

О К Т А Рафинерија на нафта
Акционерско друштво
Бр. 05. 2090/16
07. 04 2016 год.
Скопје 1

OKTA AD – Skopje

Annual Report

Financial Statements

Annual Account

For the year ended 31 December 2015

OKTA AD – Skopje

Annual Report

Annual Report of OKTA AD Skopje for the year ended 31st of December 2015

Key achievements

The year 2015 closed with improved figures and profitability for the Company compared to last year. Most of the improvement comes from increased domestic volumes, lower operating costs, reduced shortages and further slimming of working capital due to inventory management and reduced days of sales outstanding. The cooperation that was re-established with several big importers, contributed into capturing new volume. Export volumes in Kosovo recovered from May onwards when inflow of cheap off-specs ULSO from a foreign refinery stopped.

More analytically, the main focus in 2015 was on projects like:

- Installations improvements and operational licenses;
- Loading and Unloading installation upgrade;
- Energy savings projects;
- Catalyst mothballing;
- SAP implementation;
- ISO 9001/14001/OHSAS;
- Completion of the first Sevezo study in the country;
- Security and safety improvements;
- Improvements in company public image;
- Environmental projects such as the cleaning of the sludge pools

Company operations and market environment

OKTA remained the main guarantor of the fuel supply in the country in 2015. Covering more than two-thirds of the domestic market needs and by harnessing its commercial policy coupled with low operating cost, it managed to increase its market share in the domestic market as well as in Kosovo.

Specifically, OKTA continuously presented increasing EBITDA during 2015 that reached its peak at year end with 444m MKD compared to 182m MKD in 2014 (excluding the foreign exchange gain/losses, VRS and other exceptional one off expenses in amount of 80m MKD and 462m MKD for 2015 and 2014 respectively). The result would have been much better by 42m MKD if it weren't for the depressed situation in the global oil market and its record low prices in the fourth quarter. Similarly, cumulative Profit before tax reached 96m MKD compared with loss of 521m MKD that was burdened by the employee voluntary retirement program of 289m MKD. Liquidity at the same time, remained at excellent levels with available cash exceeding borrowings by 841m MKD and after covering the capital investment needs of 131m MKD.

Company Outlook for 2016

OKTA's plan for 2016 is to go forward by taking the opportunities that will appear and therefore assist further the business performance that constitutes the basis for an improved business plan. The strategy pillars for the years going forward are maintenance of domestic market share, relatively stable margins and improved cash position. Also, the focus will remain on efficiency, e.g. reduce shortages, improve logistics and manage headcount.

Our strategic vision is to maintain our dominant position in the country and become the Group's hub for further expansion. The implementation strategy of this vision will be based on:

- Our major logistic base.
- Knowledge of the local and regional business environment.
- Our reliability in terms of quality and supply.

The main focus is expected to be in:

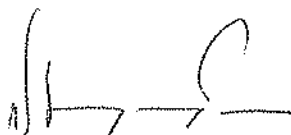
- Further rationalization of the company's organization;
- Operating Efficiency;
- Competitiveness and Growth;
- Further enhancements in security and safety management system;
- Improvements in credit management;
- Increased profitability and cash flow.
- Improving return on capital employed

But it must be acknowledged that the above mentioned targets may be affected by volatility in the world markets. Although low oil derivative prices can boost consumption and therefore overall economy, geopolitics and technology developments may lead to a more fragile world business environment.

Other related information

During 2015 OKTA:

- Invested in total 131mln MKD - 65mln MKD was directed to installations infrastructure, 13mln MKD to IT and ERP related projects and 49mln MKD to security, safety and buildings related projects;
- 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;
- Dividend distribution is recognized as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. There are no dividend payments during 2015. There are no other declared dividends.
- Entered into transactions with related parties as analyzed in Note 27 of the annual Financial Statements on Related 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 3 of the yearly Financial Statements and faced no significant issues.
- Had significant changes in its Board of Directors structure. OKTA paid its three executive Board members the amount of gross salaries of 10.313.087 MKD and other benefits of 1.971.987 MKD. It also paid two non-executive Board members the amount of 667.116 MKD as compensation. For confidentiality reasons the numbers of each member are not disclosed here but are available for every shareholder upon request.



Ioannis Geroulanos

Chief Executive Officer



OKTA AD - SKOPJE

Financial Statements

For the year ended 31st December 2015

With Report of the Auditors Thereon

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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 2015, and the statement of comprehensive income, statements of changes in equity and statement of cash flows for the year ended, and a summary of significant accounting policies and other explanatory information.

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 about 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.



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 2014 and for the year then ended was modified accordingly.

Opinion

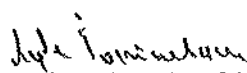
In our opinion, except for the possible effect of matter referred to in the preceding paragraph, the financial statements give a true and fair view of the financial position of OKTA Crude Oil Refinery A.D. - Skopje as of 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with Accounting Standards applicable in the Republic of Macedonia.

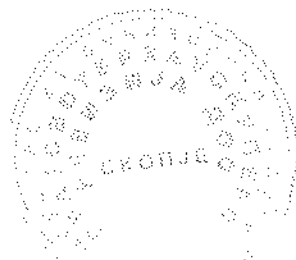
Report on Other Legal and Regulatory Requirements

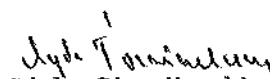
Annual Report prepared by the Management in accordance with the requirement of the Company Law, article 384.

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 26 February 2016.

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 2015.


Ljube Gjorgjievski
General Manager




Ljube Gjorgjievski
Certified Auditor

PricewaterhouseCoopers REVIZIJA DOO - Skopje

6 April 2016
Skopje

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

Statement of comprehensive income

	Note	Year ended 31 st December	
		2015	2014
Sales	5	19,923,640	21,837,160
Cost of goods sold	6	(18,867,928)	(21,015,632)
Gross profit		1,055,712	821,528
Operations and logistics expenses	7	(383,974)	(682,638)
Administrative expenses	8	(274,920)	(259,021)
Sales and distribution expenses	9	(204,990)	(246,044)
Other operating income	10	26,565	47,770
Other operating expenses	11	(49,879)	(30,616)
Operating profit/ (loss)		168,514	(349,021)
Finance income	12	310,500	244,311
Finance costs	12	(383,025)	(417,239)
Finance costs – net		(72,525)	(172,928)
Profit/ (Loss) before income tax		95,989	(521,949)
Income tax expense	13	(14,816)	21,093
Profit/ (Loss) for the year		81,173	(500,856)
Other comprehensive income/(loss)			
Change in employee benefits obligations		(151)	184
Change in value of available-for-sale financial assets		21	3,311
Total other comprehensive (loss)/ profit		(130)	3,495
Total comprehensive profit/ (loss) for the year		81,043	(497,361)
Profit/ (Loss) attributable to:			
- Owner of the parent		66,164	(408,247)
- Minority interest		15,009	(92,609)
Total comprehensive loss attributable to:			
- Owner of the parent		66,058	(405,399)
- Minority interest		14,985	(91,962)
Earnings per share information:			
Basic and diluted profit/(loss) per share	14	0.10	(0.59)

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

Statement of financial position

		As at 31 st December	
	Note	2015	2014
ASSETS			
Non-current assets			
Intangible assets		35,483	20,087
Property, plant and equipment	15	2,311,727	2,423,424
Available-for-sale financial assets	16	11,852	11,830
Deferred income tax assets	17	6,277	21,093
Total non-current assets		2,365,339	2,476,434
Current assets			
Inventories	18	297,230	352,370
Trade receivables	19	1,477,790	1,605,712
Other receivables	19	861,878	808,599
Cash and cash equivalents	20	1,816,357	1,539,647
Total current assets		4,453,255	4,306,378
TOTAL ASSETS		6,818,594	6,782,762
EQUITY AND LIABILITIES			
Equity			
Share capital		2,472,820	2,472,820
Statutory reserves		494,718	494,718
Revaluation and other reserves		402,870	403,000
Retained earnings		818,132	736,959
Total equity	21	4,188,540	4,107,497
Non-current liabilities			
Provision for employee benefit obligations	22	14,556	13,795
Total non-current liabilities		14,556	13,795
Current liabilities			
Trade payables	23	1,523,981	1,535,496
Other current liabilities	23	116,017	150,537
Loans and borrowings	24	975,500	975,437
Total current liabilities		2,615,498	2,661,470
TOTAL LIABILITIES AND EQUITY		6,818,594	6,782,762

The financial statements of OKTA AD – Skopje were authorised for issue by the Management on 22nd February 2016 and will be subject of approval by the Board of Directors on 26th February 2016. These financial statements are subject to approval from Company's Shareholders Assembly, as well.

