

О К Т А Рафинерија на нафта
Акционерско друштво
Бр. 01-795/20
13.08. 2020 год.
Скопје 1

OKTA AD - SKOPJE

Financial Statements

For the year ended 31st December 2019

With Report of the Auditor Thereon

Content

	Page
Annual report	
Independent auditor's report	1-3
Financial statements	
- Statement of comprehensive income	1
- Statement of financial position	2
- Statement of changes in equity	3
- Statement of cash flows	4
- Notes to the financial statements	5 – 39
Annual account	

Annual Report of OKTA AD Skopje for the year ended 31st of December 2019

Key achievements

In 2019, the North Macedonian and Kosovo Fuel markets, where OKTA operates, posted positive volumes growth in the range of +6% and +3% respectively. Despite the challenging and competitive environment, OKTA achieved to maintain its leadership position in the local market and increase its share in the Kosovo Market and has recorded a solid EBITDA performance, up 53% Compared to 2018.

EBITDA growth was driven by the strong sales performance on both markets in which OKTA operates coupled with drop of indirect costs leading to strong cash generation.

Company's liquidity continues to be at record-high levels, as result of changes in the payment schedule structure, which allows the company to operate without utilizing any credit lines.

The main projects in 2019 were:

- Fuel storage maintenance and improvements;
- Unloading and Loading Installation upgrades;
- Storage fee for State Compulsory Reserves;
- Organizational restructuring;
- Conclude the sales of a catalyst held for sale
- Administrative buildings renovation;
- Renewable energy power plan implementation;
- Management Information System (SAP) improvements;
- Expanding the Branded Petrol Stations;
- Cash and treasury management optimization;
- Further cost optimizations;
- Environmental protection;

OKTA also initiated a number of Socially Responsible Activities:

- Continuation of the CSR campaign for traffic safety through publishing educational videos on the social media and donation of equipment to the City of Skopje;
- Granting postgraduate scholarships to 10 students at the state "Ss. Cyril and Methodius" University in Skopje
- OKTA and Hellenic Petroleum granted three scholarships to local students for postgraduate studies in Greece
- Support of the Young Leaders Camps in Krushevo
- Support of the Greek Lessons in Skopje in cooperation with the Institute for Balkan Studies
- Extensive Internship Program
- OKTA donated medical equipment to the Department of Gynaecology and Obstetrics at the General Hospital in Kumanovo
- Support of major renowned cultural and music festivals
- Involvement of OKTA's employees in CSR activities – Blood donation to Red Cross and "World Food Day" campaign
- Support of humanitarian race for persons with rare diseases
- Support of the organization of the Macedonian Energy Forum 2019

Company operations and market environment

The Company, by overcoming the challenges faced during 2019, managed to prevail in the competitive market environment and continues to be one of the cornerstones of the economy by providing uninterrupted supply of fuels for all sectors.

Adjusted 2019 EBITDA increased by 82% to 554 million MKD, surpassing the 305 million MKD of 2018, yielding the strong sales volumes coupled with the efficient cost optimization activities. Q4 2019 EBITDA follows a similar pattern for the same as aforesaid reasons. Hence, the Profit before tax for 2019 reached 302 million MKD, accomplishing a complete recovery from the loss generated during 2018 in amount of 104 million MKD. Q4 2019 Profit before tax follows an analogous trend, standing at 115 million MKD compared to the loss of 104 million MKD for the same period last year. The strong sales over-performance, efficient management of the operating expenses via the successful organogram optimization activities and indirect costs, are the main drivers that led to these positive results for 2019. Sales revenues at MKD 27,674 million, higher compared to last year (27,514 million MKD).

Company Outlook for 2020

OKTA's continuous goal, is to remain the market leader, offering high quality products to the customers in the markets its operates.

The company's strategic plan for 2020 focuses on sustaining the sale performance on both markets, while continuing its cost optimization activities and operational improvements. The company will revisit its further opportunities both domestically and within the region, in the event the pipeline is re-opens during 2020.

The Company's priorities in 2020 are:

- Maintaining its domestic and export market share in a highly competitive environment;
- Strengthening of the co-operation with key customers;
- Accommodating the increasing state reserves storage needs;
- Increasing return on capital employed;
- Further invest on new revenue streams by enhance its investments in the Renewable energy market
- Optimizing capital employed;
- Continuous training and creating of new opportunities for the company's employees;
- Be the best place to work in the North Macedonian Market, develop its personnel and attract talents;
- Further optimization of the organizational structure;
- Succession planning;
- Exploring Retail Network Development opportunities;
- Further development of the renewable energy sources;
- Increase value of the shareholders
- Further improvement of fuel storage capacity.
- Maximize synergies being a member of a leading Energy group in the region.

However, it should be acknowledged that the above mentioned targets may be affected by any macro environment factors, including the re-opening of the pipeline and the introduction of the new energy law. OKTA's management monitors closely the current volatile local, regional and European environment and reacts accordingly with the appropriate measures.

Other related information

During 2019 OKTA:

- Invested a total of MKD 60.2 million - MKD 43 million was directed into installations infrastructure, MKD 2.7 million into renewable energy related projects, MKD 2.6 million into IT and ERP related projects, MKD 7.9 million into security, safety and buildings related projects, MKD 4 million into administrative relate projects and MKD 0.3 million into Retail Network related projects;
- Did not enter into any interested party transactions in 2019;
- Entered into transactions with related parties, as presented in Note 28 of the Financial Statements for the year ended 31 December 2019;
- Did not have any long term debt, therefore applied no policy that links long term debt and share capital;
- On July 2019, OKTA signed an agreement to sell a catalyst listed in its Balance sheet as asset held for sale to the German Company Heraeus Deutschland GmbH & Co.KG, for a total consideration of 82,151,250 MKD;
- Followed its risk management policy as depicted in Note 3 of the yearly Financial Statements and faced no significant issues;
- On 15th of May 2019 the General Assembly of OKTA's Shareholder approved the distribution of dividend of a total amount of 61,784,280 MKD or 73 MKD (in absolute amount) per share;
- OKTA paid to the executive Board members the amount of MKD 8.9 million in the form of gross salaries and other benefits in amount of MKD 1 million. It also paid the non-executive Board members the total amount of MKD 1.28 million as compensation approved of by the Company's shareholders. For confidentiality, reasons the numbers for each member are not disclosed here but are available to the shareholders upon request.

