
Maintenance services	40,904	90,570
Redundancy expenses	35,056	5,329
Impairment of bad and doubtful debts	20,839	18,947
Impairment of spare parts	14,683	-
Own consumption	14,085	27,249
Transport services	13,516	32,133
Rental fees	11,892	12,704
Other services	11,236	13,053
Remaining expenses	9,193	3,250
Promotion, advertising, entertainment and sponsorship	9,054	23,948
Additionally determined expenses	4,130	1,986
Telecommunication expenses	4,111	5,131
Daily allowance for business trips and travel expenses	2,919	2,130
Dues and subscriptions	1,789	1,784
Office supply expenses	1,485	2,380
Net book value of disposed fixed assets	72	15
	26,227,087	**36,797,094**

25. Employee related expenses

	2013	2012
Salaries and wages	289,411	294,362
Contributions and taxes	139,258	139,265
Other benefits	38,156	33,411
	466,825	**467,038**

	2013	2012
Average number of employees	661	675

26. Related party transactions

The Company is controlled by EL.P.ET BalkanikiS.A. Greece, which owns 81.51% of the Company's shares. Ultimate parent is Hellenic Petroleum S.A, incorporated in Greece. The remaining 7.62% of the shares are held by the minor shareholders and 10.87% of shares are held by DPTUPucko Petrol Uvoz- Izvoz Doo- MakedonskiBrod.
All transactions with related parties are conducted under normal trading and commercial terms at mutually agreed terms.

(all amounts are in thousands of MKD unless otherwise stated)

26. Related party transactions (continued)

The following transactions were carried out with related parties:

i) Sales of goods and services

Sales of goods	2013	2012
EKO Serbia	140,456	61,422
Hellenic Petroleum S.A.	37	44
	140,493	**61,466**

Sales of services	2013	2012
Vardax S.A.	4,306	1,536
EL.P.ET Balkaniki S.A.	115	67
	4,421	**1,603**

ii) Purchases of raw material, goods and services

Purchases of raw material and goods	2013	2012
Hellenic Petroleum S.A.	22,386,737	36,199,027
EKO Serbia	-	7,505
Eko ABEE	3,442	5,312
Global Petroleum Albania Sh.p. Albania	-	861
	22,390,179	**36,212,705**

Purchases of services	2013	2012
Vardax S.A.	45,907	249,380
Eko ABEE	4,041	-
EL.P.ET Balkaniki S.A.	-	5,739
Asprofos S.A.	-	3,015
ELPE International consulting	5,506	-
	55,454	**258,134**

iii) Outstanding balances arising from sale of goods/services

Receivables arising from sale of goods	2013	2012
Hellenic Petroleum S.A	62	25
Global Petroleum Albania Sh.p. Albania	2	2
	64	**27**

Receivables arising from sale of services	2013	2012
Vardax S.A.	247	201
Hellenic Petroleum S.A	14	13
EL.P.ET Balkaniki S.A.	10	6
	271	**220**

(all amounts are in thousands of MKD unless otherwise stated)

26. Related party transactions(continued)

iv) Outstanding balances arising from purchase of goods/services

Payables arising from purchase of raw materials and goods	2013	2012
Hellenic Petroleum S.A.	1,313,981	5,110,958
EKO ABEE	-	937
	1,313,981	**5,111,895**

Payables arising from purchase of services	2013	2012
VardaxS.A.	-	89,352
EKO ABEE	730	-
EL.P.ET Balkaniki S.A	-	159
	730	**89,511**

v) Key management compensation

Key management includes members of the Board of Directors and Directors within the Company. The compensation paid or payable to key management for services is shown below:

	2013	2012
Salaries	22,250	23,532
Taxes and contributions	6,304	6,506
Other benefits	4,283	2,243
	32,837	**32,281**

27. Contingencies

a) Bank guarantees

The Company has contingent liabilities in respect of bank guarantees arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities. The Company has bank guarantees in the amount of MKD 453,277 thousands as at 31 December 2013 (2012: MKD 703,441thousands). No additional payments are anticipated at the date of the financial statements.

b) Legal proceedings

From time to time and in the normal course of the business, claims against the Company may be received. On the basis of its own estimates and both internal and external professional advice, the management of the Company is of the opinion that no material losses will be incurred in respect of claims and accordingly no provision has been made in these financial statements.

During 2013 OKTA received a request by a minority shareholder according to Law on Trade Companies, Chapter V article 460-c, for the performance of a special audit by an authorized auditor. The Company's General Assembly, in its meeting on 1st August 2013, issued a resolution for such appointment, but the requesting minority shareholder challenged in the courts the process. As of the date of these financial statements the engagement of the special auditor was still outstanding, pending the final conclusion of the litigation process.

(all amounts are in thousands of MKD unless otherwise stated)

28. Commitments

Operating lease commitments

The Company leases motor vehicles under operating lease agreements. The lease expenditure charged to the Statement of comprehensive income during the year is disclosed in Note 6,7,8 and 9.

The future aggregate minimum lease payments under operating leases are as follows:

	2013	2012
No later than 1 year	10,864	9,859
Later than 1 year and no later than 5 years	12,932	16,574
Later than 5 years	-	-
	23,797	**26,433**

29. Events after the reporting period

There are no events after the reporting period that would have impact on the 2013Statement of comprehensive income, Statement of financial position or Statement of cash flow.

In January 2014 the Board of Directors of OKTA approved the terms of a voluntary retirement programme for the year 2014 due to business reasons. The programme shall result in the departure of a number of OKTA's employees, which meet specific conditions, and is expected to be finalized before of the end of the year 2014. The maximum approved amount for severance payments related to this programme is 3,8 million euros.