Signed on behalf of the Management of OKTA AD - Skopje:


Ioannis Geroulanos
Chief Executive Officer




Georgios Anagnostopoulos
Chief Financial Officer

(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 1 st January 2014	2,472,820	494,718	399,506	1,237,815	4,604,859
Comprehensive income					
Net loss for 2014	-	-	3,494	-	3,494
Allocation of funds	-	-	-	(500,856)	(500,856)
Balance at 31 st December 2014	2,472,820	494,718	403,000	736,959	4,107,497
Comprehensive income	-		(130)	-	(130)
Net profit for 2015	-			81,173	81,173
Balance at 31 st December 2015	2,472,820	494,718	402,870	818,132	4,188,540

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

Statement of cash flows

	Year ended 31 st December	
	2015	2014
Operating activities		
Profit/(Loss) before tax	95,989	(521,948)
<i>Adjustments for:</i>		
Depreciation	224,960	234,270
Interest income	(1,737)	(37,494)
Interest expense and bank charges	70,242	48,657
Cash generated from operations before changes in working capital	389,454	(276,515)
Cash flow from operating activities		
Decrease/ (increase) in inventories	55,138	661,671
Decrease/ (increase) in receivables	74,643	631,142
(Decrease)/ increase in payables	(46,035)	(16,090)
Cash generated from operations	473,200	1,000,208
Interest and bank charges paid	(70,242)	(48,657)
Income taxes paid	(2,019)	(10,794)
Net cash generated from operating activities	400,939	940,757
Cash flow from investing activities		
Acquisition of property, plant and equipment	(139,329)	(152,252)
Sales of property, plant and equipment	13,300	19,771
Interest received	1,737	37,494
Net cash used in investing activities	(124,292)	(94,987)
Cash flow from financing activities		
Repayment/ proceeds from loans	63	350,785
Net cash used in financing activities	63	350,785
Net increase/ (decrease) in cash and cash equivalents	276,710	1,196,555
Cash and cash equivalents at 1 st January	1,539,647	343,092
Cash and cash equivalents at 31st December (note 20)	1,816,357	1,539,647

1. General information

OKTA AD - 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 trade, import, production and blending of oil derivatives. Major oil derivatives are Gasoline, Diesels, Fuel oil, LPG and Kerosene-Jet Oil. OKTA has a leading position in the supply and trading of oil derivatives. The company uses the installation infrastructure in Skopje for, import, storage and sale of oil derivatives.

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

As of 31st December 2015, the Company had 418 employees (2014: 458 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: Ioannis Geroulanos
Chief Finance Officer: Georgios Anagnostopoulos

The financial statements of OKTA AD – Skopje were authorised for issuing by the Management on 22nd February 2016 and will be subject of approval by the Board of Directors on 26th February 2016. 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, 166/2012, 187/2013, 38/2014, 41/2014, 138/2014, 88/2015 and 192/2015) and the Rule Book for Accounting (published in Official Gazette No. 159/2009, No. 164/2010 and No. 107/2011), 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.

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

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, IFRIC 20 and IFRIC 21 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. However, such reclassifications have not resulted in significant changes of the content and format of the financial information as presented in the financial statements.

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 2015 and 31st December 2014 were as follows:

Exchange rate:	31 st December 2015	31 st December 2014
	MKD	MKD
EUR	61.59	61.48
USD	56.37	50.56

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 obsolescence 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:

	2015	2014
Buildings	40 years	40 years
Computers	4 years	4 years
Equipment	Up to 20 years	Up to 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.

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

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 loss as 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 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.

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

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

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the company operates and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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

2. Summary of significant accounting policies (continued)

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.

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.

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

2. Summary of significant accounting policies (continued)

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.

2.16. 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 loss on 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)

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 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.

The on-going global commodities in the constantly changing market resulted in, among other things, volatility of crude oil prices. The full extent of the impact of these market developments is proving to be impossible to anticipate or completely guard against.

Management believes that is taking all the necessary measures to support the sustainability and growth of the Company's business in the current circumstances. Nevertheless, future market fluctuations cannot be predicted with accuracy.

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 materials from 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.

(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)**

The Company's exposure to foreign currency risk was as follows:

2015	MKD	EUR	USD
Assets			
Cash and cash equivalents	1,813,883	1,056	1,418
Trade receivables and other current financial assets	2,179,089	901	223,821
Total assets	3,992,972	1,957	225,239
Liabilities			
Trade payables	293,654	1,223,595	6,732
Other current liabilities	116,017	-	-
Loans and borrowings	975,000	-	-
Total liabilities	1,384,671	1,223,595	6,732
Net balance sheet exposure	2,608,301	(1,221,638)	218,507
2014			
Assets			
Cash and cash equivalents	1,505,211	143	34,293
Trade receivables and other current financial assets	2,110,143	2,013	302,155
Total assets	3,615,354	2,156	336,448
Liabilities			
Trade payables	124,866	42,253	1,368,377
Other current liabilities	150,535	-	-
Loans and borrowings	975,437	-	-
Total liabilities	1,250,838	42,253	1,368,377
Net balance sheet exposure	2,364,516	(40,097)	(1,031,929)

The Company realized more purchases in USD than sales. At 31st December 2015, if USD would have been 5% (2014: 5%) weaker or stronger against MKD profit would have been MKD 10,173 thousand (2014: MKD 53,311 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.

Changes in market interest rates affect the interest income on time deposits with banks. As of 31st December 2015 the Company has no time deposits in banks (2014: MKD 456 thousands).

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

2. Financial risk management (continued)

3.1 Financial risk factors(continued)

Interest risk (continued)

The Company has borrowings in amounts of MKD 975,500 thousands as of 31st December 2015 (2014: MKD 975,437 thousands), therefore 1 percentage point rise in market interest rate would have caused (ceteris paribus) the interest paid to increase with approximately MKD 9,750 thousands annually before tax (2014: MKD 9,754 thousands), while similar decrease would have caused the same decrease in interest paid.

Price risk

The Company's has commodity price exposures of oil products price levels. It affects 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.

(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 acceptable credit exposure.

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.

(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 following table represents Company's exposure to credit risk as at 31st December 2015 and 31st December 2014:

	2015	2014
Cash and cash equivalents	1,816,357	1,539,647
Trade receivables	1,477,790	1,605,712
Other receivables	861,878	808,599
	<u>4,156,025</u>	<u>3,953,958</u>

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

The receivables are summarized as follows:

	31 st December 2015		31 st December 2014	
	Trade receivables - domestic	Trade receivables - foreign	Trade receivables - domestic	Trade receivables - foreign
Neither past due nor impaired	1,256,764	133,377	1,247,696	152,300
Past due but not impaired	14,718	72,931	69,686	136,030
Impaired	48,303	15,839	48,091	15,839
Gross	<u>1,319,785</u>	<u>222,147</u>	<u>1,365,473</u>	<u>304,169</u>
Less: allowance for impairment	(48,303)	(15,839)	(48,091)	(15,839)
Net	<u>1,271,482</u>	<u>206,308</u>	<u>1,317,382</u>	<u>288,330</u>

Trade receivables of MKD 87,649 thousands (2014: MKD 205,716 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)**

	Less than 3 month	Between 3 months and 1 year	Over 1 year
At 31st December 2015			
Trade payables	1,523,981	-	-
Other current liabilities	116,017	-	-
Loans from the banks	975,500	-	-
	<u>2,615,498</u>	-	-
At 31st December 2014			
Trade payables	1,535,496	-	-
Other current liabilities	150,535	-	-
Loans from the banks	975,437	-	-
	<u>2,661,468</u>	-	-

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 2015:

	Carrying amount	Fair Value
Cash and cash equivalents	1,816,357	1,816,357
Trade receivables	1,477,790	1,477,790
Other current financial assets	861,878	861,878
	<u>4,156,025</u>	<u>4,156,025</u>

(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 31st December 2014:

	Carrying amount	Fair Value
Cash and cash equivalents	1,539,647	1,539,647
Trade receivables	1,605,712	1,605,712
Other current financial assets	808,599	808,599
	3,953,958	3,953,958

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 22,496 thousand (2014: MKD 23,427 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.

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

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

	2015	2014
Sales on domestic market	16,320,945	16,701,733
Sales on foreign market	3,602,695	5,135,427
	<u>19,923,640</u>	<u>21,837,160</u>

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

6. Cost of goods sold

	2015	2014
Cost of traded goods	18,809,825	20,735,880
Manipulation and shrinkage expenses	29,155	62,550
Inventory movements	28,948	136,576
Impairment of inventory	-	68,958
Expenses for chemicals	-	11,668
	<u>18,867,928</u>	<u>21,015,632</u>

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

7. Operations and logistics expenses

	2015	2014
Depreciation	171,347	209,915
Gross salaries and wages	105,905	187,059
Electricity	27,678	34,878
Other fixed cost	25,742	20,233
Insurance expenses	19,654	23,807
Maintenance expenses	13,560	19,639
Consumed food products	6,333	10,052
Personnel transportation expenses	6,104	9,510
Own consumption of fuels	5,563	2,224
Miscellaneous expenses	1,073	5,265
Redundancy expenses	774	159,399
Telecommunication expenses	184	413
Office supplies expenses	57	244
	383,974	682,638

Other fixed costs include expenses for utility services, transportation and consumption of own products.