Vuk Radovic

Chief Executive Officer





Ernst & Young
Certified Auditors Ltd - Skopje
bul. 8 Septemvri, 18-3/4
1000 Skopje,
Republic of N. Macedonia

Tel: (+389 2) 311 33 10
Fax: (+389 2) 311 34 38
www.ey.com

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 AD Skopje ("the Company") which comprise the Company's statement of financial position as at 31 December 2019 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then 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 accepted in Republic of North 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing accepted in Republic of North Macedonia and published in the Official Gazette no. 79 dated 11 June 2010. 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 qualified 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 AD Skopje) and the Government of Republic of Macedonia, the Company has recognized receivables in the period from 2000 to 2004 in amount of MKD 769.497 thousands relating to the period prior to acquisition. We were unable to obtain sufficient appropriate audit evidence to assess whether the Company will be able to recover these receivables. In addition, Company has reported trade payables relating to the period prior to acquisition in amount of MKD 176.507 thousand with no movement since 2005. We were unable to obtain sufficient appropriate audit evidence to assess whether the Company is still obliged to settle this amount. Consequently, we were unable to determine whether any adjustments to the stated amounts as at 31 December 2019 and 31 December 2018 were necessary. Our audit opinion on the financial statements for the year ended 31 December 2018 was modified accordingly.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2019 and its financial performance and its cash flows for the year then ended in accordance with accounting standards accepted in Republic of North Macedonia.

Report on Other Legal and Regulatory Matters

Management is also responsible for preparation of the annual report in accordance with article 384 of the Macedonian Company Law. Our responsibility in accordance with the Audit Law is to report whether the annual report is consistent with the annual account and audited financial statements of the Company for the year ended 31 December 2019. Our work regarding the annual report is performed in accordance with ISA 720 accepted in Republic of North Macedonia and published in the Official Gazette no. 79 dated 11 June 2010 and limited to assessing whether the historical financial information of the annual report is consistent with the annual account and audited financial statements of the Company.



The annual report is consistent, in all material respects, with the annual account and audited financial statements of the Company for the year ended 31 December 2019 on which we expressed a qualified opinion in the above section "Report on the Financial Statements".


Vladimir Sokolovski
General Manager




Danica Ganceva
Certified Auditor

Ernst & Young Certified Auditors DOO, Skopje

Skopje, 13.04.2020

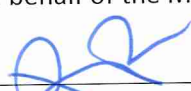
Statement of comprehensive income

		Year ended 31 st December	
	Note	2019	2018
Sales	5	27,673,826	27,513,169
Cost of goods sold	6	(26,512,202)	(26,606,208)
Gross profit		1,161,624	906,961
Operations and logistics expenses	7	(510,686)	(501,863)
Administrative expenses	8	(260,375)	(266,899)
Sales and distribution expenses	9	(117,379)	(119,415)
Other operating income	10	6,907	5,840
Change in value of assets held for sale	22	40,069	(129,508)
Other operating expenses	11	(26,313)	(15,949)
Operating profit/(loss)		293,847	(120,833)
Finance income	12	30,318	45,933
Finance costs	12	(22,311)	(29,425)
Finance income/(costs) – net		8,007	16,508
Profit/(Loss) before income tax		301,854	(104,325)
Income tax expense	13	(39,062)	4,198
Profit/(Loss) for the year		262,792	(100,127)
Other comprehensive income			
Change in employee benefits obligations		550	1,294
Change in value of available-for-sale financial assets		6,313	1,881
Total other comprehensive profit		6,863	3,175
Total comprehensive profit/(loss) for the year		269,655	(96,952)
Earnings per share information:			
Basic and diluted profit per share	14	0.31	(0.12)

Statement of financial position

		As at 31 st December	
	Note	2019	2018
ASSETS			
Non-current assets			
Intangible assets	15	15,562	17,102
Property, plant and equipment	16	1,458,177	1,649,667
Available-for-sale financial assets	17	16,146	9,833
Deferred tax assets	18	3,830	4,198
Total non-current assets		1,493,715	1,680,800
Current assets			
Inventories	19	671,775	496,388
Trade receivables	20	326,430	438,195
Other receivables	20	855,899	951,672
Cash and cash equivalents	21	2,294,892	1,376,727
Assets held for sale	22	154,926	192,677
Total current assets		4,303,922	3,455,659
TOTAL ASSETS		5,797,637	5,136,459
EQUITY AND LIABILITIES			
Equity			
Share capital		2,472,820	2,472,820
Statutory reserves		494,718	494,718
Revaluation and other reserves		426,020	419,157
Retained earnings		1,299,396	1,098,389
Total equity	23	4,692,954	4,485,084
Non-current liabilities			
Provision for employee benefit obligations	24	10,638	12,344
Total non-current liabilities		10,638	12,344
Current liabilities			
Trade payables	25	677,178	450,574
Other current liabilities	25	383,584	188,457
Current income tax payable		33,283	-
Total current liabilities		1,094,045	639,031
TOTAL LIABILITIES AND EQUITY		5,797,637	5,136,459

The financial statements of OKTA AD – Skopje were authorised for issue by the Management on 20th February 2020 and will be subject of approval by the Board of Directors on 27th February 2020. These financial statements are subject to approval from Company's Shareholders Assembly, as well.
Signed on behalf of the Management of OKTA AD - Skopje:


