

О К Т А Рафинерија на нафта
Акционерско друштво

Бр. 01-869/17

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Скопје 1

OKTA AD - SKOPJE

Annual Report, Financial Statements and Annual Accounts
For the year ended 31st December 2016

OKTA AD - SKOPJE

**Annual Report, Financial Statements and Annual Accounts
For the year ended 31st December 2016**

OKTA AD - SKOPJE

**Annual Report
For the year ended 31st December 2016**

Annual Report of OKTA AD Skopje for the year ended 31st of December 2016

Key achievements

OKTA has marked 2016 with a notably high profitability and improved financial efficiency compared to last year driven by increased sales volumes on both markets it operates, coupled with cost and operational optimizations, as well as working capital management improvements. Its presence in the domestic market followed the increasing trend of 2015. Export volumes were boosted by the renewed and enhanced co-operation with the major Kosovo retailers, and by the temporary suspension of the price-competitive fuel inflow from Albanian ARMO refinery. On top of this improved efficiency and for the first time in its history, the company managed to distribute during the year a dividend of 62 million of MKD (approximate €1m) for the results of 2015. Another major key achievement in 2016 was the acquisition of the land it operates on, for the amount of 103 million MKD (€1.7m), expecting its full finalization in 2017.

More analytically, the main focus in 2016 was on projects like:

- Installation performance improvements;
- Loading and Unloading installation upgrade;
- Energy savings projects;
- Departmental restructuring;
- Security improvements;
- Management Information System upgrades;
- Legal initiatives;
- Improvements in company public image;
- Environmental projects (sludge pools cleaning);

Regarding its role for the society, once again in 2016, OKTA managed to prove its practical contribution to the local community:

- Successful completion of campaign “Chance for Life” intended for donating medical equipment in Children Clinic;
- Continuous collaboration and support of the local community - Municipality of Ilinden;
- Extensive Internship Program;
- Constant care and support for children with special needs and socially disadvantaged families;
- Involvement of OKTA’s employees in CSR activities – Blood donation to Red Cross, “World Food Day” campaign and support for flood affected regions in the country;
- Support of humanitarian race for persons with rear diseases;
- Support of major renown cultural and music events;
- Support of youth National Basketball Team;

Company operations and market environment

The Company has proven to be one of the cornerstones of the economy by providing uninterrupted supply of fuels for all sectors, remaining the main guarantor of the fuel supply in the country in 2016. This was proven once again even in extreme situations as the one faced in February 2017 when the south borders were closed for around 20 days. It should be mentioned that the company survived three logistics crises – with the refugees, with the heavy snows and with the protests raging.

Regarding its financials, EBITDA reached its peak in the fourth quarter of 2016, amounting to 198 million of MKD, compared to 26 million of MKD for the same period last year. As a result, 2016 yearly EBITDA and Profit before tax reached 697 million of MKD and 374 million of MKD respectively, compared to 444 million of MKD of EBITDA and 96 million of MKD of Profit before tax levels for 2015. Sales revenues lag behind 2015 only due to the lower levels of international oil prices.

At the same time, OKTA's operational and organizational structure has helped reduce its working capital needs by 939 million of MKD and free up liquidity to such an extent to easily cover its capital expenditure program of 202 million of MKD and distribution of dividend payout.

Company Outlook for 2017

OKTA's plan for 2017 is to go forward by taking on the opportunities that will appear and therefore assist further its business performance. The strategy pillars for the years going forward are maintenance of domestic market share, stable margins and improved loan and cash position. Also, the focus will remain on efficiency, e.g. reduce shortages and improve logistics.

Our strategic vision is to become the Group's hub for further expansion through the supply by pipeline. Strong performance is expected to continue but with a number of game changing considerations. 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;
- Strengthening of cooperation with key customers;
- Possible re-introduction of the pipeline operation;
- Maximization of oil derivative supply from the Group;
- Leverage of the storage and loading installation;
- Competitiveness and Growth;
- Searching for alternative sources of energy;
- Continuous training and creating of new opportunities for the employees;
- HSE Maintenance and Development;
- Further enhancements in security and safety management system;
- Improvements in credit management;
- Increased profitability and cash flow;
- Improving return on capital employed.

However, it should be acknowledged that the above mentioned targets may be affected by volatility in the world markets and the country macro environment. OKTA's management monitors closely the current volatile Macedonian, Balkan and European environment and aims to act with proactive planning, great responsibility and sensitivity.

Other related information

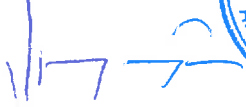
During 2016 OKTA:

- Invested in total 99 million of MKD - 66 million of MKD was directed to installations infrastructure, 4 million of MKD to IT and ERP related projects, 24 million of MKD to security, safety and buildings related projects and 24 million of MKD to Retail Network 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. During 2016 the Company performed dividend payments. There are no other declared dividends.

- Entered into transactions with related parties as presented in Note 27 of the Financial Statements for the year ended 31 December 2016;
- 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.
- Changes in its Board of Directors structure. OKTA paid to executive Board members the amount of gross salaries of 5 million of MKD and other benefits in amount of 1 million MKD. It also paid the non-executive Board members the total amount of 3 million MKD as compensation approved by the Company's shareholders. 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 2016

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 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended, and a summary of significant accounting policies and other explanatory 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 Standards on Auditing applicable in Republic of Macedonia. 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 2015 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 2016, 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 22 February 2017.

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 2016.


Ljube Gjorgjievski
General Manager




Ljube Gjorgjievski
Certified Auditor

PricewaterhouseCoopers REVIZIJA DOO - Skopje

08 March 2017
Skopje

OKTA AD – SKOPJE

Financial statements for the year ended 31st December 2016

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

Statement of comprehensive income

	Note	Year ended 31 st December	
		2016	2015
Sales	5	19,032,274	19,923,640
Cost of goods sold	6	(17,738,203)	(18,867,928)
Gross profit		1,294,071	1,055,712
Operations and logistics expenses	7	(371,190)	(383,974)
Administrative expenses	8	(274,677)	(274,920)
Sales and distribution expenses	9	(208,984)	(204,990)
Other operating income	10	15,922	26,565
Other operating expenses	11	(32,075)	(49,879)
Operating profit/ (loss)		423,067	168,514
Finance income	12	77,781	310,500
Finance costs	12	(126,712)	(383,025)
Finance costs – net		(48,931)	(72,525)
Profit/ (Loss) before income tax		374,136	95,989
Income tax expense	13	(42,954)	(14,816)
Profit/ (Loss) for the year		331,182	81,173
Other comprehensive income/(loss)			
Change in employee benefits obligations		297	(151)
Change in value of available-for-sale financial assets		9,732	21
Total other comprehensive (loss)/ profit		10,029	(130)
Total comprehensive profit/ (loss) for the year		341,211	81,043
Profit/ (Loss) attributable to:			
- Owner of the parent		269,946	66,164
- Minority interest		61,236	15,009
Total comprehensive loss attributable to:			
- Owner of the parent		278,121	66,058
- Minority interest		63,090	14,985
Earnings per share information:			
Basic and diluted profit/(loss) per share	14	0.39	0.10

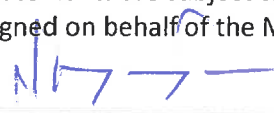
Notes on pages 7 to 40 are integral part of these financial statements