8. Administrative expenses

	2015	2014
Gross salaries and wages	123,049	96,344
Miscellaneous expenses	53,516	38,676
Depreciation	39,673	13,296
Other fixed cost	16,649	9,640
Public relation and advertising expenses	9,711	8,399
Rental expenses	7,574	4,502
Personnel transportation expenses	5,952	4,294
Consumed food products	6,161	4,291
Insurance expenses	4,736	1,980
Maintenance expenses	3,959	2,342
Business travel	1,044	1,994
Redundancy expenses	861	68,376
Telecommunication expenses	813	1,978
Management and allocated expenses	672	1,706
Office supplies expenses	550	1,203
	274,920	259,021

The miscellaneous expenses include membership fees, management fees, and expenses for audit, health services, real estate tax and other non-production related expenses. Other fixed costs include expenses for utility services and consumption of own products.

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

9. Sales and distribution expenses

	2015	2014
Gross salaries and wages	102,822	104,008
Miscellaneous expenses	31,861	28,447
Depreciation	13,943	11,060
Maintenance expenses	12,619	6,965
Other variable expenses	11,854	5,395
Consumed food products	5,299	4,822
Personnel transportation expenses	5,112	4,704
Transportation of oil products - in the country	5,047	2,285
Other fixed cost	3,288	4,017
Rental expenses	3,233	1,794
Public relation and advertising expenses	2,547	887
Redundancy expenses	2,092	61,599
Dues and subscriptions	2,023	1,894
Insurance expenses	1,664	1,911
Transportation of oil products – abroad	689	5,177
Office supplies expenses	481	480
Telecommunication expenses	416	599
	204,990	246,044

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

10. Other operating income

	2015	2014
Additionally determined income	23,256	18,291
Income from sale of fixed assets	3,221	19,771
Change in employee benefits obligations	-	7,772
Collected written off receivables	88	211
Other income	-	1,725
	26,565	47,770

11. Other operating expenses

	2015	2014
Other expenses	48,803	21,768
Net book value of disposed fixed assets	-	7,721
Impairment of bad and doubtful debts	434	693
Additionally determined expenses	642	434
Impairment of spare parts	-	-
	49,879	30,616

Other expenses in 2015 relate to expenses for treatment of waste and charges and scraping of goods while in 2014 they relate to treatment of waste.

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

12. Finance income and costs

	2015	2014
Foreign exchange gain	283,664	220,352
Interest income	26,836	23,959
Finance income	310,500	244,311
Foreign exchange loss	(312,783)	(385,339)
Interest expenses	(55,772)	(24,678)
Bank charges	(14,470)	(7,222)
Finance costs	(383,025)	(417,239)
Net finance costs	(72,525)	(172,928)

13. Income tax expense

Recognized in the statement of comprehensive income:

	2015	2014
<i>Current tax expense</i>		
Current year	-	-
<i>Deferred tax expense</i>		
(Decrease)/ increase in deferred tax assets	(14,816)	21,093
Total income tax in the statement of comprehensive income	(14,816)	21,093

	2015	2014
Profit/(Loss) before tax	95,989	(521,948)
Expenses non tax deductible according to local regulations	52,167	311,022
Tax loss carries forward	(148,156)	(210,926)
Tax charge	-	21,093

As of 1 August 2014, new profit tax law came into force being applicable from 1 January 2014 for the net income for 2014. According to the provisions of this new law the tax base is the profit generated during the fiscal year increased for non-deductible expenses and reduced for deductible revenue (i.e. dividends already taxed at the payer), with profit tax at rate of 10%. In line with these changes profit tax for the 2014 was null and deferred tax were calculated and recorded in the 2014 the statement of comprehensive income (see note 2.12).

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.

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

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.

	2015	2014
Profit/(Loss) for the year	81,173	(500,856)
Profit/ (Loss) attributable to ordinary equity holders	81,173	(500,856)
Weighted average number of ordinary shares in issue:	846,360	846,360

Weighted average shares of the Company during 2015 was 846,360 (2014: 846,360). OKTA has no preference shares.

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

15. Property Plant and Equipment

	Land	Buildings	Machinery and equipment	Construc- tion in progress	Total
At 1 January 2015					
Cost	144,283	3,111,695	6,536,179	92,534	9,884,691
Accumulated depreciation	-	(2,856,791)	(4,604,476)	-	(7,461,267)
Net book amount	144,283	254,904	1,931,703	92,534	2,423,424
Year ended 31 December 2015					
Opening net book amount	144,283	254,904	1,931,703	92,534	2,423,424
Additions	-	-	-	117,849	117,849
Transfer from construction in progress	-	4,731	11,658	(16,389)	-
Disposals	-	(7,581)	(5,719)	-	(13,300)
Depreciation charge	-	(31,304)	(184,942)	-	(216,246)
Closing net book amount	144,283	220,750	1,752,700	193,994	2,311,727
At 31 December 2015					
Cost	144,283	3,108,845	6,542,118	193,994	9,989,240
Accumulated depreciation	-	(2,888,095)	(4,789,418)	-	(7,677,513)
Net book amount	144,283	220,750	1,752,700	193,994	2,311,727
Year ended 31 December 2014					
Opening net book amount	144,283	288,685	2,114,526	17,010	2,564,504
Additions	-	-	-	99,570	99,570
Transfer from construction in progress	-	5,705	18,341	(24,046)	-
Disposals (net book value)	-	(7,216)	(184)	-	(7,400)
Depreciation charge	-	(32,270)	(200,980)	-	(233,250)
Closing net book amount	144,283	254,904	1,931,703	92,534	2,423,424
At 31 December 2014					
Cost	144,283	3,111,695	6,536,179	92,534	9,884,691
Accumulated depreciation	-	(2,856,791)	(4,604,476)	-	(7,461,267)
Net book amount	144,283	254,904	1,931,703	92,534	2,423,424

Out of total depreciation and amortisation expense (of the tangible and intangible assets) amount of MKD 171,347 thousands (2014: MKD 209,915 thousands) has been charged in Operations and logistic expenses, MKD 39,673 thousands (2014: MKD 13,296 thousands) in administrative costs and MKD 13,943 thousands (2014: MKD 11,060 thousands) in selling and distribution expenses.

The Company has recognised land in the financial statement which is in state ownership and the Company has indefinite right of use. The procedure for converting the right of use into full ownership is in progress.

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

15. Property Plant and Equipment (continued)

Based on the change in the nature of entity's operations, management reassessed the valuation model of property, plant and equipment as at 31st December 2015. The recoverable amounts were assessed on basis on value in use treating the operational activities of trade and refining as one Cash generating unit. In determining value in use, the cash flows were discounted at a rate of 6.84% (7.7% for 2014) on a post-tax basis. The valuation model has not suggested any impairment and hence no impairments have been recorded as of 31st December 2015 or as at 31st December 2014. Management performed sensitivity analyses of the present market value of the entity using different discount rates and concluded that market value of the entity is higher than the net book value of the assets up to 10% WACC.

16. Available-for-sale financial assets

	2015	2014
At 1 st January	11,830	8,520
Additions	-	-
Disposals	-	-
Net gains/ (losses) transfer to revaluation reserves	21	3,310
At 31st December	11,851	11,830

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

	2015	2014
Investments in companies	3,809	4,555
Investments in banks	8,042	7,275
	11,851	11,830

17. Deferred income tax assets

Recognized deferred income tax assets are attributable to tax loss carried forward. The Company has not recognized any deferred tax liability.

	2015	2014
Deferred tax asset:		
Deferred income tax assets to be recovered after more than 12 months	6,277	21,093
Deferred income tax assets to be recovered within 12 months	-	-
Deferred income tax asset	6,277	21,093

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

17. Deferred income tax assets (continued)

Movement in temporary differences during the year

	Balance 1 January 2015	Tax used	Balance 31 December 2015
In thousands of denars			
Loss carried forward	21,093	(14,816)	6,277
	<u>21,093</u>	<u>(14,816)</u>	<u>6,277</u>

The temporary differences relate to tax loss carried forward. As per the new Corporate Income Tax law adopted and put into force on 2 August 2014, the taxpayer would be allowed to decrease its tax base for the amount of tax losses which will be carry forward in the period of three years until finally are utilised. The fact that the tax base would be decreased in the next three years based on tax loss carry forward (subject to submission of the declaration to the Government Authorities), triggers recognition of deferred tax assets.

18. Inventories

	2015	2014
Raw materials	-	45,418
Finished goods	-	28,948
Trade goods	220,542	243,206
Spare parts and tools and consumables stores	76,688	34,798
	<u>297,230</u>	<u>352,370</u>

Due to the change of the nature of entity's operations from refining of crude oil to trading with crude oil derivatives there are no raw material and finished goods in 2015.