Vuk Radovic
Chief Executive Officer




Dimitrios Paschos
Finance and Administration Director

Notes are integral part of these financial statements

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

Statement of changes in equity

	Share capital	Statutory reserves	Revaluation and other reserves	Retained Earnings	Total
Balance at 1st January 2018	2,472,820	494,718	414,852	1,198,516	4,580,906
Net loss for 2018	-	-	-	(100,127)	(100,127)
Disposal of AFS	-	-	1,130	-	1,130
Comprehensive income	-	-	3,175	-	3,175
Total comprehensive income	2,472,820	494,718	419,157	1,098,389	4,485,084
Balance at 31st December 2018	2,472,820	494,718	419,157	1,098,389	4,485,084
Net profit for 2019	-	-	-	262,792	262,792
Valuation of AFS	-	-	6,313	-	6,313
Comprehensive income	-	-	550	-	550
Total comprehensive income	2,472,820	494,718	426,020	1,361,181	4,754,739
Dividend declared	-	-	-	(61,785)	(61,785)
Balance at 31st December 2019	2,472,820	494,718	426,020	1,299,396	4,692,954

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

Statement of cash flows

	Year ended 31 st December	
	2019	2018
Operating activities		
Profit/(loss) before tax	301,854	(104,326)
<i>Adjustments for:</i>		
Depreciation and amortization	250,169	273,009
Impairment charges and provisions	6,852	141,597
Disposal of assets	8,540	-
Interest income	(8,733)	(20,417)
Interest expense and bank charges	8,704	9,629
Cash generated from operations before changes in working capital	567,386	299,491
Cash flow from operating activities		
Increase in inventories	(175,387)	(16,753)
Decrease in receivables	245,289	309,893
increase /(Decrease) in payables	421,731	(580,650)
Cash generated from operations	1,059,019	11,981
Interest and bank charges paid	(8,704)	(9,629)
Income taxes paid	(5,411)	(30,357)
Net cash generated from/(used in) operating activities	1,044,904	(28,005)
Cash flow from investing activities		
Acquisition of property, plant and equipment	(74,614)	(95,893)
Sales of property, plant and equipment	732	-
Interest received	8,733	20,417
Bank Deposits	-	17,699
Net cash used in investing activities	(65,149)	(57,777)
Cash flow from financing activities		
Paid dividends	(61,858)	(34)
Received dividends	269	207
Net cash used in financing activities	(61,589)	173
Net increase/ (decrease) in cash and cash equivalents	918,166	(85,609)
Cash and cash equivalents at 1 st January	1,376,726	1,462,335
Cash and cash equivalents at 31st December (note 21)	2,294,892	1,376,726

(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 controlled by Hellenic Petroleum S.A. 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 2019, the Company had 324 employees (2018: 356 employees).

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

The financial statements of OKTA AD – Skopje were authorised for issue by the Management on 20th February 2020 and will be subject of approval by the Board of Directors on 27th February 2020. These financial statements are subject to approval from Company’s Shareholders Assembly, as well.

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, 6/2016, 30/2016, 61/2016, 88/2017, 192/2017, 64/2018 and 120/2018) 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

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).

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 Statement of comprehensive income. 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 Statement of comprehensive income 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 2019 and 31st December 2018 were as follows:

Exchange rate:	31 st December 2019	31 st December 2018
	MKD	MKD
EUR	61.49	61.50
USD	54.95	53.69

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.

A) 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.

B) 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)

B) Depreciation (continued)

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

	2019	2018
Buildings	20 - 40 years	20 - 40 years
Computers	4 - 5 years	4 - 5 years
Equipment	Up to 20 years	Up to 20 years
Other equipment and vehicles	8 years	8 years

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

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 4-5 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 Statement of comprehensive income 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 Statement of comprehensive income – is removed from equity and recognised in the Statement of comprehensive income. 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 Statement of comprehensive income, the impairment loss is reversed through the Statement of comprehensive income.

2.6. Assets held for sales

The Company classifies non-current assets held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Assets classified as assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental cost directly attributed to the disposal of an asset. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition or after completion of other process which are considered standard for such types of sales.

2.7. 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. Summary of significant accounting policies (continued)

2.8. 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.

2.9. 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.

2.10. Share capital

Ordinary and preference shares are classified as equity.

2.11. 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.

2.12. 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.

2. Summary of significant accounting policies (continued)

2.12. Provisions and contingent liabilities (continued)

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.

2.13. Income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Income Statement, 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.

A) 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.

B) 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)

2.14. Employees Benefits

A) Pension and other short-term liabilities to employees

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.

(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 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.

2.17. 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 Statement of comprehensive income. 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.

A) 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.

B) 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)****B) Foreign exchange risk (continued)**

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

2019	MKD	EUR	USD
Assets			
Cash and cash equivalents	2,196,815	77,844	20,233
Trade receivables and other current financial assets	1,856,139	148,118	4,773
Total assets	4,052,954	225,962	25,006
Liabilities			
Trade payables	381,992	115,655	179,531
Other current liabilities	416,867	-	-
Total liabilities	798,859	115,655	179,531
Net balance sheet exposure	3,254,095	110,307	(154,525)
2018	MKD	EUR	USD
Assets			
Cash and cash equivalents	1,345,407	28,827	2,492
Trade receivables and other current financial assets	1,824,552	212,894	41,486
Total assets	3,169,959	241,721	43,978
Liabilities			
Trade payables	257,455	30,459	162,660
Other current liabilities	188,342	-	-
Total liabilities	445,797	30,459	162,660
Net balance sheet exposure	2,724,162	211,262	(118,682)

The Company realized more purchases in USD than sales. At 31st December 2019, if USD would have been 1% (2018: 1%) weaker or stronger against MKD profit would have been MKD 1,545 thousand (2018: MKD 1,187 thousand) after tax in net balance higher or lower, respectively.

The Company realized more purchases in EUR than sales. At 31st December 2019, if EUR would have been 1% (2018: 1%) weaker or stronger against MKD profit would have been MKD 1,103 thousand (2018: MKD 2,110 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)

C) 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 2019, the Company has no time deposits (2018: nil).

D) 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.

E) 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)****E) Credit risk (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 2019 and 31st December 2018:

	2019	2018
Cash and cash equivalents	2,294,892	1,376,727
Trade receivables	326,430	438,195
Other receivables	855,899	951,672
	3,477,221	2,766,594

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 2019		31 st December 2018	
	Trade receivables - domestic	Trade receivables - foreign	Trade receivables - domestic	Trade receivables - foreign
Neither past due nor impaired	156,563	152,174	183,322	138,084
Past due but not impaired	16,976	717	1,127	115,662
Impaired	46,525	19,550	46,046	19,120
Gross	220,064	172,441	230,495	272,866
Less: allowance for impairment	(46,525)	(19,550)	(46,046)	(19,120)
Net	173,539	152,891	184,449	253,746

Trade receivables of MKD 17,693 thousand (2018: MKD 116,789 thousand) 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 20.