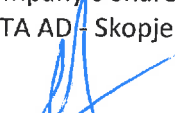
Statement of financial position


	Note	As at 31 st December	
		2016	2015
ASSETS			
Non-current assets			
Intangible assets		30,087	35,483
Property, plant and equipment	15	2,289,808	2,311,727
Available-for-sale financial assets	16	21,584	11,852
Deferred income tax assets	17	-	6,277
Total non-current assets		2,341,479	2,365,339
Current assets			
Inventories	18	546,835	297,230
Trade receivables	19	1,920,920	1,477,790
Other receivables	19	1,056,476	861,878
Deposits in banks		60,000	-
Cash and cash equivalents	20	666,168	1,816,357
Total current assets		4,250,399	4,453,255
TOTAL ASSETS		6,591,878	6,818,594
EQUITY AND LIABILITIES			
Equity			
Share capital		2,472,820	2,472,820
Statutory reserves		494,718	494,718
Revaluation and other reserves		412,899	402,870
Retained earnings		1,087,530	818,132
Total equity	21	4,467,967	4,188,540
Non-current liabilities			
Provision for employee benefit obligations	22	14,771	14,556
Total non-current liabilities		14,771	14,556
Current liabilities			
Trade payables	23	1,252,502	1,523,981
Other current liabilities	23	179,761	116,017
Loans and borrowings	24	640,200	975,500
Current income tax payable		36,677	-
Total current liabilities		2,109,140	2,615,498
TOTAL LIABILITIES AND EQUITY		6,591,878	6,818,594

The financial statements of OKTA AD – Skopje were authorised for issue by the Management on 20nd February 2017 and were approved by the Board of Directors on 22nd February 2017. 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


Bozhidar Pavlov
Deputy Finance Director



OKTA AD – SKOPJE

Financial statements for the year ended 31st December 2016

(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 2015	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
Dividend declared	-	-	-	(61,784)	(61,784)
Comprehensive income	-	-	10,029	-	10,029
Net profit for 2016	-	-	-	331,182	331,182
Balance at 31 st December 2016	2,472,820	494,718	412,899	1,087,530	4,467,967

OKTA AD – SKOPJE

Financial statements for the year ended 31st December 2016

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

Statement of cash flows

	Year ended 31 st December	
	2016	2015
Operating activities		
Profit/(Loss) before tax	374,136	95,989
<i>Adjustments for:</i>		
Depreciation	227,534	224,960
Interest income	(12,340)	(1,737)
Interest expense and bank charges	63,995	70,242
Cash generated from operations before changes in working capital	653,325	389,454
Cash flow from operating activities		
Decrease/ (increase) in inventories	(249,605)	55,138
Decrease/ (increase) in receivables	(637,728)	74,643
(Decrease)/ increase in payables	(207,735)	(46,035)
Cash generated from operations	(441,743)	473,200
Interest and bank charges paid	(63,995)	(70,242)
Income taxes paid	-	(2,019)
Net cash generated from operating activities	(505,738)	400,939
Cash flow from investing activities		
Acquisition of property, plant and equipment	(207,063)	(139,329)
Sales of property, plant and equipment	3,792	13,300
Interest received	12,340	1,737
Deposits in banks	(60,000)	-
Net cash used in investing activities	(250,931)	(124,292)
Cash flow from financing activities		
(Repayment)/ proceeds from loans	(335,300)	63
(Paid)/Received dividends	(58,220)	-
Net cash used in financing activities	(393,520)	63
Net increase/ (decrease) in cash and cash equivalents	(1,150,189)	276,710
Cash and cash equivalents at 1 st January	1,816,357	1,539,647
Cash and cash equivalents at 31st December (note 20)	666,168	1,816,357

Notes on pages 7 to 40 are integral part of these financial statements

(all amounts are in thousands of 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 2016, the Company had 420 employees (2015: 417 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 20nd February 2017 and will be subject of approval by the Board of Directors on 22nd February 2017. 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, 192/2015, 6/2016, 30/2016 and 61/2016) 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, IFRS 15, IFRS 16, 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 2016 and 31st December 2015 were as follows:

Exchange rate:	31 st December 2016	31 st December 2015
	MKD	MKD
EUR	61.48	61.59
USD	58.33	56.37

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:

	2016	2015
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.

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.

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

2. Summary of significant accounting policies (continued)

2.5 Available-for-sale financial assets (continued)

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.

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.

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

2. Summary of significant accounting policies (continued)

2.8. Cash and cash equivalents

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

2.9. Share capital

Ordinary and preference shares are classified as equity.

2.10. Trade and other payables

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

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

2.11. Provisions and contingent liabilities

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

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

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

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.

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

2. Summary of significant accounting policies (continued)

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.

b) *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.

c) *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 EUR and small amount of USD.

Expenses of the Company that arise are mainly connected to EUR, partially in USD 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 and limited transactions in USD. 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.

The purchase of oil products from related parties are denominated in EUR, except one product which is denominated in USD but all products are connected to the price movement on the global movement 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:

2016	MKD	EUR	USD
Assets			
Cash and cash equivalents	648,845	14,424	2,899
Deposits in banks	60,000	-	-
Trade receivables and other current financial assets	2,830,086	139,486	74,714
Total assets	3,538,931	153,910	77,613
Liabilities			
Trade payables	435,244	636,346	180,912
Other current liabilities	179,761	-	-
Loans and borrowings	640,200	-	-
Total liabilities	1,255,205	636,346	180,912
Net balance sheet exposure	2,283,726	(482,436)	(103,299)
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

The Company realized more purchases in USD than sales. At 31st December 2016, if USD would have been 1% (2015: 1%) weaker or stronger against MKD profit would have been MKD 1,062 thousand (2015: MKD 10,173 thousand) after tax in net balance higher or lower, respectively.

The Company realized more purchases in EUR than sales. At 31st December 2016, if EUR would have been 1% (2015: 1%) weaker or stronger against MKD profit would have been MKD 4,979 thousand (2015: MKD 58 thousand) after tax in net balance higher or lower, respectively.

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

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

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 2016 the Company has time deposits in one bank in amount of MKD 60,000 thousands (2015: null).

The Company has borrowings in amounts of MKD 640,200 thousands as of 31st December 2016 (2015: MKD 975,500 thousands), therefore 1 percentage point rise in market interest rate would have caused (*ceteris paribus*) the interest paid to increase with approximately MKD 6,402 thousands annually before tax (2015: MKD 9,750 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.

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

3. Financial risk management (continued)**3.1 Financial risk factors (continued)**

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

The following table represents Company's exposure to credit risk as at 31st December 2016 and 31st December 2015:

	2016	2015
Cash and cash equivalents	666,100	1,816,283
Deposit in banks	60,000	-
Trade receivables	1,920,920	1,477,790
Other receivables	1,056,476	861,878
	<u>3,703,496</u>	<u>4,155,951</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 2016		31 st December 2015	
	Trade receivables - domestic	Trade receivables - foreign	Trade receivables - domestic	Trade receivables - foreign
Neither past due nor impaired	1,703,362	175,022	1,254,190	135,952
Past due but not impaired	21,975	20,561	14,718	72,931
Impaired	48,273	18,617	48,303	15,839
Gross	1,773,610	214,200	1,317,211	224,722
Less: allowance for impairment	(48,273)	(18,617)	(48,303)	(15,839)
Net	1,725,337	195,583	1,268,908	208,883

Trade receivables of MKD 42,536 thousands (2015: MKD 87,649 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.

(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)**

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.

	Less than 3 month	Between 3 months and 1 year	Over 1 year
At 31st December 2016			
Trade payables	1,252,502	-	-
Other current liabilities	179,761	-	-
Loans from the banks	640,200	-	-
	<u>2,072,463</u>	-	-
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>	-	-

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.

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

3. Financial risk management (continued)**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 2016:

	Carrying amount	Fair Value
Cash and cash equivalents	666,168	666,168
Deposit in banks	60,000	60,000
Trade receivables	1,920,920	1,920,920
Other current financial assets	1,056,476	1,056,476
	<u>3,703,564</u>	<u>3,703,564</u>

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>

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 22,753 thousand (2015: MKD 22,496 thousand)

4.1. Critical accounting estimates and assumptions (continued)

(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 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.