19. Trade and other receivables

Carrying amount of trade receivables is presented as follows:

	2015	2014
Trade receivables domestic	1,317,211	1,365,473
Trade receivables foreign	224,722	304,169
Trade receivables – gross	<u>1,541,933</u>	<u>1,669,642</u>
Provision for impairment of trade receivables	(64,143)	(63,930)
	<u>1,477,790</u>	<u>1,605,712</u>

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

19. Trade and other receivables (continued)

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

	2015	2014
Trade receivables - domestic	1,317,211	1,365,473
Trade receivables - foreign	224,285	285,799
Foreign receivables from related parties (note 27)	437	18,370
Less: Provision for impairment	(64,143)	(63,930)
Trade receivables – net	1,477,790	1,605,712
Receivable from Escrow account	769,497	769,497
Prepaid expenses	72,899	32,197
Advance payments	2,329	6,276
Receivables from employees	490	(67)
Other short term receivables	16,663	696
Other receivables	861,878	808,599
	2,339,668	2,414,311

Receivables from related parties represent receivables from Hellenic Petroleum S.A. Greece, EL.P.ET. Balkaniki S.A.Greece, Jugpopetrol A.D. Kotor Montenegro, Global Petroleum Albania Sh.p.k. Albania and Vardax S.A. (Note 27).

Following the provisions of the Share Purchase and Concession Agreement dated 8th May 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:

	2015	2014
Not past due	1,390,141	1,399,996
less than 30 days	73,683	132,944
30 to 90 days	7,300	62,013
90 days to 1 year	6,666	10,081
Over 1 year	64,143	64,608
Total gross receivables	1,541,933	1,669,642

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

	2015	2014
At 1 st January	63,930	80,881
Provision for receivables impairment	-	693
Collected receivables	(292)	(211)
Unused amounts reversed	-	(17,433)
Transfers	505	
At 31st December	64,143	63,930

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

19. 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:

	2015	2014
Over 1 year	64,143	63,930
Over 180 days	-	-
	<u>64,143</u>	<u>63,930</u>

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

Domestic	2015	2014
Opening balance at 1 st of January	48,091	65,047
Charged to expenses	-	696
Collected receivables recognised as income	(292)	(211)
Unused amounts reversed	-	(17,441)
Transfers	504	-
	<u>48,303</u>	<u>48,091</u>
Foreign	2015	2014
Opening balance at 1 st of January	15,839	15,839
Charged to expenses	-	-
Collected receivables recognised as income	-	-
Unused amounts reversed	-	-
	<u>15,839</u>	<u>15,839</u>

Amounts charged to the allowance account are generally written-off when there is no expectation of recovering additional cash. According to the Company's policies the following factors are taken 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:

	2015	2014
MKD	1,317,211	1,365,474
EUR	901	2,013
USD	223,821	302,155
	<u>1,541,933</u>	<u>1,669,642</u>

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

	2015	2014
MKD	861,878	808,599
	<u>861,878</u>	<u>808,599</u>

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)

20. Cash and cash equivalents

	2015	2014
Bank accounts in domestic currency	1,798,789	1,501,858
Bank accounts in foreign currency	14,046	34,413
Cash on hand	74	109
Other cash and cash equivalents	3,448	3,267
	<u>1,816,357</u>	<u>1,539,647</u>

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

	2015	2014
MKD	1,813,883	1,505,211
EUR	1,056	143
USD	1,418	34,293
	<u>1,816,357</u>	<u>1,539,647</u>

21. Capital and reserves**Shares**

The total authorised number of ordinary shares is 846,360 shares value of EUR 51.12 per share (2013: 846,360 ordinary shares with EUR 51.12 par value). All issued shares are fully paid. During 2013 all preference shares were converted to ordinary shares and there were no preference shares at year end.

The shareholders structure as at 31 December 2015 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 %
Pucko - Petrol DOO	91,965	91,965	10.87 %
Other 1)	64,520	64,520	7.62 %
	<u>846,360</u>	<u>846,360</u>	<u>100 %</u>

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

Dividends

There are no dividend payments during 2015 (2014: nil). There are no other declared dividends.

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

21. 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 1st January 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 2015 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.

22. Employee benefit obligations

	2015	2014
Retirement benefit obligations and jubilee awards	14,556	13,795
	<u>14,556</u>	<u>13,795</u>

Assumptions are set based on actuarial advice in accordance with published statistics and experience in the country. The employee benefit obligation is calculated annually 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. Mortality standard table EVK2000 was used for 2015 and 2014.

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

22. Employee benefits obligations (continued)

	2015	2014
Amounts recognised in Balance sheet		
Present value of obligations	14,556	13,795
Fair value of plan assets		-
Net Liability/ (Asset) in Balance Sheet	14,556	13,795
Amounts recognized in Profit and Loss		
Service cost	679	945
Net interest on the net defined benefit liability/ (asset)	592	1,068
Recognition of actuarial (gain)/Loss	-	85
Regular P&L charge	1,271	2,098
Settlement/ Curtailment/ Termination loss/ (gain)	2,828	280,517
Total P&L Charge	4100	282,615
Reconciliation of benefit obligation		
Defined Benefit Obligation at start period	13,795	21,751
Service cost	679	945
Interest cost	592	1,068
Benefits paid directly by the Company	(3,187)	(290,301)
Settlement/ Curtailment/ Termination loss (gain)	2,828	280,517
Actuarial (gain)/loss- experience	(151)	(184)
Defined benefit obligation at end of period	14,556	13,795
Movements in Net Liability/ (Asset) in Balance Sheet		
Net Liability/ (Asset) in Balance Sheet at the beginning of the period	13,795	21,751
Benefits paid directly	(3,187)	(290,301)
Total expense recognised in the income statement	4,117	282,529
Total amount recognised in the Other comprehensive income	(169)	(184)
Net Liability/ (Asset) in Balance sheet	14,556	13,795
Assumptions		
Discount rate	4.3%	4.33%
Price inflation	2.5%	2.5%
Rate of compensation increase	4.5%	4.5%
Plan duration	8.98	9.72
Future working life	12.54	13.33
Expected benefits to be paid by the plan in next financial year	81	71

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

23. Trade and other payables

Carrying amount of trade payables is presented as follows:

	2015	2014
Domestic trade payables	292,931	123,828
Foreign trade payables	1,230,327	1,410,630
Payables for non-invoiced goods	723	1,038
	1,523,981	1,535,496

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

	2015	2014
Domestic trade payables	292,931	123,828
Foreign trade payables	155,698	168,987
Foreign payables from related parties	1,074,629	1,241,643
Payables for non-invoiced goods	723	1,038
Trade payables	1,523,981	1,535,496
Advances received	35,843	25,263
VAT payable	(29,389)	7,131
Excise taxes payable	38,394	64,036
Salaries and wages	13,646	15,168
Personal income tax and contributions	6,651	7,177
Withholding tax	428	92
Accrued liabilities	50,444	31,670
Other current liabilities	116,017	150,537
	1,639,998	1,686,033

Liabilities to related parties represent liabilities to Hellenic Petroleum S.A. Greece, Hellenic Fuels Greece, EKO ABEE Greece, Asprofos SA Greece and Vardax S.A. Greece (Note 27).

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

	2015	2014
MKD	293,654	124,866
USD	1,223,595	1,368,377
EUR	6,732	42,253
	1,523,981	1,535,496

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

	2015	2014
MKD	116,017	150,537
	116,017	150,537

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

24. Loans and borrowings

	2015	2014
Bank borrowings	975,500	975,437
	<u>975,500</u>	<u>975,437</u>

The borrowings are measured at amortised cost. Bank borrowings mature in 2015 and bear average interest rate of treasury bills +2 percentage points.

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

	Carrying amount		Fair value	
	2015	2014	2015	2014
Bank Borrowings	975,500	975,437	975,500	975,437
	<u>975,500</u>	<u>975,437</u>	<u>975,500</u>	<u>975,437</u>

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:

	2015	2014
MKD	975,500	975,437
	<u>975,500</u>	<u>975,437</u>

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

25. Expenses by nature

	2015	2014
Cost of trading goods sold	18,809,825	20,735,880
Employee related expenses	331,776	387,356
Depreciation	224,964	234,270
Changes in inventories	28,948	136,575
Consumed chemicals	11,854	12,094
Remaining non-material expenses	87,121	76,910
Maintenance services	74,254	48,468
Other services	47,078	8,559
Allowance for the expenses of the employees	34,961	39,336
Manipulation and shrinkage expenses	29,155	62,550
Consumed energy	27,678	35,027
Insurance premiums	26,054	27,665
Promotion, advertising, entertainment and sponsorship	12,258	9,446
Rental fees	10,806	9,605
Own consumption	5,563	7,274
Transport services	5,736	16,731
Redundancy expenses	3,727	289,374
Remaining expenses	3,288	3,884
Dues and subscriptions	2,023	2,028
Telecommunication expenses	1,413	2,990
Office supply expenses	1,088	1,903
Daily allowance for business trips and travel expenses	1,044	3,611
Impairment of bad and doubtful debts	434	693
Additionally determined expenses	366	343
Impairment of inventory	-	69,958
Net book value of disposed fixed assets	-	7,721
Consumed raw materials	-	3,699
	19,781,414	22,233,950

26. Employee related expenses

	2015	2014
Salaries and wages	207,571	245,640
Contributions and taxes	98,541	115,977
Other benefits	47,794	25,794
	353,906	387,411
	2015	2014
Average number of employees	419	503

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

27. Related party transactions

The Company is controlled by EL.P.ET Balkaniki S.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 DPTU Pucko Petrol Uvoz- Izvoz Doo - Makedonski Brod.