F) 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)****F) 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 2019			
Trade payables	677,178	-	-
Other current liabilities	383,584	-	-
	1,060,762	-	-
At 31st December 2018			
Trade payables	450,574	-	-
Other current liabilities	188,457	-	-
	639,031	-	-

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)

3.3. 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 2019:

	Carrying amount	Fair Value
Cash and cash equivalents	2,294,892	2,294,892
Trade receivables	326,430	326,430
Other current financial assets	855,899	855,899
	3,477,221	3,477,221

The table below shows the categorisation of financial assets as at 31st December 2018:

	Carrying amount	Fair Value
Cash and cash equivalents	1,376,727	1,376,727
Trade receivables	438,195	438,195
Other current financial assets	951,672	951,672
	2,766,594	2,766,594

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.

A) 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 25,017 thousand (2018: MKD 27,301 thousand).

The used depreciation rates are the best estimate of the useful life of the assets of the Company.

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

4.1. Critical accounting estimates and assumptions (continued)

B) 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.

C) 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.

D) 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.

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

5. Sales	2019	2018
Sales on domestic market	22,028,238	23,579,916
Sales on foreign market	5,645,588	3,933,253
	<u>27,673,826</u>	<u>27,513,169</u>

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

6. Cost of goods sold	2019	2018
Cost of traded goods	26,493,326	26,577,661
Impairment of inventories	-	13,674
Manipulation and shrinkage expenses	18,876	14,873
	<u>26,512,202</u>	<u>26,606,208</u>

7. Operations and logistics expenses	2019	2018
Depreciation and amortization	191,094	204,541
Gross salaries and wages	158,375	183,979
Electricity	20,216	21,211
Other fixed cost	12,154	12,706
Insurance expenses	28,398	16,079
Maintenance expenses	13,862	10,454
Personnel related expenses	26,423	22,493
Own consumption of fuels	2,250	2,333
Miscellaneous expenses	27,939	17,539
Redundancy expenses	29,091	9,754
Telecommunication expenses	517	485
Office supplies expenses	367	289
	<u>510,686</u>	<u>501,863</u>

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

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

8. Administrative expenses

	2019	2018
Gross salaries and wages	86,413	99,147
Miscellaneous expenses	55,844	43,545
Depreciation and amortization	41,005	51,220
Other fixed cost	28,062	22,454
Public relation and advertising expenses	13,400	12,448
Rental expenses	4,657	6,120
Personnel related expenses	10,632	10,273
Insurance expenses	6,491	9,426
Maintenance expenses	869	985
Business travel	1,393	1,483
Redundancy expenses	9,996	7,804
Telecommunication expenses	1,382	1,634
Office supplies expenses	231	360
	260,375	266,899

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

	2019	2018
Gross salaries and wages	32,450	34,977
Miscellaneous expenses	21,958	21,307
Depreciation and amortization	18,070	17,248
Maintenance expenses	1,626	1,394
Other variable expenses	5,632	12,503
Personnel related expenses	2,166	2,029
Transportation expenses	10,549	3,698
Other fixed cost	14,303	12,955
Rental expenses	1,309	1,384
Public relation and advertising expenses	3,223	3,205
Redundancy expenses	2,176	4,040
Dues and subscriptions	331	794
Insurance expenses	2,806	3,275
Office supplies expenses	480	343
Telecommunication expenses	300	263
	117,379	119,415

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

	2019	2018
Income from prior years	2,724	3,975
Income from sales of shares	-	1,211
Income from sales of electricity	3,579	447
Collected written off receivables	72	-
Dividend income	269	207
Income from sale of fixed assets	263	-
	6,907	5,840

11. Other operating expenses

	2019	2018
Impairment of spare parts and consumables	6,372	-
Disposed materials from warehouse	-	-
Waste treatment expenses and Provision for legal cases	6,355	14,877
Net book value of disposed fixed assets	12,009	35
Impairment of bad and doubtful debts	480	567
Cost of traded electricity	1,097	470
	26,313	15,949

12. Finance income and costs

	2019	2018
Foreign exchange gain	21,585	25,516
Interest income	8,733	20,417
Finance income	30,318	45,933
Foreign exchange loss	(13,607)	(19,796)
Interest expenses	(18)	(712)
Bank charges	(8,686)	(8,917)
Finance costs	(22,311)	(29,425)
Net finance income / (costs)	8,007	16,508

13. Income tax expense

Recognized in the statement of comprehensive income:

	2019	2018
<i>Current tax expense</i>		
Current year	(38,693)	-
<i>Deferred tax expense</i>		
Increase/ (decrease) in deferred tax assets	(369)	4,198
Total income tax in the statement of comprehensive income	(39,062)	4,198

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

13. Income tax expense (continued)

	2019	2018
Profit before tax/(Loss)	301,854	(104,326)
Expenses non tax deductible according to local regulations	127,331	62,550
Taxed income	-	-
Collected receivables taxed in previous years	-	-
Dividends received	(269)	(207)
Tax loss carries forward	(41,983)	41,983
	<u>386,933</u>	<u>-</u>
Current year tax charge	<u>38,693</u>	<u>-</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%.

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. In line with these changes profit tax for the year was 38,693 and deferred tax were calculated and recorded in the 2019 Statement of comprehensive income (see note 2.13).

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.

	2019	2018
Profit/(Loss) for the year	262,792	(100,127)
Profit/(Loss) to ordinary equity holders	<u>262,792</u>	<u>(100,127)</u>
Weighted average number of ordinary shares in issue:	<u>846,360</u>	<u>846,360</u>

Weighted average shares of the Company during 2019 was 846,360 (2018: 846,360). OKTA has no preference shares.