OKTA Crude Oil Refinery A.D. – Skopje

Annual Accounts

For the year ended 31st December 2013

Name of the Company: OKTA Crude Oil Refinery AD Skopje

Address: Str. 1 No. 25, Miladinovci, Skopje

Unique ID number: 4074009

Income Statement 01.01.2013 - 31.12.2013					
Ordinal No.	Position	AOP	Note No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
1.	**I. OPERATIONAL INCOME (202+203+206)**	201		**26.038.178.692**	**36.221.538.043**
2.	Sale income	202		25.997.930.715	36.209.040.960
3.	Other income	203		40.247.977	12.497.083
4.	Change of the value of stock of finished products and unfinished production				
4.a.	Stock of finished products and unfinished production at the beginning of the year	204		2.588.940.276	522.406.245
4.б.	Stock of finished products and unfinished production at the end of the year	205		160.423.513	2.588.940.276
5.	Capitalisation of own production and services	206		0	0
6.	**II. OPERATIONAL EXPENSES (208+209+210+211+212+213+218+219+220+221+222)**	207		**23.807.966.174**	**38.878.170.333**
7.	Raw materials expenses	208		2.568.001.073	11.401.721.721
8.	Purchase price of the goods sold	209		19.925.051.774	26.336.927.691
9.	Purchase price of materials, spare parts, small inventory, packaging and tyres	210		0	0
10.	Services categorized as material expenses	211		161.543.070	133.880.897
11.	Other operational expenses	212		212.861.555	198.056.432
12.	Employees expenses (214+215+216+217)	213		524.034.691	533.805.289
12.a.	Net salaries	214		289.411.181	291.905.152
12.б.	Expenses for taxes and salaries contributions	215		25.798.699	26.020.530
12.в.	Mandatory social contribution expenses	216		113.459.092	113.243.950
12.г.	Other expenses for employees	217		95.365.719	102.635.657
13.	Depreciation of tangible and intangible assets	218		261.391.417	251.540.896
14.	Impairment of non-fixed assets	219		0	0
15.	Impairment of fixed assets	220		93.165.101	18.947.068
16.	Provisions for risks and expenses	221		0	0
17.	Other operational expenses	222		61.917.493	3.290.339
18.	**III. FINANCIAL INCOME (224+229+230+231+232+233)**	223		**639.164.144**	**941.231.139**
19.	Financial income arising from related parties (225+226+227+228)	224		464.798.826	651.966.463
19.a.	Income from investment in related parties	225		0	0
19.б.	Income from interests from related parties	226		0	0
19.в.	Income from foreign exchange difference from related parties	227		464.798.826	651.966.463
19.г.	Other financial income from related parties	228		0	0
20.	Income from investment in non-related parties	229		0	0
21.	Income from interests from non-related parties	230		37.494.049	36.759.890
22.	Income from foreign exchange difference from non-related parties	231		136.871.269	252.504.786
23.	Unrealised income from financial assets	232		0	0
24.	Other financial income	233		0	0
25.	**IV. FINANCIAL EXPENSES (235+239+240+241+242+243)**	234		**578.821.589**	**948.377.019**
26.	Financial expenses with related parties (236+237+238)	235		392.273.784	645.861.916
26.a.	Expenses for interest payable to related parties	236		0	0
26.б.	Expense for foreign exchange differences payable to related parties	237		392.273.784	647.861.916
26.в.	Other financial expenses payable to related parties	238		0	0
27.	Expenses for interest payable to non-related parties	239		39.261.612	17.805.718
28.	Expense for foreign exchange differences payable to non-related parties	240		147.286.193	282.709.385
29.	Unrealised loss from financial assets	241		0	0
30.	Impairement of financial assets and investment	242		0	0
31.	Other financial expenses	243		0	0
32.	Participation in the profit of associate entities	244		0	0
33.	Participation in the loss of associate entities	245		0	0
34.	Profit from regular operations (201+223+244)-(204-205+207+234+245)	246		0	0
35.	Loss from regular operations (204-205+207+234+245)-(201+223+244)	247		137.961.690	597.244.139
36.	Net profit from interrupted work	248		0	0
37.	Net loss from interrupted work	249		0	0

38.	Profit before taxation (246+248) или (246-249)	250		0	0
39.	Loss before taxation (247+249) или (247-248)	251		137.961.690	597.244.139
40.	Corporate income tax	252		12.116.687	8.179.486
41.	Deferred tax assets	253		0	0
42.	Deferred tax liabilities	254		0	0
43.	**NET PROFIT FOR THE CURRENT YEAR (250-252+253-254)**	255		0	0
44.	**NET LOSS FOR THE CURRENT YEAR (251+252-253+254)**	256		**150.078.377**	**605.423.625**
45.	Average numeber of employees upon work hours	257		0	666
46.	Number of months of work	258		12	12
47.	PROFIT/LOSS FOR THE PERIOD	259		150.078.377	605.423.625
47.a.	Profit belonging to the shareholders in the parent company	260		0	0
47.б.	Profit belonging to the uncontrollable participation	261		0	0
47.в.	Loss belonging to the shareholders in the parent company	262		150.078.377	605.423.625
47.г.	Loss belonging to the uncontrollable participation	263		0	0
48.	EARNINGS PER SHARE	264		0	0
48.a.	Total basic earnings per share	265		0	0
48.б.	Total diluted earnings per share	266		0	0
48.в.	Basic earning per share from interrupted work	267		0	0
48.г.	Dilutred earnings per share from interrupted work	268		0	0
	REPORT FOR COMPREHENSIVE INCOME				
1.	Profit for the year	269		150.078.377	605.423.625
2.	Loss for the year	270		2.763.821	
3.	Other comprehensive profit (273+275+277+279+281+283) - (274+276+278+280+282+284)	271			6.634.702
4.	Other comprehensive loss (274+276+278+280+282+284) - (273+275+277+279+281+283)	272			
5.	Gains arising from translation of foreign operations	273			
6.	Loss arising from translation of foreign operations	274			
7.	Gains from re-assessment of financial assets available for sale	275		3.661.950	
8.	Loss from re-assessment of financial assets available for sale	276			2.042.443
9.	Effective portion of gains from hedging instruments for hedging of cash flows	277			
10.	Effective portion of losses from hedging instruments for hedging of cash flows	278			
11.	Changes of re-evaluation reserves for non-current assets (+)	279			
12.	Changes of re-evaluation reserves for non-current assets (-)	280			
13.	Actuarial gains on defined plans for employee benefits	281			
14.	Actuarial losses on defined plans for employee benefits	282		898.129	4.592.259
15.	Share in other comprehensive income of associates (just for the needs of consolidation)	283			
16.	Share in other comprehensive loss of associates (just for the needs of consolidation)	284			
17.	Corporate Income Tax in the components of the other comrehensive income	285			
18.	Net other comprehensive income (271-285)	286		2.763.821	
19.	Net other comprehensive loss (285-271) или (272+285)	287			6.634.702
20.	Total comprehensive income for the year (269+286) или (286-270)	288			
20.a.	Comprehensive income attributable to share holders of parent company	289			
20.б.	Comprehensive income belonging to uncontrollable participation	290			
21.	Total comprehensive loss for year (270+287) or (270-286) or (287-269)	291		147.314.556	612.058.327
21.a.	Comprehensive loss attributable to share holders of parent company	292			
21.б.	Comprehensive loss belonging to uncontrollable participation	293			