All transactions with related parties are conducted under normal trading and commercial terms at mutually agreed terms.

The following transactions were carried out with related parties:

i) Sales of goods and services

<i>Sales of goods</i>	2015	2014
Hellenic Petroleum S.A.	-	281,979
	-	281,979

<i>Sales of services</i>	2015	2014
Vardax S.A.	1,696	12,577
Jugopetrol A.D. Kotor	7,827	3,077
EL.P.ET Balkaniki S.A.	-	18
	9,523	15,672

ii) Purchases of raw material, goods and services

<i>Purchases of raw material and goods</i>	2015	2014
Hellenic Petroleum S.A.	17,889,700	20,053,024
Eko ABEE	1,395	1,850
	17,891,095	20,054,874

<i>Purchases of services</i>	2015	2014
Hellenic Petroleum S.A.	8,826	-
ELPE international consulting	6,658	6,604
Asprofos S.A.	10,475	4,558
EKO Serbia	4,089	-
	30,048	11,162

<i>Purchases of fixed assets</i>	2015	2014
Hellenic Fuels	-	21,176
	-	21,176

iii) Outstanding balances arising from sale of goods/services

<i>Receivables arising from sale of goods</i>	2015	2014
Hellenic Petroleum S.A	-	8,189
Global Petroleum Albania Sh.p. Albania	-	2
	-	8,191

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

27. Related party transactions (continued)

<i>Receivables arising from sale of services</i>	2015	2014
Vardax S.A.	178	9,750
Jugopetrol A.D. Kotor	245	401
Hellenic Petroleum S.A	-	14
EL.P.ET Balkaniki S.A.	14	14
	437	10,179

iv) Outstanding balances arising from purchase of goods/services

<i>Payables arising from purchase of raw materials and goods</i>	2015	2014
Hellenic Petroleum S.A.	1,071,482	1,219,653
	1,071,482	1,219,653

<i>Payables arising from purchase of services</i>	2015	2014
Asprofos S.A	431	84
ELPE Consulting Greece	1,663	-
EKO Serbia	323	-
EKO ABEE	730	730
	3,147	814

<i>Payables arising from purchase of fixed assets</i>	2015	2014
Hellenic Fueis	-	21,176
	-	21,176

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:

	2015	2014
Salaries	18,131	24,146
Taxes and contributions	7,825	6,860
Other benefits	3,822	16,295
	29,778	47,301

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

28. 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 616,447 thousands as at 31 December 2014 (2014: MKD 305,500 thousands). 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.

29. 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:

	2015	2014
No later than 1 year	18,600	9,518
Later than 1 year and no later than 5 years	29,605	12,932
Later than 5 years	-	-
	48,205	22,450

30. Events after the reporting period

There are no events after the reporting period that would have impact on the 2015 Statement of comprehensive income, Statement of financial position or Statement of cash flow.

OKTA AD – Skopje

Annual Account

Name of the Company: OKTA Crude Oil Refinery AD Skopje

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

Unique ID number: 4074009

Income Statement 01.01.2015 - 31.12.2015

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		19.975.305.884	21.884.955.693
2.	Sale income	202		19.923.640.215	21.837.160.492
3.	Other income	203		51.665.669	47.795.201
4.	Change of the value of stock of finished products and unfinished production				136.576.420
4.a.	Stock of finished products and unfinished production at the beginning of the year	204		28.948.280	165.524.700
4.5.	Stock of finished products and unfinished production at the end of the year	205		0	28.948.280
5.	Capitalisation of own production and services	206			0
6.	II. OPERATIONAL EXPENSES (208+209+210+211+212+213+218+219+220+221+222)	207		19.767.212.956	22.104.596.829
7.	Raw materials expenses	208		72.023.098	70.920.608
8.	Purchase price of the goods sold	209		18.809.824.396	20.735.879.590
9.	Purchase price of materials, spare parts, small inventory, packaging and tyres	210			0
10.	Services categorized as material expenses	211		109.801.160	80.400.121
11.	Other operational expenses	212		145.173.663	434.166.162
12.	Employees expenses (214+215+216+217)	213		369.901.260	406.489.155
12.a.	Net salaries	214		205.608.626	361.571.944
12.6.	Expenses for taxes and salaries contributions	215		18.793.626	0
12.b.	Mandatory social contribution expenses	216		81.719.625	0
12.r.	Other expenses for employees	217		63.779.383	44.917.211
13.	Depreciation of tangible and intangible assets	218		224.960.396	234.270.150
14.	Impairment of non-fixed assets	219			0
15.	Impairment of fixed assets	220		433.731	69.651.694
16.	Provisions for risks and expenses	221		609.682	0
17.	Other operational expenses	222		34.485.570	72.819.349
18.	III. FINANCIAL INCOME (224+229+230+231+232+233)	223		285.400.271	244.286.350
19.	Financial income arising from related parties (225+226+227+228)	224		608.881	100.677.665
19.a.	Income from investment in related parties	225			0
19.6.	Income from interests from related parties	226			0
19.b.	Income from foreign exchange difference from related parties	227		608.881	100.677.665
19.r.	Other financial income from related parties	228			0
20.	Income from investment in non-related parties	229			0
21.	Income from interests from non-related parties	230		1.736.763	23.934.050
22.	Income from foreign exchange difference from non-related parties	231		283.054.627	119.674.635
23.	Unrealised income from financial assets	232			0
24.	Other financial income	233			0
25.	IV. FINANCIAL EXPENSES (235+239+240+241+242+243)	234		368.555.872	385.363.203
26.	Financial expenses with related parties (236+237+238)	235		1.939.213	311.514.023
26.a.	Expenses for interest payable to related parties	236			
26.6.	Expense for foreign exchange differences payable to related parties	237		1.939.213	311.514.023
26.b.	Other financial expenses payable to related parties	238			
27.	Expenses for interest payable to non-related parties	239		55.772.607	24.678
28.	Expense for foreign exchange differences payable to non-related parties	240		310.844.052	73.824.502
29.	Unrealised loss from financial assets	241			
30.	Impairment of financial assets and investment	242			
31.	Other financial expenses	243			
32.	Participation in the profit of associate entities	244			
33.	Participation in the loss of associate entities	245			
34.	Profit from regular operations (201+223+244)-(204-205+207+234+245)	246		95.989.047	
35.	Loss from regular operations (204-205+207+234+245)-(201+223+244)	247		0	521.948.186
36.	Net profit from interrupted work	248			

37.	Net loss from interrupted work	249		
38.	Profit before taxation (246+248) или (246-249)	250	95.989.047	
39.	Loss before taxation (247+249) или (247-248)	251	0	521.948.186
40.	Corporate income tax	252	0	0
41.	Deferred tax assets	253		21.092.671
42.	Deferred tax liabilities	254	14.815.655	
43.	NET PROFIT FOR THE CURRENT YEAR (250-252+253-254)	255	81.173.392	0
44.	NET LOSS FOR THE CURRENT YEAR (251+252-253+254)	256	0	500.855.515
45.	Average number of employees upon work hours	257	417	0
46.	Number of months of work	258	12	12
47.	PROFIT/LOSS FOR THE PERIOD	259	81.173.392	500.855.515
47.a.	Profit belonging to the shareholders in the parent company	260		0
47.б.	Profit belonging to the uncontrollable participation	261		0
47.в.	Loss belonging to the shareholders in the parent company	262		408.247.330
47.г.	Loss belonging to the uncontrollable participation	263		92.608.185
48.	EARNINGS PER SHARE	264		0
48.a.	Total basic earnings per share	265		0
48.б.	Total diluted earnings per share	266		0
48.в.	Basic earning per share from interrupted work	267		0
48.г.	Diluted earnings per share from interrupted work	268		0
	REPORT FOR COMPREHENSIVE INCOME			
1.	Profit for the year	269	81.173.392	
2.	Loss for the year	270	0	521.948.186
3.	Other comprehensive profit (273+275+277+279+281+283) - (274+276+278+280+282+284)	271	0	0
4.	Other comprehensive loss (274+276+278+280+282+284) - (273+275+277+279+281+283)	272	130.729	0
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	20.800	3.310.450
8.	Loss from re-assessment of financial assets available for sale	276		
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		184.186
14.	Actuarial losses on defined plans for employee benefits	282	151.529	
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 comprehensive income	285		
18.	Net other comprehensive income (271-285)	286	0	0
19.	Net other comprehensive loss (285-271) или (272+285)	287		
20.	Total comprehensive income for the year (269+286) или (286-270)	288	81.173.392	0
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	81.042.663	521.948.186
21.a.	Comprehensive loss attributable to share holders of parent company	292		
21.б.	Comprehensive loss belonging to uncontrollable participation	293		