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

15. Intangible Assets

2019	Software and other rights	Total
Cost		
Balance as at 1 January 2019	67,265	67,265
Additions	8,363	8,363
Software under construction	732	732
Balance as at 31 December 2019	76,360	76,360
Accumulated Amortisation		
Balance as at 1 January 2019	50,163	50,163
Amortisation	10,635	10,635
Balance as at 31 December 2019	60,798	60,798
Net book value as at 31 December 2019	15,562	15,562
	Software and other rights	Total
2018		
Cost		
Balance as at 1 January 2018	62,275	62,275
Additions	1,969	1,969
Software under construction	3,021	3,021
Balance as at 31 December 2018	67,265	67,265
Accumulated Amortisation		
Balance as at 1 January 2018	38,423	38,423
Amortisation	11,740	11,740
Balance as at 31 December 2018	50,163	50,163
Net book value as at 31 December 2018	17,102	17,102

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

16. Property Plant and Equipment

	Land	Buildings	Machinery and equipment	Construc- tion in progress	Total
At 1 January 2019					
Cost	247,319	3,210,324	6,317,246	128,606	9,903,495
Accumulated depreciation	-	(2,986,153)	(5,267,675)	-	(8,253,828)
Net book amount	247,319	224,171	1,049,571	128,606	1,649,667
Year ended 31 December 2019					
Opening net book amount	247,319	224,171	1,049,571	128,606	1,649,667
Additions	-	-	-	56,584	56,584
Transfer from construction in progress	-	65,174	64,989	(130,163)	-
Disposals	-	(6,450)	(2,090)	-	(8,540)
Depreciation charge	-	(45,952)	(193,582)	-	(239,534)
Closing net book amount	247,319	236,943	918,888	55,027	1,458,177
At 31 December 2019					
Cost	247,319	3,208,551	6,365,019	55,027	9,875,916
Accumulated depreciation	-	(2,971,608)	(5,446,131)	-	(8,417,739)
Net book amount	247,319	236,943	918,888	55,027	1,458,177
Year ended 31 December 2018					
Opening net book amount	247,319	253,274	1,533,578	107,793	2,141,964
Additions	-	-	-	90,936	90,936
Transfer from construction in progress	-	20,009	50,114	(70,123)	-
Transfer to asset held for sale (net book value)	-	-	(321,965)	-	(321,965)
Depreciation charge	-	(49,112)	(212,156)	-	(261,268)
Closing net book amount	247,319	224,171	1,049,571	128,606	1,649,667
At 31 December 2018					
Cost	247,319	3,210,324	6,317,246	128,606	9,903,495
Accumulated depreciation	-	(2,986,153)	(5,267,675)	-	(8,253,828)
Net book amount	247,319	224,171	1,049,571	128,606	1,649,667

Out of total depreciation and amortisation expense (of the tangible and intangible assets) amount of MKD 191,094 thousand (2018: MKD 204,541 thousands) has been charged in Operations and logistic expenses, MKD 41,005 thousands (2018: MKD 51,220 thousands) in administrative costs and MKD 18,070 thousands (2018: MKD 17,248 thousands) in selling and distribution expenses.

Impairment of MKD 13,722 thousand is included in line disposal of machinery and equipment. The amount of disposal is presented on net basis.

During the past year, the Company has purchased the land which was in state ownership in the previous years.

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

16. 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 2019. 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 6.2% (5.92% for 2018) on a post-tax basis. The valuation model has not suggested any impairment and hence no impairments have been recorded as of 31st December 2019 or as at 31st December 2018. 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 6.2% WACC.

17. Available-for-sale financial assets

	2019	2018
At 1 st January	9,833	23,310
Additions	-	-
Disposals	-	(15,358)
Net gains transferred to revaluation reserves	6,313	1,881
At 31st December	16,146	9,833

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

	2019	2018
Investments in companies	16,146	9,833
	16,146	9,833

18. 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.

	2019	2018
Deferred tax asset:		
Deferred income tax assets to be recovered after more than 12 months	3,830	4,198
Deferred income tax assets to be recovered within 12 months	-	-
Deferred income tax asset	3,830	4,198

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

18. Deferred income tax assets (continued)

Movement in temporary differences during the year

	Balance 1 January 2019	Utilized Deferred income tax asset	Recognized in income	Balance 31 December 2019
In thousands of denars				
Loss carried forward	4,198	(4,198)	-	-
Depreciation of assets	-	-	3,830	3,830
	4,198	(4,198)	3,830	3,830

The temporary differences relate to difference in Depreciation rates between used Group Rates and Official Rates published by the Public Revenue Office.

19. Inventories

	2019	2018
Trade goods	650,688	469,740
Spare parts and tools and consumables stores	21,087	26,648
	671,775	496,388

20. Trade and other receivables

Carrying amount of trade receivables is presented as follows:

	2019	2018
Trade receivables domestic	220,064	230,495
Trade receivables foreign	172,441	272,866
Trade receivables – gross	392,505	503,361
Provision for impairment of trade receivables	(66,075)	(65,166)
Total trade receivables	326,430	438,195

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

20. Trade and other receivables (continued)

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

	2019	2018
Trade receivables - domestic	219,782	230,495
Trade receivables - foreign	172,372	178,378
Domestic receivables from related parties (note 28)	282	-
Foreign receivables from related parties (note 28)	69	94,488
Less: Provision for impairment	(66,075)	(65,166)
Trade receivables – net	326,430	438,195
Receivable from Escrow account	769,497	769,497
Prepaid expenses	79,630	90,647
Advance payments	3,546	4,288
Income tax receivables	-	29,931
Other short term receivables	3,226	3,327
VAT receivables	-	53,982
Other receivables	855,899	951,672
	1,182,329	1,389,867

Receivables from related parties represent receivables from VARDAX and Jugopetrol (Note 28).