OKTA AD – SKOPJE**Notes to the financial statements for the year ended 31st December 2016**

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

5. Sales

	2016	2015
Sales on domestic market	15,481,542	16,320,945
Sales on foreign market	3,550,732	3,602,695
	<u>19,032,274</u>	<u>19,923,640</u>

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

6. Cost of goods sold

	2016	2015
Cost of traded goods	17,721,321	18,809,825
Manipulation and shrinkage expenses	16,882	29,155
Inventory movements	-	28,948
	<u>17,738,203</u>	<u>18,867,928</u>

7. Operations and logistics expenses

	2016	2015
Depreciation	169,911	171,347
Gross salaries and wages	106,115	105,905
Electricity	22,341	27,678
Other fixed cost	21,533	25,742
Insurance expenses	18,420	19,654
Maintenance expenses	6,577	13,560
Personnel related expenses	12,501	12,437
Own consumption of fuels	5,790	5,563
Miscellaneous expenses	7,647	1,073
Redundancy expenses	-	774
Telecommunication expenses	280	184
Office supplies expenses	75	57
	<u>371,190</u>	<u>383,974</u>

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

OKTA AD – SKOPJE**Notes to the financial statements for the year ended 31st December 2016**

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

8. Administrative expenses

	2016	2015
Gross salaries and wages	123,533	123,049
Miscellaneous expenses	40,444	53,516
Depreciation	42,019	39,673
Other fixed cost	12,725	16,649
Public relation and advertising expenses	6,691	9,711
Rental expenses	7,732	7,574
Personnel related expenses	14,537	12,113
Insurance expenses	5,178	4,736
Maintenance expenses	16,431	3,959
Business travel	817	1,044
Redundancy expenses	-	861
Telecommunication expenses	1,572	813
Management and allocated expenses	2,435	672
Office supplies expenses	563	550
	<u>274,677</u>	<u>274,920</u>

The miscellaneous expenses include membership fees, management fees, and expenses for audit and other third party fees and services. Other fixed costs include expenses for utility services and consumption of own products.

9. Sales and distribution expenses

	2016	2015
Gross salaries and wages	107,099	102,822
Miscellaneous expenses	22,684	31,861
Depreciation	15,604	13,943
Maintenance expenses	10,581	12,619
Other variable expenses	11,839	11,854
Personnel related expenses	11,965	10,411
Transportation expenses	9,907	5,736
Other fixed cost	6,104	3,288
Rental expenses	4,743	3,233
Public relation and advertising expenses	3,678	2,547
Redundancy expenses	-	2,092
Dues and subscriptions	2,743	2,023
Insurance expenses	964	1,664
Office supplies expenses	527	481
Telecommunication expenses	546	416
	<u>208,984</u>	<u>204,990</u>

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

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

10. Other operating income

	2016	2015
Income from prior years	12,653	23,256
Dividend income	3,045	-
Income from sale of fixed assets	128	3,221
Collected written off receivables	96	88
	<u>15,922</u>	<u>26,565</u>

11. Other operating expenses

	2016	2015
Waste treatment expenses and scrapping of goods	24,962	48,803
Net book value of disposed fixed assets	3,324	-
Impairment of bad and doubtful debts	2,117	434
Additionally determined expenses	1,672	642
	<u>32,075</u>	<u>49,879</u>

12. Finance income and costs

	2016	2015
Foreign exchange gain	65,441	283,664
Interest income	12,340	26,836
Finance income	<u>77,781</u>	<u>310,500</u>
Foreign exchange loss	(62,717)	(312,783)
Interest expenses	(49,607)	(55,772)
Bank charges	(14,388)	(14,470)
Finance costs	<u>(126,712)</u>	<u>(383,025)</u>
Net finance costs	<u>(48,931)</u>	<u>(72,525)</u>

13. Income tax expense

Recognized in the statement of comprehensive income:

	2016	2015
<i>Current tax expense</i>		
Current year	(36,677)	-
<i>Deferred tax expense</i>		
(Decrease)/ increase in deferred tax assets	(6,277)	(14,816)
Total income tax in the statement of comprehensive income	<u>(42,954)</u>	<u>(14,816)</u>

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

13. Income tax expense (continued)

	2016	2015
Profit/(Loss) before tax	374,136	95,989
Expenses non tax deductible according to local regulations	58,544	52,167
Taxed income		
Collected receivables taxed in previous years	(92)	-
Dividends received	(3,045)	-
Tax loss carries forward	(62,774)	(148,156)
	<u>366,769</u>	-
Tax charge	<u>36,677</u>	-

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.

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.

	2016	2015
Profit for the year	331,182	81,173
Profit attributable to ordinary equity holders	<u>331,182</u>	<u>81,173</u>
Weighted average number of ordinary shares in issue:	<u>846,360</u>	<u>846,360</u>

Weighted average shares of the Company during 2016 was 846,360 (2015: 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 2016					
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 2016					
Opening net book amount	144,283	220,750	1,752,700	193,994	2,311,727
Additions	-	-	-	205,141	205,141
Transfer from construction in progress	103,036	69,675	122,898	(295,609)	-
Disposals (net book value)	-	(2,975)	(3,037)	(3,665)	(9,677)
Depreciation charge	-	(31,203)	(186,180)	-	(217,383)
Closing net book amount	247,319	256,247	1,686,381	99,861	2,289,808
At 31 December 2016					
Cost	247,319	3,174,401	6,651,500	99,861	10,173,081
Accumulated depreciation	-	(2,918,154)	(4,965,119)	-	(7,883,273)
Net book amount	247,319	256,247	1,686,381	99,861	(2,289,808)
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 (net book value)	-	(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

Out of total depreciation and amortisation expense (of the tangible and intangible assets) amount of MKD 169,911 thousands (2015: MKD 171,347 thousands) has been charged in Operations and logistic expenses, MKD 42,019 thousands (2015: MKD 39,673 thousands) in administrative costs and MKD 15,604 thousands (2015: MKD 13,943 thousands) in selling and distribution expenses.

During the year, the Company has purchased the land which was in state ownership in the previous years. The administrative procedure 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 2016. 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 6.47% (6.84% for 2015) on a post-tax basis. The valuation model has not suggested any impairment and hence no impairments have been recorded as of 31st December 2016 or as at 31st December 2015. 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

	2016	2015
At 1 st January	11,852	11,831
Additions	-	-
Disposals	-	-
Net gains/ (losses) transfer to revaluation reserves	9,732	21
At 31st December	21,584	11,852

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

	2016	2015
Investments in companies	5,651	3,809
Investments in banks	15,933	8,042
	21,584	11,851

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.