Name of the Company: OKTA Crude Oil Refinery AD Skopje

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

Unique ID number: 4074009

Balance Sheet 01.01.2015 - 31.12.2015

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		2.359.061.837	2.455.341.524
I. Intangible assets (003+004+005+006+007+008)	002		32.366.983	20.087.002
Expenditures for research and development	003			0
Patents, license, concession and other rights.	004		32.366.983	0
Goodwill	005			0
Advance payment for intangible assets	006			0
Intangible assets in preparation	007			0
Other intangible assets	008			20.087.002
II. Tangible assets (010+013+014+015+016+017+018+019)	009		2.314.843.054	2.423.423.522
Immovable property (real estate) (011+012)	010		365.032.416	399.186.883
Land	011		144.282.744	144.282.744
Buildings	012		220.749.672	254.904.139
Plant and equipment	013		1.666.186.796	1.833.166.183
Transport assets	014		27.494.492	33.735.001
Tools, office inventor, assets for transport	015		58.956.497	64.712.518
Biological assets	016			0
Advance payment for tangible	017			0
Tangible assets in preparation	018		197.110.042	92.534.198
Other tangible assets in preparation	019		62.811	88.739
III. INVESTMENT IN IMMOVABLE PROPERTY	020			0
IV. LONG-TERM FINANCIAL ASSETS (022+023+024+025+026+030)	021		11.851.800	11.831.000
Investment in branch offices	022			0
Investment in associate entities and joint venture investments	023			0
Receivables from long-term loans granted to related parties	024			0
Receivables from long-term loans	025			0
Investment in long-term securities (027+028+029)	026		11.851.800	11.831.000
Investment in securities held to maturity	027			0
Investments in securities available for sale	028		11.851.800	11.831.000
Investments in securities at fair value through profit or loss	029			0
Other long-term financial assets	030			0
V. LONG-TERM RECEIVABLES (032+033+034)	031		0	0
Receivables from related parties	032			0
Receivables from customers	033			0
Other long-term receivables	034			0
VI. DEFERRED TAX ASSETS	035		6.277.016	21.092.671
B. CURRENT ASSETS (037+045+052+059)	036		4.380.356.530	4.274.131.255
I. Stocks (038+039+040+041+042+043)	037		297.230.504	352.368.483
Stocks of raw materials	038		27.117.813	45.416.989
Stocks of spare parts, small inventory, packaging and tyres	039		49.571.147	34.797.585
Stock of unfinished products and semi-products	040			0
Stock of finished products	041			28.948.280
Stock of commercial products	042		220.541.544	243.205.629
Stock of biological products	043			0
II. ASSETS (OR GROUP FOR TRANSFER FOR SALES AND INTERRUPTED WORKS)	044			0

III. SHORT-TERM RECEIVABLES (046+047+048+049+050+051)	045	2.266.769.089	2.382.114.955
Receivables from related parties	046	1.477.957	18.370.997
Trade accounts receivable	047	1.476.311.543	1.587.341.450
Advance payments	048	2.328.891	6.276.100
Receivables from the state upon taxes, social contribution, customs duties, excise and other duties towards the state	049	12.813.286	10.793.802
Receivables from the employees	050	490.156	912.287
Other short term receivables	051	773.347.256	758.420.319
IV. SHORT-TERM FINANCIAL ASSETS (053+056+057+058)	052	0	0
Investment in securities (054+055)	053	0	0
Investment in securities held to maturity	054		0
Investments in securities at fair value through profit or loss	055		0
Receivables from short-term loans granted to related parties	056		0
Receivables from short-term loans	057		0
Other short-term financial assets	058		0
V. Cash and cash equivalents (060+061)	059	1.816.356.937	1.539.647.817
Cash	060	1.812.909.328	1.536.379.825
Cash equivalents	061	3.447.609	3.267.992
VI. PREPAYMENT OF EXPENSES FOR FUTURE PERIODS AND CALCULATED REVENUES	062	72.898.802	32.196.662
TOTAL ASSETS: ASSETS (001+035+036+044+082)	063	6.818.594.185	6.782.762.112
B. OUT-OF-BALANCE RECORDS - ASSETS	064	3.615.529.828	3.615.529.828
LIABILITIES: A. SHARE CAPITAL AND RESERVES (066+067-068-069+070+071+075-078+077-078)	065	4.188.540.127	4.107.497.464
I. SHARE CAPITAL	066	2.472.819.516	2.472.819.516
II. Share premiums	067		0
III. Own shares (-)	068		0
IV. Registered, not paid capital (-)	069		0
V. Revaluation reserve and differences from evaluation of components of the other comprehensive profit	070	85.468.469	85.599.198
VI. RESERVES (072+073+074)	071	812.119.797	812.119.797
Statutory reserves	072	494.718.176	494.718.176
Company reserves (according to the Incorporation Act)	073		0
Other reserves	074	317.401.621	317.401.621
VII. ACCUMULATED PROFIT	075	736.958.953	1.237.814.468
VIII. TRANSFERRED LOSS (-)	076		0
IX. PROFIT FOR THE CURRENT YEAR	077	81.173.392	0
X. LOSS FOR THE CURRENT YEAR	078	0	500.855.515
XI. SHARE CAPITAL OF THE OWNERS OF THE PARENT COMPANY	079		0
XII. NON-CONTROLLABLE PARTICIPATION	080		0
B. LIABILITIES (082+085+095)	081	2.579.610.737	2.643.594.402
I. LONG-TERM PROVISIONS FOR RISKS AND EXPENSES (083+084)	082	14.556.314	13.795.103
Provisions for pensions, severance payments and similar liabilities towards the employees	083	14.556.314	13.795.103
Other long-term provisions for risks and expenses	084		0
II. LONG-TERM LIABILITIES (од 086 до 093)	085	0	0
Liabilities to related parties	086		0
Trade payables	087		0
Advance and deposit liabilities	088		0
Liabilities upon loans and credits to related parties	089		0
Liabilities upon loans and credits	090		0
Liabilities upon securities	091		0
Other financial liabilities	092		0
Other long-term liabilities	093		0
III. DEFERRED TAX LIABILITIES	094		0
IV. SHORT-TERM LIABILITIES (од 096 до 108)	095	2.565.054.423	2.629.799.299
Liabilities to related parties	096	1.074.714.431	1.241.624.903
Trade payables	097	449.266.572	293.891.917
Advance and deposit liabilities	098	35.843.211	25.240.500
Liabilities for taxes and social contribution upon salaries	099	6.650.535	22.344.946
Liabilities towards the employees	100	13.645.995	0
Current tax liabilities	101	9.433.679	71.259.523
Short-term provisions for risks and expenses	102		0
Liabilities upon loans and credits to related parties	103		0
Liabilities upon loans and credits	104	975.500.000	975.437.510
Liabilities upon securities	105		0
Liabilities upon participation in the profits	106		0
Other financial liabilities	107		0
Other long-term liabilities	108		0
V. DEFERRED PAYMENTS OF EXPENSES AND INCOME IN FUTURE PERIODS	109	50.443.321	31.870.246
VI. LIABILITIES FOR NON-FIXED ASSETS (OR GROUPS FOR TRANSFER) HELD FOR SALE OR INTERRUPTION OF WORK	110		0
TOTAL LIABILITIES: SHARE CAPITAL, RESERVES AND LIABILITIES (065+081+084+109+110)	111	6.818.594.185	6.782.762.112
B. OUT-OF-BALANCE RECORDS - LIABILITIES	112	3.615.529.828	3.615.529.828