In: Skopje
On date: 25.02.2014

TRANSLATION

Name of the Company: OKTA Crude Oil Refinery AD Skopje

Address: Str. 1 No. 25, Miladinovci, Skopje

Unique ID number: 4074009

Balance Sheet 01.01.2013 - 31.12.2013

Position	AOP	Note No	Amount	
			Current year	Previous year
1	2	3	4	5
ASSETS: A. NON-FIXED ASSETS (002+009+020+021+031)	001		**2.575.078.487**	**2.826.520.098**
I. Intangible assets (003+004+005+006+007+008)	002		**2.053.654**	**3.127.878**
Expenditures for research and development	003		0	0
Patents, license, concession and other rights.	004		2.053.654	3.127.878
Goodwill	005		0	0
Advance payment for intangible assets	006		0	0
Intangible assets in preparation	007		0	0
Other intangible assets	008		0	0
II. Tangible assets (010+013+014+015+016+017+018+019)	009		**2.564.504.283**	**2.818.533.620**
Immovable property (real estate) (011+012)	010		432.967.703	625.252.217
Land	011		144.282.744	144.282.744
Buildings	012		288.684.959	480.969.473
Plant and equipment	013		2.007.064.675	2.002.044.780
Transport assets	014		39.555.852	45.402.085
Tools, office inventor, assets for transport	015		67.906.459	93.066.224
Biological assets	016		0	0
Advance payment for tangible	017		0	0
Tangible assets in preparation	018		17.009.594	52.768.314
Other tangible assets in preparation	019		0	0
III. INVESTMENT IN IMMOVABLE PROPERTY	020		0	0
IV. LONG-TERM FINANCIAL ASSETS (022+023+024+025+026+030)	021		**8.520.550**	**4.858.600**
Investment in branch offices	022		0	0
Investment in associate entities and joint venture investtments	023		0	0
Receivables from long-term loans granted to related parties	024		0	0
Receivables from long-term loans	025		0	0
Investment in long-term securities (027+028+029)	026		8.520.550	4.858.600
Investment in securities held to maturity	027		0	0
Investments in securities available for sale	028		8.520.550	4.858.600
Investments in securities at fair value through profit or loss	029		0	0
Other long-term financial assets	030		0	0
V. LONG-TERM RECEIVABLES (032+033+034)	031		**0**	**0**
Receivables from related parties	032		0	0
Receivables from customers	033		0	0
Other long-term receivables	034		0	0
VI. DEFERRED TAX ASSETS	035		0	0
Б. CURRENT ASSETS (037+045+052+059)	036		**4.368.657.678**	**8.219.151.657**
I. Stocks (038+039+040+041+042+043)	037		**1.014.039.721**	**3.470.517.444**
Stocks of raw materials	038		338.025.114	703.058.675
Stocks of spare parts, small inventory, packaging and tyres	039		36.735.703	48.051.885
Stock of unfinished products and semi-products	040		19.673.269	541.997.979
Stock of finished products	041		145.851.431	2.046.942.297
Stock of commercial products	042		473.754.204	130.466.608
Stock of biological products	043		0	0
II. ASSETS (OR GROUP FOR TRANSFER FOR SALES AND INTERRUPTED WORKS)	044		0	0

III. SHORT-TERM RECEIVABLES (046+047+048+049+050+051)	045		**3.011.525.773**	**4.654.372.764**
Receivables from related parties	046		792.995	727.457
Trade accounts receivable	047		2.232.023.192	3.091.343.003
Advance payments	048		0	0
Receivables from the state upon taxes, social contribution, customs duties, excise and other duties towards the state	049		1	790.952.759
Receivables from the employees	050		527.587	531.800
Other short term receivables	051		778.181.998	770.817.745
IV. SHORT-TERM FINANCIAL ASSETS (053+056+057+058)	052		0	0
Investment in securities (054+055)	053		0	0
Investment in secutrities held to maturity	054		0	0
Investments in securities at fair value through profit or loss	055		0	0
Receivables from short-term loans granted to related parties	056		0	0
Receivables from short-term loans	057		0	0
Other short-term financial assets	058		0	0
V. Cash and cash equivalents (060+061)	059		**343.092.184**	**94.261.449**
Cash	060		191.395.274	92.816.067
Cash equivalents	061		151.696.910	1.445.382
VI. PREPAYMENT OF EXPENSES FOR FUTURE PERIODS AND CALCULATED REVENUES	062		**33.928.107**	**70.452.321**
TOTAL ASSETS: ASSETS (001+035+036+044+062)	063		**6.977.664.272**	**11.116.124.076**
B. OUT-OF-BALANCE RECORDS - ASSETS	064		**3.615.529.828**	**1.876.071.521**
LIABILITIES: A. SHARE CAPITAL AND RESERVES (066+067-068-069+070+071+075-076+077-078)	065		**4.604.858.343**	**4.752.243.283**
I. SHARE CAPITAL	066		**2.472.819.516**	**2.472.819.516**
II. Share premiums	067		**0**	**0**
III. Own shares (-)	068		**0**	**0**
IV. Registered, not paid capital (-)	069		**0**	**0**
V. Revaluation reserve and differences from evaluation of components of the other comprehensive profit	070		**82.104.562**	**79.340.741**
VI. RESERVES (072+073+074)	071		**812.119.797**	**812.190.181**
Statutory reserves	072		494.718.176	494.718.176
Companys reserves (according to the Incorporation Act)	073		0	0
Other reserves	074		317.401.621	317.472.005
VII. ACCUMULATED PROFIT	075		**1.387.892.845**	**1.993.316.470**
VIII. TRANSFERRED LOSS (-)	076		**0**	**0**
IX. PROFIT FOR THE CURRENT YEAR	077		**0**	**0**
X. LOSS FOR THE CURRENT YEAR	078		**150.078.377**	**605.423.625**
XI. SHARE CAPITAL OF THE OWNERS OF THE PARENT COMPANY	079		**0**	**0**
XII. NON-CONTROLLABLE PARTICIPATION	080		**0**	**0**
Б. LIABILITIES (082+085+095)	081		**2.364.318.199**	**6.337.031.890**
I. LONG-TERM PROVISIONS FOR RISKS AND EXPENSES (083+084)	082		**21.751.402**	**22.892.514**
Provisions for pensions, severance payments and similar liabilities towards the employees	083		21.751.402	22.892.514
Other long-term provisions for risks and expenses	084		0	0
II. LONG-TERM LIABILITIES (од 086 до 093)	085		0	0
Liabilities to related parties	086		0	0
Trade payables	087		0	0
Advance and deposit liabilities	088		0	0
Liabilities upon loans and credits to related parties	089		0	0
Liabilities upon loans and credits	090		0	0
Liabilities upon securities	091		0	0
Other financial liabilities	092		0	0
Other long-term liabilities	093		0	0
III. DEFERRED TAX LIABILITIES	094		0	0
IV. SHORT-TERM LIABILITIES (од 096 до 108)	095		**2.342.566.797**	**6.314.139.376**
Liabilities to related parties	096		1.315.375.059	5.207.528.246
Trade payables	097		228.834.142	259.329.948
Advance and deposit liabilities	098		22.979.939	27.213.880
Liabilites for taxes and social contribution upon salaries	099		9.305.668	9.405.145
Liabilities towards the employees	100		19.857.860	19.944.178
Current tax liabilities	101		121.561.129	130.604.614
Short-term provisions for risks and expenses	102		0	0
Liabilities upon loans and credits to related parties	103		0	0
Liabilities upon loans and credits	104		624.653.000	659.953.000
Liabilities upon securities	105		0	0
Liabilities upon participation in the profits	106		0	0
Other financial liabilities	107		0	0
Other long-term liabilities	108		0	160.365
V. DEFERRED PAYMENTS OF EXPENSES AND INCOME IN FUTURE PERIODS	109		**8.487.730**	**26.848.903**
VI. LIABILITIES FOR NON-FIXED ASSETS (OR GROUPS FOR TRANSFER) HELD FOR SALE OR INTERRUPTION OF WORK	110		**0**	**0**
TOTAL LIABILITIES: SHARE CAPITAL, RESERVES AND LIABILITIES (065+081+094+109+110)	111		**6.977.664.272**	**11.116.124.076**
B. OUT-OF-BALANCE RECORDS - LIABILITIES	112		**3.615.529.828**	**1.876.071.521**