Following the provisions of the Share Purchase and Concession Agreement dated 8th May 1999 concluded between ELP.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:

	2019	2018
Not past due	308,737	321,406
less than 30 days	15,888	109,706
30 to 90 days	343	6,843
90 days to 1 year	1,462	240
Over 1 year	66,075	65,166
Total gross receivables	392,505	503,361

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

	2019	2018
At 1 st January	65,166	63,766
Provision for receivables impairment	472	567
Collected receivables	-	-
Written off receivable	-	-
FX difference	437	833
At 31st December	66,075	65,166

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

20. 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:

	2019	2018
Over 1 year	66,075	65,166
Over 180 days	-	-
	<u>66,075</u>	<u>65,166</u>

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

	2019	2018
MKD	173,539	230,495
	148,118	177,683
EUR	4,773	95,183
USD	<u>326,430</u>	<u>503,361</u>

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

	2019	2018
MKD	855,899	951,672
	<u>855,899</u>	<u>951,672</u>

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

21. Cash and cash equivalents

	2019	2018
Bank accounts in domestic currency	2,192,805	941,661
Bank accounts in foreign currency	98,077	31,320
Cash on hand	-	3
Other cash and cash equivalents	4,010	403,743
	<u>2,294,892</u>	<u>1,376,727</u>

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

	2019	2018
MKD	2,196,815	1,345,407
EUR	77,844	28,827
USD	20,233	2,493
	<u>2,294,892</u>	<u>1,376,727</u>

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

22. Assets held for sale

	2019	2018
Property, plant and equipment	154,926	192,677
	154,926	192,677

The assets held for sale were written down to their fair value less estimated costs to sell during 2018. OKTA entered into a framework agreement for the refinement and sale of precious metals contained in the catalysts that were previously used for the refining of crude oil in 2018. The catalyst is classified as assets held for sales from the date the company entered into the framework agreement. The assessment of the fair value of the asset is done and the impairment loss of MKD 129,508 is recognized as of 31 December 2018. During 2019, part of the catalyst was sold, and reassessment of the sales value was performed as at 31 December 2019. Following these total net revenues from the transactions conducted in 2019 is MKD 40.069 thousand.

23. Capital and reserves**a) Shares**

The total authorised number of ordinary shares is 846,360 shares value of EUR 51.12 per share (2018: 846,360 ordinary shares with EUR 51.12 par value). All issued shares are fully paid.

The shareholders structure as at 31 December 2019 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.

b) Dividends

The company dividend payments during 2019 is MKD 61,858 thousand (2018: 34). Dividends declared and paid for the year ended 31 December 2019 entirely relate to cash dividends on ordinary shares. There are no other declared dividends.

Declared and paid during the period ended 31 December 2019

Final dividend from retained earnings:

Declared:	61,784
Paid from declared dividend during 2019:	61,253
Paid from declared dividend in previous years:	605
Total paid	61,858

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

23. Capital and reserves (continued)**c) 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 2019 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.

24. Employee benefit obligations

	2019	2018
Retirement benefit obligations and jubilee awards	10,638	12,344
	10,638	12,344

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 2019 and 2018.

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

24. Employee benefits obligations (continued)

	2019	2018
Amounts recognised in Balance sheet		
Present value of obligations	10,638	12,344
Fair value of plan assets	-	-
Net Liability/ (Asset) in Balance Sheet	10,638	12,344
Amounts recognized in Profit and Loss		
Service cost	539	609
Net interest on the net defined benefit liability/ (asset)	374	543
Recognition of actuarial (gain)/Loss	-	-
Regular P&L charge	913	1,152
Settlement/ Curtailment/ Termination loss/ (gain)	48,225	20,821
Total P&L Charge	49,138	21,973
Reconciliation of benefit obligation		
Defined Benefit Obligation at start period	12,344	13,680
Service cost	539	609
Interest cost	374	543
Benefits paid directly by the Company	(2,061)	(1,272)
Settlement/ Curtailment/ Termination loss (gain)	-	-
Actuarial (gain)/loss- experience	(558)	(1,216)
Defined benefit obligation at end of period	10,638	12,344
Movements in Net Liability/ (Asset) in Balance Sheet		
Net Liability/ (Asset) in Balance Sheet at the beginning of the period	12,344	13,680
Benefits paid directly	(50,287)	(22,093)
Total expense recognised in the income statement	49,131	22,051
Total amount recognised in the Other comprehensive income	(550)	(1,294)
Net Liability/ (Asset) in Balance sheet	10,638	12,344
Assumptions		
Discount rate	3,1%	2.9%
Price inflation	1,5%	1.8%
Rate of compensation increase	1,5%	1.8%
Plan duration	12,25	13.94

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

25. Trade and other payables

Carrying amount of trade payables is presented as follows:

	2019	2018
Domestic trade payables	381,992	257,455
Foreign trade payables	295,186	193,119
	677,178	450,574

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

	2019	2018
Domestic trade payables	381,992	257,455
Foreign trade payables	3,316	6,307
Foreign payables from related parties	115,363	17,203
Foreign trade payables prior acquisition	176,507	169,609
Trade payables	677,178	450,574
Advances received	59,109	37,120
Excise taxes payable	234,998	77,128
Salaries and wages	10,792	11,946
Personal income tax and contributions	5,470	5,830
Withholding tax	276	59
Provision for court cases	11,766	9,678
Accrued liabilities	50,221	46,394
VAT liabilities	10,892	-
Other	60	302
Other current liabilities	383,584	188,457
	1,060,762	639,031

Liabilities to related parties represent liabilities to Hellenic Petroleum S.A. Greece (Note 28).

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

	2019	2018
MKD	381,992	257,455
USD	115,655	162,660
EUR	179,531	30,459
	677,178	450,574

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

	2019	2018
MKD	383,584	188,457
	383,584	188,457

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

26. Expenses by nature	2019	2018
Cost of traded goods	26,493,326	26,577,661
Gross salaries and wages	277,238	318,103
Depreciation and amortization	250,169	273,009
Impairment of long term assets	49,858	129,508
Miscellaneous expenses	105,741	82,391
Other fixed cost	54,519	48,115
Personnel related expenses	39,221	34,795
Insurance expenses	37,695	28,780
Redundancy expenses	41,263	21,598
Electricity	20,216	21,211
Manipulation and shrinkage expenses	18,876	14,873
Maintenance expenses	16,357	12,833
Public relation and advertising expenses	16,623	15,653
Net book value of disposed fixed assets	12,009	35
Transportation expenses	10,549	3,698
Impairment of spare parts and consumables	6,372	-
Waste treatment expenses and Provision for legal cases	6,355	14,877
Rental expenses	5,966	7,504
Other variable expenses	5,632	12,503
Own consumption of fuels	2,250	2,333
Telecommunication expenses	2,199	2,382
Business travel	1,393	1,483
Cost of traded electricity	1,097	470
Office supplies expenses	1,078	992
Impairment of bad and doubtful debts	480	567
Dues and subscriptions	331	794
Impairment of traded goods	-	13,674
	27,476,813	27,639,842
27. Employee related expenses	2019	2018
Salaries and wages	170,083	195,768
Contributions and taxes	89,154	93,538
Other benefits	18,001	28,797
	277,238	318,103
	2019	2018
Average number of employees	336	366