	2016	2015
Deferred tax asset:		
Deferred income tax assets to be recovered after more than 12 months	-	6,277
Deferred income tax assets to be recovered within 12 months	-	-
Deferred income tax asset	-	6,277

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

17. Deferred income tax assets (continued)

Movement in temporary differences during the year

In thousands of denars	Balance 1 January 2016	Tax used	Balance 31 December 2016
Loss carried forward	6,277	(6,277)	-
	<u>6,277</u>	<u>(6,277)</u>	<u>-</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

	2016	2015
Trade goods	472,315	220,542
Spare parts and tools and consumables stores	74,520	76,688
	<u>546,835</u>	<u>297,230</u>

19. Trade and other receivables

Carrying amount of trade receivables is presented as follows:

	2016	2015
Trade receivables domestic	1,773,610	1,317,211
Trade receivables foreign	214,200	224,722
Trade receivables – gross	1,987,810	1,541,933
Provision for impairment of trade receivables	(66,890)	(64,143)
	<u>1,920,920</u>	<u>1,477,790</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:

	2016	2015
Trade receivables - domestic	1,773,610	1,317,211
Trade receivables - foreign	212,837	224,285
Foreign receivables from related parties (note 27)	1,363	437
Less: Provision for impairment	(66,890)	(64,143)
Trade receivables – net	1,920,920	1,477,790
Receivable from Escrow account	769,497	769,497
Prepaid expenses	60,801	72,899
Advance payments	2,092	2,329
Receivables from employees	133	490
Other short term receivables	3,642	16,663
VAT receivables	220,311	-
Other receivables	1,056,476	861,878
	2,977,396	2,339,668

Receivables from related parties represent receivables from Hellenic Petroleum S.A. Greece, EL.P.ET. Balkaniki S.A.Greece, Jugopetrol A.D. , 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 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:

	2016	2015
Not past due	1,878,384	1,390,141
Less than 30 days	13,471	73,683
30 to 90 days	15,851	7,300
90 days to 1 year	13,214	6,666
Over 1 year	66,890	64,143
Total gross receivables	1,987,810	1,541,933

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

	2016	2015
At 1 st January	64,143	63,930
Provision for receivables impairment	1,271	-
Collected receivables	(109)	(292)
Written off receivable	(1,198)	-
FX difference	2,783	505
At 31st December	66,890	64,143

(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:

	2016	2015
Over 1 year	66,890	64,143
Over 180 days	-	-
	<u>66,890</u>	<u>64,143</u>

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

Domestic	2016	2015
Opening balance at 1 st of January	48,303	48,091
Charged to expenses	1,260	
Collected receivables recognised as income	(92)	(292)
Written off receivable	(1,198)	-
Transfers	-	504
	<u>48,273</u>	<u>48,303</u>
Foreign	2016	2015
Opening balance at 1 st of January	15,839	15,839
Charged to expenses	11	-
Collected receivables recognised as income	(17)	-
Transfers	2,784	-
	<u>18,617</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:

	2016	2015
MKD	1,773,610	1,317,211
EUR	139,486	901
USD	74,714	223,821
	<u>1,987,810</u>	<u>1,541,933</u>

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

	2016	2015
MKD	1,056,476	861,878
	<u>1,056,476</u>	<u>861,878</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

	2016	2015
Bank accounts in domestic currency	305,192	1,798,789
Bank accounts in foreign currency	17,323	14,046
Cash on hand	68	74
Other cash and cash equivalents	343,585	3,448
	666,168	1,816,357

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

	2016	2015
MKD	648,845	1,813,883
EUR	14,424	1,056
USD	2,899	1,418
	666,168	1,816,357

21. Capital and reserves**Shares**

The total authorised number of ordinary shares is 846,360 shares value of EUR 51.12 per share (2015: 846,360 ordinary shares with EUR 51.12 par value). All issued shares are fully paid.

The shareholders structure as at 31 December 2016 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 %
	846,360	846,360	100 %

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

Dividends

Dividend payments during 2016 in amount of MKD 61,265 (2015: nil). There are no other declared dividends.

Declared and paid during the period ended 31 December 2016

Final dividend for 2015:

Declared:	61,784
Paid:	61,265

Dividends declared and paid for the year ended 31 December 2015 entirely relate to cash dividends on ordinary shares.

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 2016 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

	2016	2015
Retirement benefit obligations and jubilee awards	14,771	14,556
	<u>14,771</u>	<u>14,556</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 2016 and 2015.

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

22. Employee benefits obligations (continued)

	2016	2015
Amounts recognised in Balance sheet		
Present value of obligations	14,771	14,556
Fair value of plan assets	-	-
Net Liability/ (Asset) in Balance Sheet	14,771	14,556
Amounts recognized in Profit and Loss		
Service cost	694	679
Net interest on the net defined benefit liability/ (asset)	612	592
Recognition of actuarial (gain)/Loss	-	-
Regular P&L charge	1,306	1,271
Settlement/ Curtailment/ Termination loss/ (gain)	3,902	2,829
Total P&L Charge	5,208	4,100
Reconciliation of benefit obligation		
Defined Benefit Obligation at start period	14,556	13,795
Service cost	694	679
Interest cost	612	592
Benefits paid directly by the Company	(4,650)	(3,187)
Settlement/ Curtailment/ Termination loss (gain)	3,902	2,828
Actuarial (gain)/loss- experience	(343)	(151)
Defined benefit obligation at end of period	14,771	14,556
Movements in Net Liability/ (Asset) in Balance Sheet		
Net Liability/ (Asset) in Balance Sheet at the beginning of the period	14,556	13,795
Benefits paid directly	(4,650)	(3,187)
Total expense recognised in the income statement	5,162	4,117
Total amount recognised in the Other comprehensive income	(297)	(169)
Net Liability/ (Asset) in Balance sheet	14,771	14,556
Assumptions		
Discount rate	4.3%	4.3%
Price inflation	2%	2.5%
Rate of compensation increase	4.5%	4.5%
Plan duration	11.87	8.98
Future working life	18.25	12.54

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

23. Trade and other payables

Carrying amount of trade payables is presented as follows:

	2016	2015
Domestic trade payables	435,202	292,931
Foreign trade payables	817,258	1,230,327
Payables for non-invoiced goods	42	723
	<u>1,252,502</u>	<u>1,523,981</u>

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

	2016	2015
Domestic trade payables	435,202	292,931
Foreign trade payables	186,138	155,698
Foreign payables from related parties	631,120	1,074,629
Payables for non-invoiced goods	42	723
Trade payables	<u>1,252,502</u>	<u>1,523,981</u>
Advances received	44,255	35,843
VAT payable	-	(29,389)
Excise taxes payable	49,766	38,394
Salaries and wages	13,779	13,646
Personal income tax and contributions	6,706	6,651
Withholding tax	354	428
Accrued liabilities	64,901	50,444
Other current liabilities	<u>179,761</u>	<u>116,017</u>
	<u>1,432,263</u>	<u>1,639,998</u>

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:

	2016	2015
MKD	435,244	293,654
USD	180,912	1,223,595
EUR	636,346	6,732
	<u>1,252,502</u>	<u>1,523,981</u>

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

	2016	2015
MKD	179,761	116,017
	<u>179,761</u>	<u>116,017</u>

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

24. Loans and borrowings

	2016	2015
Bank borrowings	640,200	975,500
	<u>640,200</u>	<u>975,500</u>

The borrowings are measured at amortised cost. Bank borrowings mature in 2017 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	
	2016	2015	2016	2015
Bank Borrowings	640,200	975,500	640,200	975,500
	<u>640,200</u>	<u>975,500</u>	<u>640,200</u>	<u>975,500</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:

	2016	2015
MKD	640,200	975,500
	<u>640,200</u>	<u>975,500</u>

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

25. Expenses by nature

	2016	2015
Cost of trading goods sold	17,721,321	18,809,825
Employee related expenses	336,746	331,776
Depreciation	227,534	224,964
Changes in inventories	-	28,948
Consumed chemicals	1,575	11,854
Remaining non-material expenses	74,427	87,121
Maintenance services	33,590	74,254
Other services	65,325	47,078
Allowance for the expenses of the employees	36,384	34,961
Manipulation and shrinkage expenses	16,882	29,155
Consumed energy	22,549	27,678
Insurance premiums	26,198	26,054
Promotion, advertising, entertainment and sponsorship	14,235	12,258
Rental fees	15,097	10,806
Own consumption	5,790	5,563
Transport services	9,910	5,736
Redundancy expenses	-	3,727
Remaining expenses	6,105	3,288
Dues and subscriptions	2,743	2,023
Telecommunication expenses	2,389	1,413
Office supply expenses	1,164	1,088
Daily allowance for business trips and travel expenses	1,373	1,044
Impairment of bad and doubtful debts	2,117	434
Additionally determined expenses	1,672	366
Net book value of disposed fixed assets	3	-
	18,625,129	19,781,414

26. Employee related expenses

	2016	2015
Salaries and wages	205,609	207,571
Contributions and taxes	101,006	98,541
Other benefits	30,591	47,794
	337,206	353,906

	2016	2015
Average number of employees	419	419

(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.