In: Skopje
On date: 25.02.2014

TRANSLATION

Name of the Company: OKTA Crude Oil Refinery AD Skopje

Address: Str. 1 No. 25, Miladinovci, Skopje

Unique ID number: 4074009

Specific data for the period 01.01.2013-31.12.2013

Group of accounts or accounts	Position	AOP	Amount	
			Current year	Previous year
2	3	4	5	6
	A. Intangible assets		**2.053.654**	**3.127.878**
1.	Purchase value of computer software	601	8.456.786	8.145.710
1.a.	Impairment of computer software	602		
1.б.	Accumulated depreciation of computer software	603	6.403.132	5.017.832
1.в.	Current value of computer software (< or = AOP 004 from BS)	604	2.053.654	3.127.878
	B.Tangible assets		**432.967.703**	**625.202.217**
2.	Land	605	144.282.744	144.323.744
3.	Forests	606		
4.	Purchase value of apartments and residental buildings	607	3.123.453.562	3.115.536.439
4.a.	Impairment of apartments and residental buildings	608		
4.б.	Accumulated depreciation of apartments and residental buildings	609	2.834.768.603	2.634.566.966
4.в.	Current value of apartments and residental buildings (< or = AOP 012 from BS	610	288.684.959	480.969.473
5.	Purchase value of nonresidental buildings	611		
5.a.	Impairment of nonresidental buildings	612		
5.б..	Accumulated depreciation of nonresidental buildings	613		
5.в.	Current value of nonresidental buildings (< or = AOP 012 from BS)	614		
6.	Original art and literature works for performing activities of culture and art	615		
7.	Purchase value of the several years old plantations	616		
7.a.	Impairment of the several years old plantations	617		
7.б.	Accumulated depreciation of the several years old plantations	618		
7.в.	Current value of the several years old plantations (< or = AOP 016 from BS)	619		
8.	Purchase value of the basic herd	620		
8.a.	Impairment of the basic herd	621		
8.б.	Accumulated depreciation of thebasic herd	622		
8.в.	Current value of the basic herd(< or = AOP 016 from BS)	623		
9.	Books, paintings, sculptures, museum exhibits items of archive materials, etc.	624		
10.	Investments in natural resources in preparation	625		
11.	Improvement of land	626		
	C Income		**26.048.894.252**	**36.221.538.043**
12.	**I. Sale income**	627	**25.997.930.715**	**36.209.040.960**
13.	Income from slae of goods (< or = AOP 202 from IS)	628		
14.	Income from services (< or = AOP 202 from IS)	629		
15.	Income from sale of products, goods and services in the domestic market (< or = AOP 202 from IS)	630	19.387.896.396	24.687.387.498
16.	Income from sale of products, goods and services in the foreign market (< or = AOP 202 from IS)	631	6.610.034.319	11.521.653.462
17.	Income from sale of products, goods and services in EU member coutries 2) (< or = AOP 202 from IS)	632		
18.	Income from usage of computer software developed for own use (< or = AOP 206 from IS)	633		
19.	Income from rent (< or = AOP 202 from IS)	634		
20.	Income from rent of land (< or = AOP 202 from IS)	635		
21.	Income from sale of goods based on financial rent (leasing) (< or = AOP 202 from IS)	636		
22.	**II.Other income**	637	**50.963.537**	**12.497.083**
23.	Profit from sale of tangible assets and intangible assets (< or = AOP 203 from IS)	638		
24.	Profit from sale of biological resources - assets (< or = AOP 203 from IS)	639		
25.	Profit from sale of of capital share and securities (< or = AOP 203 from IS)	640		
26.	Profit from sale of materials (< or = AOP 203 from IS)	641	1.105.345	
27.	Income from surpluses (< or = AOP 203 from IS)	642	10.715.562	
28.	Income from written-off receivables and income from write-off of liabilities (< or = AOP 203 from IS)	643	224.220	37.058
29.	Income based on effects from contracted risk protection(< or = AOP 203 from IS)	644		
30.	Income from premiums, subventions, grants and donations (< or = AOP 203 from IS)	645		
31.	Income from subventions (< or = AOP 203 from IS)	646		
32.	Income from donations and sponsorships (< or = AOP 203 from IS)	647		
33.	Income from cancellation of long-term reservations (< or = AOP 203 from IS)	648		
34.	Other operating income (< or = AOP 203 from IS)	649	38.918.410	12.460.025