Name of the Company: OKTA Crude Oil Refinery AD Skopje

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

Unique ID number: 4074009

Specific data for the period 01.01.2015-31.12.2015

Group of accounts or accounts	Position	AOP	Amount	
			Current year	Previous year
2	3	4	5	6
	A. Intangible assets		0	
1.	Purchase value of computer software	601	29.968.028	19.816.034
1.a.	Impairment of computer software	602		
1.6.	Accumulated depreciation of computer software	603	12.933.217	7.423.882
1.b.	Current value of computer software (< or = AOP 004 from BS)	604	17.034.811	
	B. Tangible assets		144.282.744	144.282.744
2.	Land	605	144.282.744	144.282.744
3.	Forests	606		
4.	Purchase value of apartments and residential buildings	607	3.096.475.389	3.111.694.799
4.a.	Impairment of apartments and residential buildings	608		
4.6.	Accumulated depreciation of apartments and residential buildings	609	2.875.725.717	2.856.790.660
4.b.	Current value of apartments and residential buildings (< or = AOP 012 from BS)	610	220.749.672	254.904.139
5.	Purchase value of nonresidential buildings	611		
5.a.	Impairment of nonresidential buildings	612		
5.6.	Accumulated depreciation of nonresidential buildings	613		
5.a.	Current value of nonresidential buildings (< or = AOP 012 from BS)	614	0	0
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		
7.6.	Accumulated depreciation of the several years old plantations	618		
7.b.	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		
8.6.	Accumulated depreciation of the basic herd	622		
8.a.	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		20.154.959.677	21.903.488.096
12.	I. Sale Income	627	19.923.640.215	21.856.931.900
13.	Income from sale 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	16.320.945.340	16.721.504.184
16.	Income from sale of products, goods and services in the foreign market (< or = AOP 202 from IS)	631	3.602.694.875	5.135.427.716
17.	Income from sale of products, goods and services in EU member countries 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	231.319.462	46.556.196
23.	Profit from sale of tangible assets and intangible assets (< or = AOP 203 from IS)	638	3.220.894	
24.	Profit from sale of biological resources - assets (< or = AOP 203 from IS)	639		
25.	Profit from sale of capital share and securities (< or = AOP 203 from IS)	640		
26.	Profit from sale of materials (< or = AOP 203 from IS)	641		
27.	Income from surpluses (< or = AOP 203 from IS)	642	179.653.793	18.533.281
28.	Income from written-off receivables and income from write-off of liabilities (< or = AOP 203 from IS)	643	25.189.214	236.010
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	17.299.527	7.772.113

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	5.956.034	20.014.792
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		304.772.464	570.934.273
41.	I. Costs for raw materials, energy, spare parts and small inventory	656	46.490.909	70.920.608
42.	Costs for raw materials (< or = AOP 208 from IS)	657	101.651	16.364.277
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	1.088.967	1.902.563
46.	Costs for packaging (< or = AOP 208 from IS)	661		
47.	Uniforms-protective clothing and footwear (< or = AOP 208 from IS)	662	1.708.200	3.699.109
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	27.868.723	35.026.705
51.	Used fuel energy (< or = AOP 208 from IS)	666	12.237.828	7.273.729
52.	Used spare parts and maintenance materials (< or = AOP 208 from IS)	667	3.485.540	5.773.403
53.	Write-off of inventory, packaging and tires (in production) (< or = AOP 208 from IS)	668	0	880.822
54.	II. Costs for services	669	7.987.767	19.999.751
55.	Transportation services in the country (< or = AOP 211 from IS)	670	5.046.711	2.284.766
56.	Transportation services abroad (< or = AOP 211 from IS)	671	688.804	14.446.251
57.	Postal services in the country (< or = AOP 211 from IS)	672	2.252.252	3.268.734
58.	Postal services abroad (< or = AOP 211 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	3.153.170	14.387.583
66.	Calculated compensation during sick leave	681	1.737.249	1.994.435
67.	Compensation for severance pay for retirement (< or = AOP 217 from IS)	682		0
68.	One time compensation in the form of severance payment for permanent engagement under conditions defined by law (< or = AOP 217 from IS)	683		
69.	Jubilee awards (< or = AOP 217 from IS)	684	155.430	386.100
70.	Regress for annual holiday (< or = AOP 217 from IS)	685	907.809	11.901.714
71.	Other employee benefits (< or = AOP 217 from IS)	686	352.682	105.334
72.	Volume - increased diet	687		
73.	IV. Other operating expenses	688	170.839.346	465.434.016
74.	Daily allowance for business trips, overnights and travel expenses (< or = AOP 217 from IS)	689	76.901	451.656
75.	Daily allowance for business trips (< or = AOP 217 from IS)	690	1.263.629	23.212.404
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	17.792.549	19.166.235
81.	Costs for organized transportation to the and from the work place (< or = AOP 217 from IS)	696	17.174.670	18.508.462
82.	Royalty compensations (< or = AOP 217 from IS)	697		162.651
83.	Compensation for occasional and temporary work (< or = AOP 217 from IS)	698		
84.	Costs for sponsorships (< or = AOP 212 from IS)	699	1.224.169	828.500
85.	Representation costs (< or = AOP 212 from IS)	700	4.744.280	3.854.434
86.	Premiums for property insurance (< or = AOP 212 from IS)	701	24.599.266	25.534.352
87.	Insurance premiums for individuals (< or = AOP 212 from IS)	702		0
88.	Bank services fees (< or = AOP 212 from IS)	703	14.469.524	7.222.763
89.	Taxes that do not depend on the result (< or = AOP 212 from IS)	704	1.159.120	33.902.637
90.	Contributions that do not depend on the result (< or = AOP 212 from IS)	705	542.540	687.849
91.	Membership fees of associations in the country and abroad (< or = AOP 212 from IS)	706	11.491.426	11.972.212
92.	Other costs from the work (< or = AOP 212 from IS)	707	76.301.272	319.829.861
93.	V. Other expenses	708	1.847.277	192.315
94.	Fines, penalties and compensation for damages etc. (< or = AOP 222 from IS)	709	1.847.277	192.315
95.	Compensation for damages (< or = AOP 222 from IS)	710		
96.	VI. Impairment of financial assets and investments	711	0	0
97.	Impairment of long-term financial investments and other securities available for sale (< or = AOP 242 from IS)	712		
98.	VII. Dividends and other payments to the investors	713	0	0
99.	Paid out dividends	714		
	E. Specific data			
100.	Average number of employees based on the situation at the end of the month	715	417	506

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 01.01.2015-31.12.2015

NCBA (National classification of business activities)			Realized income (MKD)
Ordinal No.	class /subclass	Name	
1	46.71	Sales of trading goods	20.233.454.627,00
2	47.30	Sales of products on Petrof Station	27.251.528,00
3			
4			
5			
6			
7			
		Total Income	20.260.706.155

CORPORATE INCOME TAX RETURN FOR TAXATION OF PROFIT

Tax period: 01 January - 31 December 2015

Determination of the corporate income tax

I.	Financial result as per the Income statement	01	95.989.047,00
II.	Reconciliation of the non-deductible expenses from current year (sum of rows 03 to 27)	02	52.167.505,00
1.	Expenses not related to the business activity of the tax payer	03	19.364.590,00
2.	Paid compensation for expenses and other personal income from employment over the prescribed limit	04	
3.	Paid compensation for expenses for the employees not mentioned in Article 9, paragraph 1 item 2 from the CIT Law.	05	
4.	Expenses for organized food and transport that are paid over the prescribed limit.	06	
5.	Expenses for monthly compensation for members of management bodies over the prescribed limit.	07	291.217,00
6.	Expenses for paid voluntary social security contributions over the prescribed limit	08	
7.	Compensations for persons-volunteers and for persons engaged in public work paid over the prescribed limit	09	
8.	Hidden profit distributions	10	
9.	Entertainment costs	11	3.944.868,00
10.	Expenses for donations in accordance with the Law for donations and sponsorship in the public services exceeding 5% of the total annual income.	12	326.233,00
11.	Expenses for sponsorships in accordance with the Law for donations and sponsorship in the public services exceeding 3% of the total annual income	13	424.669,00
12.	Expenses for interest of credits not used for the business activity of the tax payer	14	
13.	Insurance premiums that the employer pays for members of management bodies and employees	15	
14.	Withholding tax paid on behalf of third persons which represent expense for the tax payer	16	
15.	Fines and tax penalties, penal and penalty interest for late payment of public duties and expenses for forced collection	17	1.847.277,00
16.	Scholarships payments	18	1.322.264,00
17.	Expenses for scrapping	19	18.594.967,00
18.	Permanent write-off of receivables	20	
19.	Expenses for the impairment of receivables	21	799.798,00
20.	Amount of uncollected loan receivables	22	
21.	Difference between transfer and market price between related parties	23	
22.	Taxable amount of loan interest paid to a related party that is not a bank or other authorized credit institution	24	
23.	Amount of penalty interest between related parties	25	
24.	Taxable amount of loan interest paid to non-resident shareholders that hold at least 25% from the Company's capital	26	
25.	Other adjustments of expenses in accordance with the CIT Law that are not specifically mentioned in the previous ordinal numbers.	27	5.251.622,00
III.	Taxable base (I+II)	28	148.156.552,00
IV.	Tax credit (rows 30 + 31 + 32 + 33 + 34)	29	148.156.552,00
26.	Amount of collected receivables for which a previous payment of CIT was made.	30	
27.	Amount of collected part of loan receivable for which a previous payment of CIT was made.	31	
28.	The amount of dividend income derived from shares in another Macedonian company.	32	