During 2016, merger between Hellenic Fuels S.A. and EKO ABEE took place. As result of this merger new named company continue to operate as Hellenic Fuels and Lubricants Industrial and Commercial S.A. (in the further text HFL S.A.) Following this, all transactions and balances occurred during 2015 with above mentioned companies for 2016 and 2015 are presented under the company HFL S.A.

The following transactions were carried out with related parties:

i) Sales of services

<i>Sales of services</i>	2016	2015
Vardax S.A.	689	1,696
Jugopetrol A.D.	3,126	7,827
EKO Bulgaria	1,513	-
	5,328	9,523

ii) Purchases of goods and services

<i>Purchases of trading goods</i>	2016	2015
Hellenic Petroleum S.A.	16,956,502	17,889,700
HFL S.A.	481	1,395
	16,956,983	17,891,095
<i>Purchases of services</i>	2016	2015
Hellenic Petroleum S.A.	-	8,826
ELPE International consulting	6,652	6,658
Asprofos S.A.	766	10,475
EKO Serbia	3,775	4,089
HFL S.A.	5,008	-
EKO Bulgaria	599	-
	16,800	30,048

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

27. Related party transactions (continued)

<i>Receivables arising from sale of services</i>	2016	2015
Vardax S.A.	1,070	178
Jugopetrol A.D.	34	245
EKO Bulgaria	255	-
EL.P.ET Balkaniki S.A.	4	14
	1,363	437

iv) Outstanding balances arising from purchase of goods/services

<i>Payables arising from purchase of raw materials and goods</i>	2016	2015
Hellenic Petroleum S.A.	627,405	1,071,482
	627,405	1,071,482

<i>Payables arising from purchase of services</i>	2016	2015
Asprofos S.A	129	431
ELPE Consulting Greece	1,660	1,663
EKO Serbia	(40)	323
HFL S.A.	1,649	730
EKO Bulgaria	317	-
	3,715	3,147

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:

	2016	2015
Salaries	20,578	18,131
Taxes and contributions	9,298	7,825
Other benefits	5,836	3,822
	35,712	29,778

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 675,343 thousands as at 31 December 2016 (2015: MKD 616,447 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:

	2016	2015
No later than 1 year	9,827	18,600
Later than 1 year and no later than 5 years	13,105	29,605
Later than 5 years	-	-
	<u>22,932</u>	<u>48,205</u>

30. Events after the reporting period

There are no events after the reporting period that would have impact on the 2016 Statement of comprehensive income, Statement of financial position or Statement of cash flow.

OKTA AD - SKOPJE

Annual Accounts

For the year ended 31st December 2016

Name of the Company: OKTA Crude Oil Refinery AD Skopje

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

Unique ID number: 4074009

Income Statement 01.01.2016 - 31.12.2016					
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		19.052.968.799	19.975.305.884
2.	Sale income	202	11	19.032.273.732	19.923.640.215
3.	Other income	203		20.695.067	51.665.669
4.	Change of the value of stock of finished products and unfinished production				
4.a.	Stock of finished products and unfinished production at the beginning of the year	204			28.948.280
4.6.	Stock of finished products and unfinished production at the end of the year	205		0	
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		18.639.517.643	19.767.212.956
7.	Raw materials expenses	208		56.209.215	72.023.098
8.	Purchase price of the goods sold	209		17.752.820.803	18.809.824.396
9.	Purchase price of materials, spare parts, small inventory, packaging and tyres	210			
10.	Services categorized as material expenses	211		79.451.096	109.801.160
11.	Other operational expenses	212		141.694.432	145.173.663
12.	Employees expenses (214+215+216+217)	213		373.474.340	369.901.260
12.a.	Net salaries	214		205.609.085	205.608.626
12.6.	Expenses for taxes and salaries contributions	215		18.786.348	18.793.626
12.b.	Mandatory social contribution expenses	216		82.279.823	81.719.625
12.r.	Other expenses for employees	217		66.799.084	63.779.383
13.	Depreciation of tangible and intangible assets	218		227.534.294	224.960.396
14.	Impairment of non-fixed assets	219			
15.	Impairment of fixed assets	220		2.116.916	433.731
16.	Provisions for risks and expenses	221		770.937	609.682
17.	Other operational expenses	222		5.445.610	34.485.570
18.	III. FINANCIAL INCOME (224+229+230+231+232+233)	223		73.008.119	285.400.271
19.	Financial income arising from related parties (225+226+227+228)	224		2.878.716	608.881
19.a.	Income from investment in related parties	225			
19.6.	Income from interests from related parties	226			
19.a.	Income from foreign exchange difference from related parties	227		2.878.716	608.881
19.r.	Other financial income from related parties	228			
20.	Income from investment in non-related parties	229		3.044.850	
21.	Income from interests from non-related parties	230		4.521.502	1.736.763
22.	Income from foreign exchange difference from non-related parties	231		62.563.051	283.054.627
23.	Unrealised income from financial assets	232			
24.	Other financial income	233			
25.	IV. FINANCIAL EXPENSES (235+239+240+241+242+243)	234		112.323.456	368.555.872
26.	Financial expenses with related parties (236+237+238)	235		6.473.099	1.939.213
26.a.	Expenses for interest payable to related parties	236			
26.6.	Expense for foreign exchange differences payable to related parties	237		6.473.099	1.939.213
26.a.	Other financial expenses payable to related parties	238			
27.	Expenses for interest payable to non-related parties	239		49.606.736	55.772.607
28.	Expense for foreign exchange differences payable to non-related parties	240		56.243.621	310.844.052
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		374.135.819	95.989.047
35.	Loss from regular operations (204-205+207+234+245)-(201+223+244)	247		0	0
36.	Net profit from interrupted work	248			
37.	Net loss from interrupted work	249			
38.	Profit before taxation (246+248) или (246-249)	250		374.135.819	95.989.047
39.	Loss before taxation (247+249) или (247-248)	251		0	0
40.	Corporate income tax	252		42.953.948	0
41.	Deferred tax assets	253			
42.	Deferred tax liabilities	254			14.815.655
43.	NET PROFIT FOR THE CURRENT YEAR (250-252+253-254)	255		331.181.871	81.173.392
44.	NET LOSS FOR THE CURRENT YEAR (251+252-253+254)	256		0	0
45.	Average number of employees upon work hours	257		417	417
46.	Number of months of work	258		12	12
47.	PROFIT/LOSS FOR THE PERIOD	259		331.181.871	81.173.392
47.a.	Profit belonging to the shareholders in the parent company	260			
47.6.	Profit belonging to the uncontrollable participation	261			
47.b.	Loss belonging to the shareholders in the parent company	262			
47.r.	Loss belonging to the uncontrollable participation	263			
48.	EARNINGS PER SHARE	264			
48.a.	Total basic earnings per share	265			
48.6.	Total diluted earnings per share	266			
48.b.	Basic earning per share from interrupted work	267			
48.r.	Diluted earnings per share from interrupted work	268			