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

28. Related party transactions

The Company is controlled by EL.P.ET Balkaniki S.A. Greece, which owns 81.51% of the Company's shares. Ultimate parent is Hellenic Petroleum S.A, incorporated in Greece. The remaining 7.62% of the shares are held by the minor shareholders and 10.87% of shares are held by DPTU Pucko Petrol Uvoz- Izvoz Doo - Makedonski Brod.

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

The following transactions were carried out with related parties, parent company, ultimate parent company (described above in the first paragraph of this Note) and other related parties which are members of Hellenic Petroleum Group of companies.

Sales of goods and services

<i>Sales of goods</i>	2019	2018
EKO Serbia	-	121,074
	-	121,074

<i>Sales of services</i>	2019	2018
Vardax S.A.	869	557
Jugopetrol A.D.	544	557
Hellenic Petroleum S.A.	-	71
EKO Bulgaria	-	3,487
	1,413	4,672

Purchases of goods and services

<i>Purchases of trading goods</i>	2019	2018
Hellenic Petroleum S.A.	25,775,521	25,755,005
HFL S.A.	529	597
	25,776,050	25,755,602

<i>Purchases of services</i>	2019	2018
Hellenic Petroleum S.A.	17,589	20,394
ELPE International consulting	9,291	1,660
Asprofos S.A.	4,613	-
HFL S.A.	6,053	4,992
EKO Bulgaria	3,600	300
	41,146	27,346

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

28. Related party transactions (continued)

	2019	2018
<i>Receivables arising from sale of goods</i>		
EKO Serbia	-	94,463
	-	94,463
<i>Receivables arising from sale of services</i>		
Vardax S.A.	282	-
Jugopetrol A.D.	69	-
	351	-
<i>Outstanding balances arising from purchase of goods/services</i>		
<i>Payables arising from purchase of raw materials and goods</i>		
Hellenic Petroleum S.A.	106,130	16,292
HFL S.A.	529	-
	106,659	16,292
<i>Payables arising from purchase of services</i>		
HFL S.A.	454	-
Hellenic Petroleum S.A.	2,933	912
ELPE International consulting	2,089	-
Asprofos S.A.	3,228	-
	8.704	912

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:

	2019	2018
Salaries	19,374	28,608
Taxes and contributions	9,485	11,173
Other benefits	2,627	7,838
	31,486	47,619

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

29. Contingencies

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 846,481 thousand as at 31 December 2019 (2018: MKD 600,405 thousands). No additional payments are anticipated at the date of the financial statements.

Unused Credit Limits

The Company has contingent liabilities in respect of unused credit limits in the amount of MKD 328,755 thousand as at 31 December 2019.

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. (Note 25).

In 2019, the customs authorities in Skopje, conducted an audit in OKTA, with regards to excise duties of euro diesel imports, for the fiscal years 2014 – 2018. They are of the opinion that, excise duties related to these imports, were not correctly calculated and they issued relevant decisions for the fiscal year 2014, imposing additional amounts of 23,155 thousand of MKD. The Company filed lawsuits, initiating administrative disputes, seeking full annulment, on grounds of substantial violations of procedural rules from the customs authorities' side, their failure to completely and correctly establish the facts of the case and to correctly apply substantive laws. The Company expects that the case will have a positive outcome, when the legal procedure will be concluded.

30. 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 7, 8 and 9.

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

	2019	2018
No later than 1 year	11,322	10,169
Later than 1 year and no later than 5 years	16,843	6,981
Later than 5 years	-	-
	28,165	17,150

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

31. Events after the reporting period

The Coronavirus (COVID-19) was confirmed by the World Health Organization in the early 2020s and spread worldwide, causing disruption to normal business activities. At the date of preparation of the report, no cases of COVID-19 employees were registered in the Company. Management considers the spread of the contagion to be an uncorrected event occurring after the balance sheet date. As the situation develops extremely rapidly, the management of the company continually assess the development of the epidemic and the potential impact to its business operations. Based on the aforementioned assessment and the liquidity position of the Company, Management considers that the use of the going concern assumption in the preparation of these financial statements is appropriate.

There are no other events after the reporting period that would have impact on the 2019 Statement of comprehensive income, Statement of financial position or Statement of cash flow.

Name of the Company: OKTA Crude Oil Refinery AD Skopje

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

Unique ID number: 4074009

Balance Sheet 01.01.2019 - 31.12.2019

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		1.490.131.271	1.676.948.341
Intangible assets (003+004+005+006+007+008)	002	5	15.561.721	17.102.161
Expenditures for research and development	003			
Patents, license, concession and other rights.	004		14.829.871	14.080.631
Goodwill	005			
Advance payment for intangible assets	006			
Intangible assets in preparation	007		731.850	3.021.531
Other intangible assets	008			
Tangible assets (010+013+014+015+016+017+018+019)	009	6	1.458.177.197	1.649.666.841
Immovable property (real estate) (011+012)	010		484.262.439	471.489.851
Land	011		247.318.807	247.318.801
Buildings	012		236.943.632	224.171.051
Plant and equipment	013		854.968.474	992.384.261
Transport assets	014		6.355.691	10.489.611
Tools, office inventor, assets for transport	015		57.523.551	46.656.951
Biological assets	016			
Advance payment for tangible	017			
Intangible assets in preparation	018		55.027.285	128.606.391
Other tangible assets in preparation	019		39.757	39.751
	020			
III. INVESTMENT IN IMMOVABLE PROPERTY				
LONG-TERM FINANCIAL ASSETS (022+023+024+025+026+030)	021		16.392.353	10.179.341
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		16.145.793	9.832.501
Investment in securities held to maturity	027			
Investments in securities available for sale	028		16.145.793	9.832.501
Investments in securities at fair value through profit or loss	029			
Other long-term financial assets	030		246.560	346.841
LONG-TERM RECEIVABLES (032+033+034)	031		0	0
Receivables from related parties	032			
Receivables from customers	033			
Other long-term receivables	034			
	035		3.829.702	4.198.251
VI. DEFERRED TAX ASSETS				
F. CURRENT ASSETS (037+045+052+059)	036		4.069.120.041	3.171.988.711
Stocks (038+039+040+041+042+043)	037		671.775.244	496.388.141