35.	Income from penalty fees, unclaimed deposits, awards, etc.(< or = AOP 203 from IS)	650		
36.	Income from previous years (< or = AOP 203 from IS)	651		
37.	Income from taxes and contributions (< or = AOP 203 from IS)	652		
38.	Income from operating leasing (< or = AOP 203 from IS)	653		
39.	**III. Financial income**	654		
40.	Income from dividends	655		
	D. Expenses		**2.964.730.854**	**11.619.229.683**
41.	**I. Costs for raw materials, energy, spare parts and small inventory**	656	**2.657.290.591**	**11.398.929.673**
42.	Costs for raw materials (< or = AOP 208 from IS)	657	2.565.658.389	11.226.634.770
43.	Heating, fuel and grease (< or = AOP 208 from IS)	658		
44.	Food articles(< or = AOP 208 from IS)	659		
45.	Office materials (< or = AOP 208 from IS)	660	1.485.209	817.671
46.	Costs for packaging (< or = AOP 208 from IS)	661		
47.	Uniforms-protective clothing and footwear (< or = AOP 208 from IS)	662	857.475	1.122.718
48.	Materials for cleaning and maintenance (< or = AOP 208 from IS)	663		
49.	Water (< or = AOP 208 from IS)	664		
50.	Used electricity (< or = AOP 208 from IS)	665	68.756.724	129.233.703
51.	Used fuel energy(< or = AOP 208 from IS)	666	14.085.073	27.249.055
52.	Used spare parts and maintenance materials (< or = AOP 208 from IS)	667	5.738.125	12.665.793
53.	Write-off of inventory, packaging and tires (in production) (< or = AOP 208 from IS)	668	709.596	1.205.963
54.	**II. Costs for services**	669	**17.819.451**	**37.263.617**
55.	Transportation services in the country (< or = AOP 211 from IS)	670	6.993.303	13.589.970
56.	Transportation services abroad (< or = AOP 211 from IS)	671	6.522.797	18.542.719
57.	Postal services in the country (< or = AOP 211 from IS)	672	4.303.351	5.130.928
58.	Postal services abroad (< or = AOP 211 од from IS)	673		
59.	External services for manufacture (< or = AOP 211 from IS)	674		
60.	Production and craft services (< or = AOP 211 from IS)	675		
61.	Rents for business premises in the country (< or = AOP 211 from IS)	676		
62.	Rent of equipment (< or = AOP 211 from IS)	677		
63.	Rent of land (< or = AOP 211 from IS)	678		
64.	Costs for research and development (< or = AOP 211 from IS)	679		
65.	**III. Compensation costs for employees**	680	**18.715.627**	**18.695.023**
66.	Calculated compensation during sick leave	681	3.220.277	2.456.902
67.	Compensation for severance pay for retirement (< or = AOP 217 from IS)	682	42.370	
68.	One time compensation in the form of severance paymnet for permanent engagement under conditions defined by law (< or = AOP 217 from IS)	683		
69.	Jubilee awards (< or = AOP 217 from IS)	684	2.505.060	3.367.530
70.	Regress for annual holiday (< or = AOP 217 from IS)	685	12.736.756	12.719.027
71.	Other employee benefits (< or = AOP 217 from IS)	686	211.164	151.564
72.	Volume - increased diet	687		
73.	**IV. Other operating expenses**	688	**265.825.614**	**163.984.983**
74.	Daily allowance for business trips, overnights and travel expenses (< or = AOP 217 from IS)	689	131.478	354.449
75.	Daily allowance for business trips (< or = AOP 217 from IS)	690	3.920.548	1.533.726
76.	Compensation for employee expenses and gifts (< or = AOP 217 from IS)	691		
77.	Compensation for accommodation and food provided by the company (< or = AOP 217 from IS)	692		
78.	Separate life compensation (< or = AOP 217 from IS)	693		
79.	Gifts to employees (< or = AOP 217 from IS)	694		
80.	Costs for organized food during work (< or = AOP 217 from IS)	695	28.016.561	30.405.160
81.	Costs for organized transportation to the and from the work place (< or = AOP 217 from IS)	696	29.288.843	30.030.735
82.	Royalty compesations (< or = AOP 217 from IS)	697		889
83.	Compensation for occasional and temporary work (< or = AOP 217 from IS)	698		
84.	Costs for sponsorships (< or = AOP 212 from IS)	699	441.118	1.911.671
85.	Representation costs (< or = AOP 212 from IS)	700	5.766.354	7.980.605
86.	Premiums for property insurance (< or = AOP 212 from IS)	701	47.156.981	46.843.945
87.	Insurance premiums for individuals (< or = AOP 212 from IS)	702	1.596.600	
88.	Bank srevices fees (< or = AOP 212 from IS)	703	9.395.769	14.542.559
89.	Taxes that do not depend on the result (< or = AOP 212 from IS)	704	14.212.199	12.195.452
90.	Contributions that do not depend on the result(< or = AOP 212 from IS)	705	814.460	823.885
91.	Membership fees of associations in the country and abroad (< or = AOP 212 from IS)	706	14.221.950	17.361.907
92.	Other costs from the work (< or = AOP 212 from IS)	707	110.862.753	
93.	**V. Other expenses**	708	**5.079.571**	**356.387**
94.	Fines, penalties and compensation for damages etc. (< or = AOP 222 from IS)	709	5.079.571	356.387
95.	Compensation for damages (< or = AOP 222 from IS)	710		
96.	**VI. Impairment of financial assets and investments**	711		
97.	Impairment of long-term financial investments and other securities available for sale (= AOP 242 from IS)	712		
98.	**VII. Dividends and other payments to the investors**	713		
99.	Paid out dividends	714		
	E. Specific data			
100.	Average number of employees based on the situation at the end of the month	715		

TRANSLATION

In: Skopje
On date: 25.02.2014

Name of the Company: OKTA Crude Oil Refinery AD Skopje

Address: Str. 1 No. 25, Miladinovci, Skopje

Unique ID number: 4074009

Structure of income per business activities for the period 01.01.2013-31.12.2013

NCBA (National classification of business activities)			Realized income (MKD)
Ordinal No.	class /subclass	Name	
1	19.20	Sales of produced crude oil products	5.341.905.350
2	46.71	Sales of trading goods	21.334.629.412
3	47.30	Retail sales	808.074
4			
5			
6			
7			
8			
		Total Income	**26.677.342.836**

In: Skopje
On date: 25.02.2014

Annual Corporate Income Tax Return FY2013 (DB form)

Determination of the corporate income tax paid upon the non-deductible expenses

Item No.	Description	Row	Amount
A.	Reconciliation of the non-deductible expenses from current year (sum of rows 02 to 26)	01	121.166.865
1.	Expenses not related to the business activity of the tax payer	02	
2.	Paid compensation for expenses and other personal income from employment over the prescribed limit	03	51.866.656
3.	Paid compensation for expenses for the employees not mentioned in Article 11, paragraph 1 item 2 from the CIT Law	04	
4.	Expenses for organized food and transport that are paid over the prescribed limit	05	
5.	Expenses for monthly compensation for members of management bodies over the prescribed limit	06	1.163.893
6.	Expenses for paid voluntary social security contributions over the prescribed limit	07	
7.	Compensations for persons-volunteers and for persons engaged in public work paid over the prescribed limit	08	
8.	Hidden profit distributions	09	
9.	Entertainment costs (representation)	10	5.317.530
10.	Expenses for donations in accordance with the Law for donations and sponsorship in the public services exceeding 5% of the total annual income	11	440.975
11.	Expenses for sponsorships in accordance with the Law for donations and sponsorship in the public services exceeding 3% of the total annual income	12	136.618
12.	Expenses for interest of credits not used for the business activity of the tax payer	13	
13.	Insurance premiums that the employer pays for members of management bodies and employees	14	
14.	Witholding tax paid on behalf of third persons which represent expense for the tax payer	15	296.597
15.	Fines and tax penaltues, penal and penalty interest for untimely payment of public duties and expenses for forced collection	16	5.079.571
16.	Scholarships payments	17	106.708
17.	Expenses for scrap, debris, waste and spoilage	18	5.605.752
18.	Permanent write-off of receivables	19	
19.	Proportional part of the depreciation of assets for which tax exemption is used in the tax return for years 2007 and 2008, based on reinvested profit	20	23.736.247
20.	Expenses for the impairment of receivables	21	20.614.595
21.	Difference between transfer and market price between related parties	22	
22.	Taxable amount of loan interest paid to a related party that is not a bank or other authorized credit institution	23	
23.	Amount of penalty interest between related parties	24	
24.	Taxable amount of loan interest paid to non-resident shareholders that hold at least 25% from the Company's capital	25	
25.	Other adjustments of expenses in accordance with the CIT Law that are not specifically mentioned in the previous ordinal numbers	26	6.801.723
B.	Tax credit for expenditures which will be recognized in the future		
26.	Amount of tax credit for expenses recognized in different tax periods for which a previous payment of CIT was made	27	
C.	Tax base (rows 01 - 27 ≥ 0)		121.166.865
27.	Transfered tax losses from the previous years	28	
D.	Tax base minus the transfered tax loss from the previous years (rows 28 - 29 ≥ 0)	30	121.166.865