REPORT FOR COMPREHENSIVE INCOME					
Ordinal No.	Position	AOP	Note No.	Amount	
				Current year	Previous year
1.	Profit for the year	269		331.181.871	81.173.392
2.	Loss for the year	270		0	0
3.	Other comprehensive profit (273+275+277+279+281+283) - (274+276+278+280+282+284)	271		10.028.775	0
4.	Other comprehensive loss (274+276+278+280+282+284) - (273+275+277+279+281+283)	272			130.729
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		9.732.100	20.800
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		296.675	
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		10.028.775	0
19.	Net other comprehensive loss (285-271) или (272+285)	287			130.729
20.	Total comprehensive income for the year (269+286) или (286-270)	288		341.210.646	81.173.392
20.a.	Comprehensive income attributable to share holders of parent company	289		341.210.646	81.173.392
20.б.	Comprehensive income belonging to uncontrollable participation	290			
21.	Total comprehensive loss for year (270+287) or (270-286) or (287-269)	291			
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 01.01.2016 - 31.12.2016				
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		2.341.479.276	2.359.061.837
I. Intangible assets (003+004+005+006+007+008)	002	5	30.087.212	32.366.983
Expenditures for research and development	003			
Patents, license, concession and other rights.	004	5	30.087.212	32.366.983
Goodwill	005			
Advance payment for intangible assets	006			
Intangible assets in preparation	007			
Other intangible assets	008			
II. Tangible assets (010+013+014+015+016+017+018+019)	009	6	2.289.808.164	2.314.843.054
Immovable property (real estate) (011+012)	010	6	503.565.780	365.032.416
Land	011	6	247.318.807	144.282.744
Buildings	012	6	256.318.807	220.749.672
Plant and equipment	013	6	1.605.493.276	1.666.186.796
Transport assets	014	6	22.838.966	27.494.492
Tools, office inventor, assets for transport	015	6	58.009.268	58.956.497
Biological assets	016			
Advance payment for tangible	017			
Tangible assets in preparation	018	6	99.861.117	197.110.042
Other tangible assets in preparation	019	6	39.757	62.811
III. INVESTMENT IN IMMOVABLE PROPERTY	020			
IV. LONG-TERM FINANCIAL ASSETS (022+023+024+025+026+030)	021		21.583.900	11.851.800
Investment in branch offices	022			
Investment in associate entities and joint venture investments	023			
Receivables from long-term loans granted to related parties	024			
Receivables from long-term loans	025			
Investment in long-term securities (027+028+029)	026		21.583.900	11.851.800
Investment in securities held to maturity	027			
Investments in securities available for sale	028		21.583.900	11.851.800
Investments in securities at fair value through profit or loss	029			
Other long-term financial assets	030			
V. LONG-TERM RECEIVABLES (032+033+034)	031		0	0
Receivables from related parties	032			
Receivables from customers	033			
Other long-term receivables	034			
VI. DEFERRED TAX ASSETS	035			6.277.016
B. CURRENT ASSETS (037+045+052+059)	036		4.189.597.027	4.380.356.530
I. Stocks (038+039+040+041+042+043)	037		546.835.004	297.230.504
Stocks of raw materials	038		27.562.290	27.117.813
Stocks of spare parts, small inventory, packaging and tyres	039		46.957.595	49.571.147
Stock of unfinished products and semi-products	040			
Stock of finished products	041			
Stock of commercial products	042		472.315.119	220.541.544
Stock of biological products	043			

II. ASSETS (OR GROUP FOR TRANSFER FOR SALES AND INTERRUPTED WORKS)	044			
III. SHORT-TERM RECEIVABLES (046+047+048+049+050+051)	045		2.916.594.327	2.266.769.089
Receivables from related parties	046	7	1.862.534	-286.008
Trade accounts receivable	047	7	1.919.057.441	1.478.075.508
Advance payments	048		2.091.745	2.328.891
Receivables from the state upon taxes, social contribution, customs duties, excise and other duties towards the state	049		220.310.886	12.813.286
Receivables from the employees	050		133.203	490.156
Other short term receivables	051		773.138.518	773.347.256
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			
Investments in securities at fair value through profit or loss	055			
Receivables from short-term loans granted to related parties	056			
Receivables from short-term loans	057			
Other short-term financial assets	058			
V. Cash and cash equivalents (060+061)	059		726.167.696	1.816.356.937
Cash	060	8	325.711.170	1.812.909.328
Cash equivalents	061	8	400.456.526	3.447.609
VI. PREPAYMENT OF EXPENSES FOR FUTURE PERIODS AND CALCULATED REVENUES	062		60.801.206	72.898.802
TOTAL ASSETS: ASSETS (001+035+036+044+062)	063		6.591.877.509	6.818.594.185
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+075-076+077-078)	065		4.467.966.493	4.188.540.127
I. SHARE CAPITAL	066	10	2.472.819.516	2.472.819.516
II. Share premiums	067			
III. Own shares (-)	068			
IV. Registered, not paid capital (-)	069			
V. Revaluation reserve and differences from evaluation of components of the other comprehensive profit	070		95.497.244	85.468.469
VI. RESERVES (072+073+074)	071		812.119.797	812.119.797
Statutory reserves	072		494.718.176	494.718.176
Company's reserves (according to the Incorporation Act)	073			
Other reserves	074		317.401.621	317.401.621
VII. ACCUMULATED PROFIT	075		756.348.065	736.958.953
VIII. TRANSFERRED LOSS (-)	076			
IX. PROFIT FOR THE CURRENT YEAR	077		331.181.871	81.173.392
X. LOSS FOR THE CURRENT YEAR	078		0	0
XI. SHARE CAPITAL OF THE OWNERS OF THE PARENT COMPANY	079			
XII. NON-CONTROLLABLE PARTICIPATION	080			

Б. LIABILITIES (082+085+095)	081		2.059.528.448	2.579.610.737
I. LONG-TERM PROVISIONS FOR RISKS AND EXPENSES (083+084)	082		14.771.456	14.556.314
Provisions for pensions, severance payments and similar liabilities towards the employees	083		14.771.456	14.556.314
Other long-term provisions for risks and expenses	084			
II. LONG-TERM LIABILITIES (од 086 до 093)	085		0	0
Liabilities to related parties	086			
Trade payables	087			
Advance and deposit liabilities	088			
Liabilities upon loans and credits to related parties	089			
Liabilities upon loans and credits	090			
Liabilities upon securities	091			
Other financial liabilities	092			
Other long-term liabilities	093			
III. DEFERRED TAX LIABILITIES	094			
IV. SHORT-TERM LIABILITIES (од 096 до 108)	095		2.044.756.992	2.565.054.423
Liabilities to related parties	096	9	631.653.560	3.421.800
Trade payables	097	9	620.847.751	1.520.559.203
Advance and deposit liabilities	098		44.255.353	35.843.211
Liabilities for taxes and social contribution upon salaries	099		6.705.957	6.650.535
Liabilities towards the employees	100		13.778.974	13.645.995
Current tax liabilities	101		86.796.732	9.433.679
Short-term provisions for risks and expenses	102			
Liabilities upon loans and credits to related parties	103			
Liabilities upon loans and credits	104		640.200.000	975.500.000
Liabilities upon securities	105			
Liabilities upon participation in the profits	106		518.665	
Other financial liabilities	107			
Other long-term liabilities	108			
V. DEFERRED PAYMENTS OF EXPENSES AND INCOME IN FUTURE PERIODS	109		64.382.568	50.443.321
VI. LIABILITIES FOR NON-FIXED ASSETS (OR GROUPS FOR TRANSFER) HELD FOR SALE OR INTERRUPTION OF WORK	110			
TOTAL LIABILITIES: SHARE CAPITAL, RESERVES AND LIABILITIES (065+081+094+109+110)	111		6.591.877.509	6.818.594.185
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, Miladinovci, Skopje