29.	The part of the financial loss adjusted for non-deductible expenses carried forward from previous years.	33	148.156.552,00
30.	The amount of reinvested profit.	34	
V.	Tax base after tax credit (III - IV)	35	0,00
VI.	Calculated corporate income tax (V x 10%)	36	0,00
VII.	Tax deduction and exemptions (rows 38 + 39 + 40)	37	0,00
31.	Deductions for amount of purchased and used 10 fiscal registers	38	
32.	The withholding tax paid in respect of income derived from foreign countries (but not more than 10%)	39	
33.	The tax paid by a branch office which performs operations in a foreign company for the profit included in the income of the parent company in Republic of Macedonia (but not more than 10%)	40	
VIII.	Corporate income tax after deduction (VI-VII)	41	0,00
34.	Advance payments for corporate income tax for the fiscal period	42	
35.	Amount of over paid corporate income tax transferred from previous tax periods	43	12.813.285,00
36.	Sum to pay/overpaid tax amount (rows 41 - 42 - 43)	44	-12.813.285,00
IX.	Specific data		
37.	Total amount of reinvested profit	45	
38.	Financial loss from previous years for which the three years deadline for the right of offsetting has not expired	46	
39.	Incurred loss adjusted for the amount of non-deductible expenses in the current year which can be carried forward in the next three years	47	
40.	Not utilized transferred part of the right of tax deduction as per the provisions of Article 30 from the CIT Law	48	
41.	Incurred total income for the current year	49	20.260.706.155,00
42.	Total donations in current year	50	
43.	Total sponsorships in current year	51	

Explanatory Notes

OKTA AD – SKOPJE**Notes to the financial statements for the year ended 31 December 2015**

(all amounts are in MKD unless otherwise stated)

1. General information

OKTA AD - 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 trade, import, production and blending of oil derivatives. Major oil derivatives are Gasoline, Diesels, Fuel oil, LPG and Kerosene-Jet Oil. OKTA has a leading position in the supply and trading of oil derivatives. The company uses the installation infrastructure in Skopje for, import, storage and sale of oil derivatives.

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

As of 31st December 2015, the Company had 418 employees (2014: 458 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: Ioannis Geroulanos
Chief Finance Officer: Georgios Anagnostopoulos

The financial statements of OKTA AD – Skopje were authorised for issuing by the Management on 22nd February 2016 and will be subject of approval by the Board of Directors on 26th February 2016. 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.

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.

OKTA AD – SKOPJE

Notes to the financial statements for the year ended 31 December 2015

(all amounts are in 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 obsolescence 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:

	2015	2014
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.

OKTA AD – SKOPJE**Notes to the financial statements for the year ended 31 December 2015**

(all amounts are in MKD unless otherwise stated)

2.3 Intangible assets (continued)

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.

OKTA AD – SKOPJE**Notes to the financial statements for the year ended 31 December 2015**

(all amounts are in MKD unless otherwise stated)

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.

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Notes to the financial statements for the year ended 31 December 2015

(all amounts are in MKD unless otherwise stated)

3. Financial risk management (continued)**(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 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 975,500 thousands as of 31 December 2015 (2014: MKD 975,437 thousands), therefore 1 percentage point rise in market interest rate would have caused (ceteris paribus) the interest paid to increase with approximately MKD 9,755 thousands annually before tax (2014: MKD 9,754 thousands), while similar decrease would have caused the same decrease in interest paid.

(iv) Price risk

The Company's has commodity price exposures of oil products price levels. It affects 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.

OKTA AD – SKOPJE**Notes to the financial statements for the year ended 31 December 2015**

(all amounts are in MKD unless otherwise stated)

3. Financial risk management (continued)

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.

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Notes to the financial statements for the year ended 31 December 2015

(all amounts are in MKD unless otherwise stated)

4.1. Critical accounting estimates and assumptions (continued)

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 22,496 thousand (2014: MKD 23,139 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.

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Notes to the financial statements for the year ended 31 December 2015

(all amounts are in MKD unless otherwise stated)

5. Intangible Assets

2015	Software and other rights	Total
Cost		
Balance as at 1 January 2015	27.510.884	27.510.884
Additions	20.994.494	20.994.494
Balance as at 31 December 2015	<u>48.505.378</u>	<u>48.505.378</u>
Accumulated Amortisation		
Balance as at 1 January 2015	14.847.764	14.847.764
Amortisation	8.714.513	8.714.513
Balance as at 31 December 2015	<u>7.423.882</u>	<u>7.423.882</u>
Net book value as at 31 December 2015	<u>23.562.277</u>	<u>23.562.277</u>
2014	Software	Total
Cost		
Balance as at 1 January 2014	8.456.786	8.456.786
Additions	19.054.098	19.054.098
Balance as at 31 December 2014	<u>27.510.884</u>	<u>27.510.884</u>
Accumulated Amortisation		
Balance as at 1 January 2014	6.403.132	6.403.132
Amortisation	1.020.750	1.020.750
Balance as at 31 December	<u>7.423.882</u>	<u>7.423.882</u>
Net book value as at 31 December 2014	<u>20.087.002</u>	<u>20.087.002</u>

OKTA AD – SKOPJE

Notes to the financial statements for the year ended 31 December 2015

(all amounts are in MKD unless otherwise stated)

6. Property, plant and Equipment

	Land	Buildings	Machinery and Equipment	Construction in progress	Total
Year ended on 31 December 2015					
Opening net book value	144.282.744	3.111.694.799	6.536.178.953	92.534.198	9.655.737.111
Additions	-	35.535.438	17.631.738	104.575.844	157.743.020
Transfer for construction in progress	-	(50.754.848)	(24.282.222)	-	(75.037.070)
Net book value	144.282.744	3.096.475.389	6.529.528.469	197.110.042	9.967.396.644
Impairment As at 31 December 2015					
Cost	144.282.744	2.856.790.660	4.604.476.512	0	7.461.267.172
Accumulated depreciation	-	(50.403.432)	(186.441.989)	-	(236.845.421)
Depreciation	-	(31.468.375)	(14.090.628)	-	(45.559.003)
Net impairment	144.282.744	2.875.725.717	4.776.827.873	0	7.652.553.590
Net book value	144.282.744	220.749.672	1.752.700.596	197.110.042	2.314.843.054
As at 31 December 2014					
Cost	144.282.744	3.111.694.799	6.536.178.953	92.534.198	9.655.737.111
Accumulated depreciation	-	(2.856.790.660)	(4.604.476.512)	-	(7.232.313.559)
Net book value	144.282.744	254.904.139	1.931.702.441	92.534.198	2.423.423.522
Year ended on 31 December 2014					
Opening net book value	144.282.744	288.684.959	2.114.526.986	17.009.594	2.564.504.283
Additions	-	-	-	118.624.365	113.624.365
Transfer from construction in progress	-	(11.758.763)	(16.134.695)	(43.099.761)	(38.723.829)
Depreciation	-	(22.022.057)	(198.959.240)	-	(233.249.400)
Closing net book value	144.282.744	254.904.139	1.931.702.441	92.534.198	2.423.423.522

OKTA AD – SKOPJE

Notes to the financial statements for the year ended 31 December 2015

(all amounts are in MKD unless otherwise stated)

7. Trade receivables

	2015	2014
Trade receivables domestic	1.316.378.330	1.365.473.530
Trade receivables foreign	225.554.629	304.168.700
Provision for impairment of trade receivables	(64.143.452)	(63.929.783)
Total	1.476.616.372	1.605.712.447

8. Cash and cash equivalents

	2015	2014
Bank account in in domestic currency	1.798.788.666	1.503.352.317
Bank account in foreign currencies	14.032.763	32.918.651
Cash on hand - in domestic currency	61.070	86.020
Cash on hand – foreign currencies	26.829	22.837
Cash equivalent	3.447.609	3,267.992
Total	1.816.356.937	1.539.647.817

9. Trade payables

	2015	2014
Domestic trade payables	293.654.193	123.828.101
Foreign trade payables	1.229.604.007	1.410.629.813
Payables for non-invoiced goods	722.803	1.058.906
Вкупно:	1.523.981.003	1.535.516.820

OKTA AD – SKOPJE

Notes to the financial statements for the year ended 31 December 2015

(all amounts are in MKD unless otherwise stated)

10. Share Capital

The total authorised number of ordinary shares is 846.360 shares value of EUR 51.12 per share. All issued shares are fully paid.

During 2015 all preference shares were converted to ordinary shares.

For the year 2015 there was change in the ownership structure of the Company and the shareholders structure as at 31 December 2015 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

	2015	2014
Sales on domestic market	16.320.945.340	16.701.732.775
Sales on foreign market	3.602.694.875	5.135.427.716
	19.923.640.215	21.837.160.492