E.	Calculated corporate income tax (row 30 x applicable tax rate)	31	12.116.687
F.	Tax deduction and exemptions		0
28.	Deductions for amount of purchased and used 10 fiscal registers	32	0
G.	Avoidance of double taxation	46	0
29.	Amount of tax paid for the taxable receivables/profit abroad (withholding tax) up to the prescribed rate, except the tax on dividends received by non-residents	33	0
H.	TAX PAYABLE/RECEIVABLE		
30.	Corporate income tax after deduction (rows 31 - 32 - 33 ≥ 0)	34	**12.116.687**
31.	Advance payments for corporate income tax for the fiscal period	35	**8.929.392**
32.	Amount of over paid corporate income tax transferred from previous tax periods	36	0
33.	Sum to pay/overpaid tax amount (rows 34 - 35 - 36)	37	**3.187.295**
I.	Specific data		
34.	Transferred part of the amount entitled to a tax deduction stated in the Article 36-b from CIT Law	38	
35.	Transfered part of the amount of witholding tax paid in a foreign country up to the prescribed rate, except for the tax on received dividends from non residents.	39	
36.	Annual total income realized	40	**26.677.342.836**
37.	Total donations in current year	41	1.060.111
38.	Total sponsorships in current year	42	441.118
39.	Amount of tax credit when row 01 - 27 < 0	43	
	Information about the financial result and distributions		
J.	Accounting profit/loss after taxation		
40.	Profit for the year after taxation with tax on unrecognized expenses	44	
41.	Loss for the year after taxation with tax on unrecognized expenses	45	**150.078.377**
42.	Advance payments in the tax period dividend	46	
43.	Advance payments of dividend from accumulated profit and disposable reserves from previous years	47	
44.	Accumulated undistributed profit and disposable reserves after 01.01.2009	48	**1.387.892.845**
45.	Accumulated uncovered loss after 01.01.2009	49	
K.	Specific data		
46.	Amount of transferred unallocated profit as of 31 December 2008 and of disposable reserves	50	**1.049.479.762**
47.	Amount of transferred uncovered losses as of 31 December 2008 to be set off against unallocated profit made after y. 2008	51	
	Information about the tax payer		
	Name and surname		
	Attribution		
	Signature and stamp		
	Date		

Explanatory Notes

1. General information

OKTA Crude oil refinery A.D. - Skopje (hereinafter "the Company") is a joint stock company established on 26 March 1980. The Company is owned 81.51% by EL.P.ET Balkaniki S.A., a company jointly controlled - 63% by Hellenic Petroleum S.A. and 37% by Consortium of banks APE. The parent company is incorporated in Greece.

The Company's main activities are production, blending, trade and import of oil derivatives. Major products are Gasolines, Diesels, Fuel oil, LPG, Kerosene-Jet Oil and Sulphur. OKTA has a leading position in the supply and trading of oil derivatives. The company uses the Refinery and installation in Skopje for production, import and sale of oil derivatives.

As at 31 December2013, the Company has 645 employees (2012: 674 employees).

The address of the Company is as follows:
Street 1 no.25
Miladinovci Ilinden
1000 Skopje
Macedonia

The names of the Directors of the Company serving during the financial year are as follows:

Chief Executive Officer:

- Viktor Papakonstantinou starting from 6th June 2013
- Konstantinos Karachalios up to 6th June 2013

Director of Finance and Administration: Srecko Surkov

The financial statements of OKTA Crude oil refinery A.D. – Skopje were authorised for issue by the Management on 21st February 2014 and will be subject of approval by the Board of Directors on 25th February 2014. These financial statements are subject to approval from Company's Shareholders Assembly.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis of preparation

These financial statements are prepared, in all material respects, in accordance with the Company Law (published in Official Gazette No. 28/2004, 84/2005, 25/2007, 87/2008, 42/2010. 48/2010, 24/2011 and 166/2012) and the Rule Book for Accounting (published in Official Gazette No.159/2009 and No.164/2010), whereby the International Financial Reporting Standards (IFRS) were published. This Rule Book of Accounting comprise International Financial Reporting Standards (IFRS) - IFRS 1 to IFRS 8, International Accounting Standards (IAS) - IAS 1 to IAS 41, International Financial Reporting Interpretations Committee (IFRIC) - IFRIC 1 to IFRIC 17 and Standing Interpretations Committee (SIC) Interpretations comprising SIC 7 to SIC 32.

IFRS 9, IFRS 10, IFRS 11, IFRS 12, IFRS 13, IFRIC 18, IFRIC 19 and IFRIC 20 are not included in the Rule Book for Accounting and are not applied by the Company.

IFRS standards (including IFRS 1) were initially published in the Official Gazette in 1997, and since then several updates have followed. The last update was in December 2010. The

Company applies all relevant standards and the amendments and interpretations which were published in the Official Gazette.

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain fixed assets and depreciation and available for sale financial assets.

The financial statements are presented in thousands Macedonian Denars – MKD, unless otherwise stated.

2.2 Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Up to 2003 they have been revaluated at the year-end by applying official revaluation coefficients based on the general manufactured goods price index. Such coefficients have been applied to historical cost or later valuation and to accumulated depreciation. The effect of the revaluation of property, plant and equipment has been credited to the revaluation reserve.

Additions are recorded at cost. Cost includes the invoiced value and the expenditure that is directly attributable to the acquisition of the items.

Disposal of property, plant and equipment represents expense or technology obsoleteness or other type of elimination of property, plant and equipment, including the accumulated provision. Gains and losses on disposal of property, plant and equipment are recognised in the income statement.

Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement Of Comprehensive Income, during the financial period in which they are incurred.

Depreciation

Depreciation of property, plant and equipment is charged using rates not lower than those prescribed by the law and is designed to allocate the cost or valuation of property, plant and equipment on the straight-line basis over their estimated useful lives.

The depreciation of property, plant and equipment shall start after expiration of the month of the start-up in the year in which the utilization of the property, plant and equipment has started.

The following are the ranges of the estimated useful lives applied to items of property, plant and equipment:

	2013	2012
Buildings	40 years	40 years
Computers	4 years	4 years
Equipment	20 years	20 years
Other equipment and vehicles	5 - 10 years	5 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within Other operating income/expense in the Statement Of Comprehensive Income.

Land is not depreciated.