Unique ID number: 4074009

Specific data for the period 01.01.2016-31.12.2016				
Group of accounts or accounts	Position	AOP	Amount	
			Current year	Previous year
2	3	4	5	6
	A. Intangible assets			
1.	Purchase value of computer software	601	30.226.973	29.968.028
1.a.	Impairment of computer software	602		
1.6.	Accumulated depreciation of computer software	603	18.443.838	12.933.217
1.b.	Current value of computer software (< or = AOP 004 from BS)	604	11.783.135	17.034.811
	B. Tangible assets			
2.	Land	605	247.318.807	144.282.744
3.	Forests	606		
4.	Purchase value of apartments and residential buildings	607	3.162.031.634	3.096.475.389
4.a.	Impairment of apartments and residential buildings	608		
4.6.	Accumulated depreciation of apartments and residential buildings	609	2.905.784.661	2.875.725.717
4.b.	Current value of apartments and residential buildings (< or = AOP 012 from BS)	610	256.246.973	220.749.672
5.	Purchase value of nonresidential buildings	611		
5.a.	Impairment of nonresidential buildings	612		
5.6..	Accumulated depreciation of nonresidential buildings	613		
5.b.	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 computer equipment	616	307.431.864	302.245.976
7.a.	Impairment of computer equipment	617		0
7.6.	Accumulated depreciation of computer equipment	618	290.154.999	287.163.049
7.b.	Current value of computer equipment(< or = AOP 016 from BS)	619	17.276.865	15.082.927
8.	Purchase value of the basic herd	620		
8.a.	Impairment of the basic herd	621		
8.6.	Accumulated depreciation of thebasic herd	622		
8.b.	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			
12.	I. Sale income	627		
13.	Income from slae of goods (< or = AOP 202 from IS)	628	19.032.273.732	19.923.640.215
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	15.481.541.389	16.320.945.340
16.	Income from sale of products, goods and services in the foreign market (< or = AOP 202 from IS)	631	3.550.732.343	3.602.694.875
17.	Income from sale of products, goods and services in EU member coutries 2) (< or = AOP 202 from IS)	632		
18.	Income from usage of computer software developed for own use (< or = AOP 206 from IS)	633		
19.	Income from rent (< or = AOP 202 from IS)	634		
20.	Income from rent of land (< or = AOP 202 from IS)	635		
21.	Income from sale of goods based on financial rent (leasing) (< or = AOP 202 from IS)	636		

22.	II. Other income	637		
23.	Profit from sale of tangible assets and intangible assets (< or = AOP 203 from IS)	638	3.920.103	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		
28.	Income from written-off receivables and income from write-off of liabilities (< or = AOP 203 from IS)	643	7.914.365	25.189.214
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	117.696	17.299.527
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	12.535.379	5.956.034
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	3.044.850	
	D. Expenses			
	Cost of goods and services sold			
41.	I. Costs for raw materials, energy, spare parts and small inventory	656		
42.	Costs for raw materials (< or = AOP 208 from IS)	657	1.377.201	101.651
43.	Heating, fuel and grease (< or = AOP 208 from IS)	658	18.916.507	16.639.260
44.	Food articles (< or = AOP 208 from IS)	659		
45.	Office materials (< or = AOP 208 from IS)	660	1.169.521	1.088.967
46.	Costs for packaging (< or = AOP 208 from IS)	661		
47.	Uniforms-protective clothing and footwear (< or = AOP 208 from IS)	662	595.413	1.708.200
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	22.732.292	27.868.723
51.	Used fuel energy (< or = AOP 208 from IS)	666	3.351.948	12.237.828
52.	Used spare parts and maintenance materials (< or = AOP 208 from IS)	667	5.562.921	3.485.540
53.	Write-off of inventory, packaging and tires (in production) (< or = AOP 208 from IS)	668		
54.	II. Costs for services	669		
55.	Transportation services in the country (< or = AOP 211 from IS)	670	2.414.144	5.046.711
56.	Transportation services abroad (< or = AOP 211 from IS)	671	2.255.715	688.804
57.	Postal services in the country (< or = AOP 211 from IS)	672	2.089.991	2.252.252
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		
66.	Calculated compensation during sick leave	681	1.670.001	1.737.249
67.	Compensation for severance pay for retirement (< or = AOP 217 from IS)	682		
68.	One time compensation in the form of severance pay for permanent engagement under conditions defined by law (< or = AOP 217 from IS)	683		
69.	Jubilee awards (< or = AOP 217 from IS)	684	557.820	155.430
70.	Regress for annual holiday (< or = AOP 217 from IS)	685	8.332.480	907.809
71.	Other employee benefits (< or = AOP 217 from IS)	686	111.147	352.682
72.	Volume - increased diet	687		

73.	IV. Other operating expenses	688		
74.	Daily allowance for business trips, overnights and travel expenses (< or = AOP 217 from IS)	689	143.405	76.901
75.	Daily allowance for business trips (< or = AOP 217 from IS)	690	1.044.175	1.263.629
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	16.945.517	17.792.549
81.	Costs for organized transportation to the and from the work place (< or = AOP 217 from IS)	696	19.438.803	17.174.670
82.	Royalty compensations (< or = AOP 217 from IS)	697		
83.	Compensation for occasional and temporary work (< or = AOP 217 from IS)	698		
	Costs for compensation and other remuneration of external members of the Supervisory Board, Board of Directors and managers		2.804.433	
84.	Costs for sponsorships (< or = AOP 212 from IS)	699	1.896.794	1.224.169
85.	Representation costs (< or = AOP 212 from IS)	700	2.488.806	4.744.280
86.	Premiums for property insurance (< or = AOP 212 from IS)	701	24.196.579	24.599.266
87.	Insurance premiums for individuals (< or = AOP 212 from IS)	702		
88.	Bank services fees (< or = AOP 212 from IS)	703	14.388.274	14.469.524
89.	Taxes that do not depend on the result (< or = AOP 212 from IS)	704	6.087.697	1.159.120
90.	Contributions that do not depend on the result (< or = AOP 212 from IS)	705	582.393	542.540
91.	Membership fees of associations in the country and abroad (< or = AOP 212 from IS)	706	11.575.869	11.491.426
92.	Other costs from the work (< or = AOP 212 from IS)	707	69.536.694	76.301.272
93.	V. Other expenses	708		
94.	Fines, penalties and compensation for damages etc. (< or = AOP 222 from IS)	709	449.467	1.847.277
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 (= AOP 242 from IS)	712		
98.	VII. Dividends and other payments to the investors	713		0
99.	Paid out dividends	714	61.265.615	
	E. Specific data			
100.	Average number of employees based on the situation at the end of the month	715	419	419

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 01.01.2016-31.12.2016			
NCBA (National classification of business activities)			Realized income (MKD)
Ordinal No.	class /subclass	Name	
1	46.71	Sales of trading goods	19.096.860.123,00
2	47.30	Sales of products in Petrol Station	29.116.795,00
3			
4			
5			
6			
7			
		Total Income	19.125.976.918

CORPORATE INCOME TAX RETURN FOR TAXATION OF PROFIT			
Tax period: 01 January - 31 December 2016			
Determination of the corporate income tax			
I.	Financial result as per the Income statement	01	374.135.819
II.	Reconciliation of the non-deductible expenses from current year (sum of rows 03 to 27)	02	53.267.752
1.	Expenses not related to the business activity of the tax payer	03	30.694.187
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	2.200.250
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	4.438.933
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	266.294
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	765.679
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 penaltues, penal and penalty interest for late payment of public duties and expenses for forced collection	17	351.459
16.	Scholarships payments	18	1.778.877
17.	Expenses for scrapping	19	7.674.919
18.	Permanent write-off of receivables	20	
19.	Expenses for the impairment of receivables	21	2.116.916
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	2.980.238

III.	Taxable base (I+II)	28	427.403.571
IV.	Tax credit (rows 30 + 31 + 32 + 33 + 34)	29	60.634.251
26.	Amount of collected receivables for which a previous payment of CIT was made.	30	92.117
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	3.044.850
29.	The part of the financial loss adjusted for non-deductible expenses carried forward from previous years.	33	57.497.284
30.	The amount of reinvested profit.	34	
V.	Tax base afer tax credit (III - IV)	35	366.769.320
VI.	Calculated corporate income tax (V x 10%)	36	36.676.932
VII.	Tax deduction and exemptions (rows 38 + 39 + 40)	37	
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	36.676.932
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	
36.	Sum to pay/overpaid tax amount (rows 41 - 42 - 43)	44	36.676.932
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	19.125.976.918
42.	Total donations in current year	50	266.294
43.	Total sponsorships in current year	51	765.679

Explanatory Notes

OKTA AD – SKOPJE**Notes to the financial statements for the year ended 31 December 2016**

(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-export, and distribution 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 2016, the Company had 420 employees (2015: 417 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 20nd February 2017 and will be subject of approval by the Board of Directors on 22th February 2017. 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, 192/2015, 6/2016, 30/2016 and 61/2016) 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 1 to SIC 32.

IFRS 9, IFRS 10, IFRS 11, IFRS 12, IFRS 13, IFRS 15, IFRS 16, 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.

(all amounts are in MKD unless otherwise stated)

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 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.

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Notes to the financial statements for the year ended 31 December 2016

(all amounts are in MKD unless otherwise stated)

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:

	2016	2015
Buildings	40 years	40 years
Computers	4 years	4 years
Equipment	20 years	20 years
Other equipment and vehicles	5 - 10 years	5 - 10 years

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

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

Land is not depreciated.

2.3 Intangible assets

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

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

2.4 Inventories

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

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

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

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Notes to the financial statements for the year ended 31 December 2016

(all amounts are in MKD unless otherwise stated)

production on the basis of the actual use of the production facilities. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.5. Trade and other receivables

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

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

2.6. Cash and cash equivalents

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

2.7. Share capital

Ordinary and preference shares are classified as equity.

2.8. Trade and other payables

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

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

2.9. Revenue

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

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(all amounts are in MKD unless otherwise stated)

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 EUR and small amount of USD.

Expenses of the Company that arise are mainly connected to EUR, partially in USD 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.

(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

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Notes to the financial statements for the year ended 31 December 2016

(all amounts are in MKD unless otherwise stated)

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 and limited transactions in USD. 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.

The purchase of oil products from related parties are denominated in EUR, except one product which is denominated in USD but all products are connected to the price movement on the global movement in USD. Therefore there is associated inherent business risk with such transactions.

(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.

Changes in market interest rates affect the interest income on time deposits with banks. As of 31st December 2016 the Company has time deposits in one bank in amount of MKD 60,000 thousands (2015: nil).

The Company has borrowings in amounts of MKD 640,200 thousands as of 31st December 2016 (2015: MKD 975,500 thousands), therefore 1 percentage point rise in market interest rate would have caused (ceteris paribus) the interest paid to increase with approximately MKD 6,402 thousands annually before tax (2015: MKD 9,750 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

(all amounts are in MKD unless otherwise stated)

operating activities includes preventive measures such as creditability checking and prevention barring, corrective measures during legal relationship for example reminding and disconnection activities, collaboration with collection agencies and collection after legal relationship as litigation process, court proceedings, involvement of the executive unit and factoring. The overdue payments are followed through a debt escalation procedure based on customer's type, credit class and amount of debt. The credit risk is controlled through credibility checking – which determines that the customer is not indebted and the customer's credit worthiness and through preventive barring – which determinates the credit limit based on the customer's previous revenues.

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

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

(vi) Liquidity risk

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

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.

(all amounts are in MKD unless otherwise stated)

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 22,753 thousand (2015: MKD 22,496 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.

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(iv) Provisions

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

5. Intangible Assets

2016	Software and other rights	Total
Cost		
Balance as at 1 January 2016	48.505.378	48.505.378
Additions	7.871.445	7.871.445
Balance as at 31 December 2016	56.376.823	56.376.823
Accumulated Amortisation		
Balance as at 1 January 2016	16.138.395	16.138.395
Amortisation	10.151.216	10.151.216
Balance as at 31 December 2016	26.289.611	26.289.611
Net book value as at 31 December 2016	30.087.212	30.087.212
2015		
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	48.505.378	48.505.378
Accumulated Amortisation		
Balance as at 1 January 2015	7.423.882	7.423.882
Amortisation	8.714.513	8.714.513
Balance as at 31 December	16.138.395	16.138.395
Net book value as at 31 December 2015	32.366.983	32.366.983

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Notes to the financial statements for the year ended 31 December 2016

(all amounts are in MKD unless otherwise stated)

6. Property, plant and Equipment

	Land	Buildings	Machinery and equipment	Construc- tion in progress	Total
At 31 December 2015					
Cost	144.282.744	3.096.475.389	6.529.528.469	197.110.042	9.967.396.644
Accumulated depreciation	-	(2.875.725.717)	(4.776.827.873)	-	(7.652.553.590)
Net book amount	144.282.744	220.749.672	1.752.700.596	197.110.042	2.314.843.054
Year ended 31 December 2016					
Opening net book amount	144.282.744	220.749.672	1.752.700.596	197.110.042	2.314.843.054
Additions	-	-	-	202.025.859	202.025.859
Transfer from construction in progress	103.036.063	69.675.519	122.898.353	(295.609.935)	-
Disposals (net book value)	-	(2.974.789)	(3.038.033)	(3.664.849)	(9.677.671)
Depreciation charge	-	(31.203.429)	(186.179.649)	-	(217.383.078)
Closing net book amount	247.318.807	256.246.973	1.686.381.267	99.861.117	2.289.808.164
At 31 December 2016					
Cost	247.318.807	3.162.031.634	6.638.910.487	99.861.117	10.148.122.045
Accumulated depreciation	-	(2.905.784.661)	(4.952.529.220)	-	(7.858.313.881)
Net book amount	247.318.807	256.246.973	1.686.381.267	99.861.117	2.289.808.164

Out of total depreciation and amortisation expense (of the tangible and intangible assets) amount of MKD 169,911 thousands (2015: MKD 171,347 thousands) has been charged in Operations and logistic expenses, MKD 42,019 thousands (2015: MKD 39,673 thousands) in administrative costs and MKD 15,604 thousands (2015: MKD 13,943 thousands) in selling and distribution expenses.

During the year, the Company has purchased the land which was in state ownership in the previous years. The administrative procedure is in progress

7. Trade receivables

	2016	2015
Trade receivables domestic	1.773.609.824	1.316.378.330
Trade receivables foreign	214.200.137	225.554.629
Provision for impairment of trade receivables	(66.889.986)	(64.143.452)
Total	1.920.919.975	1.476.616.372

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Notes to the financial statements for the year ended 31 December 2016

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8. Cash and cash equivalents

	2016	2015
Bank account in in domestic currency	308.348.390	1.798.788.666
Bank account in foreign currencies	17.279.097	14.032.763
Cash on hand - in domestic currency	39.958	61.070
Cash on hand – foreign currencies	43.725	26.829
Cash equivalent	400.456.526	3.447.609
Total	726.167.696	1.816.356.937

9. Trade payables

	2016	2015
Domestic trade payables	435.201.573	293.654.193
Foreign trade payables	817.258.342	1.229.604.007
Payables for non-invoiced goods	41.401	722.803
Вкупно:	1.252.501.316	1.523.981.003

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 2016 all preference shares were converted to ordinary shares.

For the year 2016 there was change in the ownership structure of the Company and the shareholders structure as at 31 December 2016 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.

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Notes to the financial statements for the year ended 31 December 2016

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11. Sales

	2016	2015
Sales on domestic market	15.481.541.389	16.320.945.340
Sales on foreign market	3.550.732.343	3.602.694.875
	<u>19.032.273.732</u>	<u>19.923.640.215</u>