2.3 Intangible assets

An intangible asset is measured initially at cost. Acquisition costs include acquisition price (including import duties and non-recoverable taxes, after deducting trade discounts and rebates) and all directly attributable costs which are incurred to prepare the asset for its intended use. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and less any impairment loss. All intangible assets with a finite useful life are amortised over their useful lives using the straight-line method.

Amortisation begins when the asset is available for use and ends when the asset is classified as held for sale or is derecognised. Amortisation is recognised in the income statement as incurred. Estimated useful life over which company's intangible assets are being amortised is 4 years.

2.4. Inventories

Inventories are stated at lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred bringing the inventories to their present location and condition. Cost of crude oil and cost of other raw materials, spare parts and tools and consumable stores, finished and trading goods is determined on a weighted average cost basis.

The cost of purchase of inventories comprises of the purchase price, import duties, other non-recoverable taxes and other costs, which can be directly attributed to the procurement of the inventories (e.g. transportation costs). Trade discounts, rebates and other similar items are deducted in determining the purchase cost of inventories.

The costs of conversion of inventories comprise those costs that are directly related to the units of production, such as direct labour and a systematic allocation of fixed and variable production overheads. The allocation of fixed production overheads to the cost of conversion is based on the normal capacity of the production facilities. Any unallocated fixed production overheads are recognised as an expense in the period in which they are incurred. Variable production overheads are allocated to each unit of production on the basis of the actual use of the production facilities.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.5. Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement Of Comprehensive Income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

2.6. Cash and cash equivalents

Cash and cash equivalents comprise bank balances in local and foreign currency, cash in hand and deposits in banks with original maturity with less than 3 months.

2.7. Share capital

Ordinary and preference shares are classified as equity.

2.8. Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.9. Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of products, retail goods and services net of value-added tax, excise, rebates and discounts. Sales of products and retail goods are recognised when the Company has delivered it to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery does not occur until the products or retail goods have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Company has objective evidence that all criteria for acceptance have been satisfied.

Interest income is recognized in the Statement Of Comprehensive Income on a time proportion basis using the effective interest method. Dividend income is recognised when the right to receive payment is established.

2.10. Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

3. Financial risk management

3.1 Financial risk factors

The Company does not apply hedge accounting for its financial instruments, all gains and losses are recognized in the income statement. The Company is exposed in particular to risks from movements in exchange rates and market prices that affect its assets and liabilities. Financial risk management aims to limit these market risks through ongoing operational and finance activities.

(i) Market risk

Market risk is defined as the 'risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices' and includes interest rate risk, currency risk and other price risk. The majority of the revenues of the Company are generated in MKD and the remaining part mainly in USD.

Expenses of the Company arise are mainly connected to USD, partially in EUR and the remaining part in MKD. As a result, the Company objective is to minimize the level of its financial risk in MKD terms. For the presentation of market risks according IFRS 7 sensitivity analyses that show the effects of hypothetical changes of relevant risk variables on profit or loss and shareholders' equity are required. The periodic effects are determined by relating the hypothetical changes in the risk variables to the balance of financial instruments at the balance sheet date. The balance at the balance sheet date is representative for the year as a whole.

(ii) Foreign exchange risk

The Company's functional currency is the MKD. The foreign exchange risk exposure of the Company is related to holding foreign currency cash balances, and operating activities through revenues from and payments to international companies as well as capital expenditure contracted with vendors in foreign currency.

The currency giving rise to this risk is primarily USD. The Company manages the foreign exchange risk exposure by striving to lower the number of contracts in USD and to introduce contracts in EUR. The Company has very small cash reserves in USD currency. The Company uses cash deposits in MKD or cash deposits in MKD indexed to EUR, to economically manage its foreign currency risk as well as local currency risk in accordance with the available banks offers.

However, the purchase of raw material – crude oil and oil products from related parties is denominated in USD and connected to the price movement on the global movement, which is denominated in USD. Therefore there is associated inherent business risk with such transactions. The Company is in process of introducing the purchases of trading goods in EUR.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Change in the interest rates and interest margins may influence financing costs and returns on financial investments.

The Company has borrowings in amounts of MKD 624,653 thousands as of 31 December 2013 (2012: MKD 659,953 thousands), therefore 1 percentage point rise in market interest rate would have caused (ceteris paribus) the interest paid to increase with approximately MKD 6,246 thousands annually before tax (2012: MKD 6,599 thousands), while similar decrease would have caused the same decrease in interest paid.

Changes in market interest rates affect the interest income on time deposits with banks. As of 31 December 2013 the Company has no time deposits in banks in amount of MKD 150,456 thousands (2012: nil).

(iv) Price risk

The Company's has two types of commodity price exposures: crude oil and oil products price levels. Both affect the value of inventory and sales margins which in turn affect the future cash flows of the business. In the case of price risk the level of exposure is determined by the amount of priced inventory carried at each Balance Sheet date. The Company policy is to report its inventory at the lower of historic cost and net realisable value and the results are affected by the reduction in the carrying value of the inventory.

The extent of the exposure relates directly to the level of stocks and rate of price decrease. Sales margin exposure relates to the absolute level of margin generated by the operation of the refineries mainly driven by the regulated prices for domestic market by the Government Authorities and the Platts prices for foreign market. The Company is managing the risk of margin exposure with production and import optimisation in order to have favourable inventory level in order to control the sales margin.

(v) Credit risk

Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk from its operating activities and certain financing activities. The process of managing the credit risk from operating activities includes preventive measures such as creditability checking and prevention barring, corrective measures during legal relationship for example reminding and disconnection activities, collaboration with collection agencies and collection after legal relationship as litigation process, court proceedings, involvement of the executive unit and factoring. The overdue payments are followed through a debt escalation procedure based on customer's type, credit class and amount of debt. The credit risk is controlled through credibility checking – which determines that the customer is not indebted and the customer's credit worthiness and through preventive barring – which determinates the credit limit based on the customer's previous revenues.

The Company's procedures ensure on a permanent basis that sales are made to customers with an appropriate credit history and not exceed an acceptable credit exposure limit.

The Company has collaterals from customers in bank guarantees, mortgages and promissory notes in order to ensure their collectability. The Company does not guarantee obligations of other parties. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. Consequently, the Company considers that its maximum exposure is reflected by the amount of debtors net of provisions for impairment recognized and the amount of cash deposits in banks at the Balance Sheet date. Management is focused on dealing with most reputable banks in foreign and domestic ownership on the domestic market.

(vi) Liquidity risk

Liquidity risk is defined as the risk that the Company could not be able to settle or meet its obligations on time. The Company's policy is to maintain sufficient cash and cash equivalents to meet its commitments in the foreseeable future. Any excess cash is mostly deposited in commercial banks. The Company's liquidity management process includes projecting cash flows by major currencies and considering the level of necessary liquid assets, considering business plan, historical collection and outflow data. Regular cash projections are prepared and updated by the Payment and Treasury Department.

The table below analyses Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

3.2. Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

3.3. Fair value estimation

Cash and cash equivalents, trade receivables and other current financial assets mainly have short term maturity. For this reason, their carrying amounts at the reporting date approximate their fair values.

4. Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1. Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The most critical estimates and assumptions are discussed below.

(i) Useful lives of assets

The determination of the useful lives of assets is based on historical experience with similar assets as well as any anticipated technological development and changes in broad economic or industry factors. In addition, as general guidance the Rule Book for depreciation rates prescribed by tax authorities is followed. The appropriateness of the estimated useful lives is reviewed annually, or whenever there is an indication of significant changes in the underlying assumptions.

Further, due to the significant weight of depreciable assets in Company's total assets, the impact of any changes in these assumptions could be material to Company's financial position, and results of operations. If depreciation cost is decreased/increased by 10%, this would result in change of annual depreciation expense of approximately MKD 26,139 thousand (2012: MKD 25,150 thousand)

(ii) Potential impairment of property, plant and equipment and intangibles

The Company (with support from the ultimate parent company) is assessing the impairment of identifiable property, plant, equipment and intangibles whenever there is a reason to believe that the carrying value may materially exceed the recoverable amount and where impairment in value is anticipated. The recoverable amounts are determined by value in use calculations, which use a broad range of estimates and factors affecting those.

Among others, the Company typically considers future revenues and expenses, macroeconomic indicators, technological obsolescence, discontinuance of operations and other changes in circumstances that may indicate impairment. If impairment is identified using the value in use calculations, the Company also determines the fair value less cost to sell (if determinable), to calculate the exact amount of impairment to be charged (if any). As this exercise is highly judgmental, the amount of potential impairment may be significantly different from that of the result of these calculations.

(iii) Impairment of trade and other receivables

The Company calculates impairment for doubtful accounts based on estimated losses resulting from the inability of its customers to make required payments. For customers in bankruptcy and liquidation, impairment is calculated on an individual basis, while for other customers it is estimated on a portfolio basis, for which the Company base its estimate on the aging of its account receivables balance and its historical write-off experience, customer credit-worthiness and changes in its customer payment terms. These factors are reviewed periodically, and changes are made to calculations when necessary. The estimates involve assumptions about future customer behaviour and the resulting future cash collections. If the financial condition of its customers were to deteriorate, actual write-offs of currently existing receivables may be higher than expected and may exceed the level of the impairment losses recognized so far.

(iv) Provisions

Provisions in general are highly judgmental, especially in the cases of legal disputes. The Company assesses the probability of an adverse event as a result of a past event to happen and if the probability is evaluated to be more than fifty percent, the Company fully provides for the total amount of the liability. The Company is rather prudent in these assessments, but due to the high level of uncertainty, in some cases the evaluation may not prove to be in line with the eventual outcome of the case.

5. Intangible Assets

2013	Software	Total
Cost		
Balance as at 1 January	**8.145.710**	**8.145.710**
Additions	311.076	311.076
Balance as at 31 December	**8.456.786**	**8.456.786**
Accumulated Amortisation		
Balance as at 1 January	5.017.832	5.017.832
Amortisation	1.385.300	1.385.300
Balance as at 31 December	6.403.132	6.403.132
Net book value as at 31 December	***2.053.654***	***2.053.654***

2012		
Cost		
Balance as at 1 January	4.637.384	4.637.384
Additions	3.508.326	3.508.326
Balance as at 31 December	**8.145.710**	**8.145.710**
Accumulated Amortisation		
Balance as at 1 January	3.551.959	3.551.959
Amortisation	1.465.873	1.465.873
Balance as at 31 December	**5.017.832**	**5.017.832**
Net book value as at 31 December	***3.127.878***	***3.127.878***

6. Property, plant and Equipment

	Land	Buildings	Machinery and equipment	Construction in progress	Total
As at 31 December 2012					
Cost	144.282.744	3.115.536.439	6.494.370.554	52.768.314	9.806.958.051
Accumulated depreciation	-	(2.634.566.966)	(4.353.857.465)	-	(6.988.424.431)
Net book value	**144.282.744**	**480.969.473**	**2.140.513.089**	**52.768.314**	**2.818.533.620**
Year ended 31 December 2013					
Opening net book value	**144.282.744**	**480.969.473**	**2.140.513.089**	**52.768.314**	**2.818.533.620**
Additions	-	-	-	5.976.781	5.976.781
Transfer from construction in progress	-	7.917.123	33.818.378	(41.735.501)	-
Depreciation	-	(200.201.637)	(59.804.481)	-	(260.006.118)
Closing net book value	**144.282.744**	**288.684.959**	**2.114.526.986**	**17.009.594**	**2.564.504.283**
As at 31 December 2013					
Cost	144.282.744	3.123.453.562	6.519.989.065	17.009.594	9.804.734.965
Accumulated depreciation	-	(2.834.768.603)	(4.405.462.079)	-	(7.240.230.682)
Net book value	**144.282.744**	**288.684.959**	**2.114.526.986**	**17.009.594**	**2.564.504.283**

7. Trade receivables

	2013	2012
Trade receivables domestic	1.932.693.896	2.658.977.869
Trade receivables foreign	381.003.692	494.937.105
Provision for impairment of trade receivables	(80.881.401)	(61.844.514)
Total	**2.232.816.187**	**3.092.070.460**

8. Cash and cash equivalents

	2013	2012
Bank account in in domestic currency	153.990.380	45.273.305
Bank account in foreign currencies	37.252.154	47.323.416
Cash on hand - in domestic currency	49.324	107.207
Cash on hand – foreign currencies	103.416	112.139
Cash equivalent	151.696.910	1.445.382
Total	**343.092.184**	**94.261.449**

9. Trade payables

	2013	2012
Domestic trade payables	82.725.438	100.301.110
Foreign trade payables	1.460.166.273	5.363.236.697
Payables for non-invoiced goods	1.317.490	3.320.387
Вкупно:	**1.544.209.201**	**5.466.858.194**

10. Share Capital

The total authorised number of ordinary shares is 846,360 shares value of EUR 51.12 per share (2012: 824,799 ordinary shares with EUR 51.12 par value of 51.12 and 21,561 preference shares with par value of EUR 51.12 per share). All issued shares are fully paid.
During 2013 all preference shares were converted to ordinary shares.
For the year 2013 there was change in the ownership structure of the Company and the shareholders structure as at 31 December 2013 was as follows:

	Number of ordinary shares	Total shares	% of total share capital
EL.P.ET Balkaniki S.A.	689,875	689,875	81.51 %
DPTU Pucko- Petrol Uvoz- Izvoz Doo- Makedonski Brod	91,965	91,965	10.87 %
Other 1)	64,520	64,520	7.62 %
	846,360	**846,360**	**100 %**

1) Shareholders which individually hold less than 0.4% in share capital.

11. Sales

	2013	2012
Sales on domestic market	19.387.896.396	24.687.387.498
Sales on foreign market	6.610.034.319	11.521.653.462
	25.997.930.715	**36.209.040.960**