Stocks of raw materials	038		2.912.538	8.361.583
Stocks of spare parts, small inventory, packaging and tyres	039		18.174.583	18.286.290
Stock of unfinished products and semi-products	040			
Stock of finished products	041			
Stock of commercial products	042		650.688.123	469.740.274
Stock of biological products	043			

ASSETS (OR GROUP FOR TRANSFER FOR SALES AND INTERRUPTED WORKS)	044		154.926.467	192.677.280
III. SHORT-TERM RECEIVABLES (046+047+048+049+050+051)	045		1.102.453.143	1.298.873.980
Receivables from related parties	046	7	489.537	94.487.090
Trade accounts receivable	047	7	325.940.779	343.707.520
Advance payments	048		3.546.252	4.288.890
Receivables from the state upon taxes, social contribution, customs duties, excise and other duties towards the state	049			83.913.890
Receivables from the employees	050		0	()
Other short term receivables	051		772.476.575	772.476.570
IV. SHORT-TERM FINANCIAL ASSETS (053+056+057+058)	052		0	()
Investment in securities (054+055)	053		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	8	2.294.891.654	1.376.726.580
Cash	060		2.290.882.135	972.983.890
Cash equivalents	061		4.009.519	403.742.690
VI. PREPAYMENT OF EXPENSES FOR FUTURE PERIODS AND CALCULATED REVENUES	062		79.629.767	90.646.240
TOTAL ASSETS: ASSETS (001+035+036+044+062)	063		5.797.637.248	5.136.458.840
LIABILITIES: A. SHARE CAPITAL AND RESERVES (066+067-068-069+070+071+075-076+077-078)	064		3.615.529.828	3.615.529.820
SHARE CAPITAL	065		4.692.954.332	4.485.083.780
II. Share premiums	066	9	2.472.819.516	2.472.819.510
III. Own shares (-)	067			
IV. Registered, not paid capital (-)	068			
V. Revaluation reserve and differences from evaluation of components of the other comprehensive profit	069			
RESERVES (072+073+074)	070		108.618.513	101.755.500
Statutory reserves	071		812.119.797	812.119.790
Companies reserves (according to the Incorporation Act)	072		494.718.176	494.718.170
Other reserves	073			
VII. ACCUMULATED PROFIT	074		317.401.621	317.401.620
VIII. TRANSFERRED LOSS (-)	075		1.036.604.685	1.198.516.310
IX. PROFIT FOR THE CURRENT YEAR	076			
X. LOSS FOR THE CURRENT YEAR	077		262.791.821	
XI. SHARE CAPITAL OF THE OWNERS OF THE PARENT COMPANY	078			100.127.350
I. NON-CONTROLLABLE PARTICIPATION	079			
B. LIABILITIES (082+085+095)	080		1.044.055.283	596.207.290
I. LONG-TERM PROVISIONS FOR RISKS AND EXPENSES (083+084)	081		10.637.859	12.344.390
Provisions for pensions, severance payments and similar liabilities towards the employees	082			
Other long-term provisions for risks and expenses	083		10.637.859	12.344.390
LONG-TERM LIABILITIES (од 086 до 093)	084			
Liabilities to related parties	085		0	()
Trade payables	086			
Advance and deposit liabilities	087			
Liabilities upon loans and credits to related parties	088			
	089			

Liabilities upon loans and credits	090			
Liabilities upon securities	091			
Other financial liabilities	092			
Other long-term liabilities	093			
DEFERRED TAX LIABILITIES	094			

III. SHORT-TERM LIABILITIES (од 096 до 108)	095		1.033.417.424	583.862.900
Liabilities to related parties	096	10	115.347.932	17.179.220
Trade payables	097	10	561.830.320	433.394.660
Advance and deposit liabilities	098		59.109.552	37.119.670
Liabilities for taxes and social contribution upon salaries	099		5.469.737	5.829.780
Liabilities towards the employees	100		10.852.184	12.248.520
Current tax liabilities	101		279.448.410	77.186.820
Short-term provisions for risks and expenses	102			
Liabilities upon loans and credits to related parties	103			
Liabilities upon loans and credits	104		0	0
Liabilities upon securities	105			
Liabilities upon participation in the profits	106		1.359.289	904.190
Other financial liabilities	107			
Other long-term liabilities	108			
V. DEFERRED PAYMENTS OF EXPENSES AND INCOME IN FUTURE PERIODS	109		60.627.633,00	55.167.770
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		5.797.637.248	5.136.458.840
OUT-OF-BALANCE RECORDS - LIABILITIES	112		3.615.529.828	3.615.529.820

Name of the Company: OKTA Crude Oil Refinery AD Skopje

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

Unique ID number: 4074009

Income Statement 01.01.2019 - 31.12.2019					
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		27.680.911.971	27.525.571.032
2.	Sale income	202	11	27.677.404.841	27.513.616.443
3.	Other income	203		3.507.130	11.954.589
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			
4.6.	Stock of finished products and unfinished production at the end of the year	205		0	0
5.	Capitalisation of own production and services	206			
6.	II. OPERATIONAL EXPENSES (208+209+210+211+212+213+218+219+220+221+222)	207		27.491.870.527	27.648.759.038
7.	Raw materials expenses	208		43.251.162	45.823.211
8.	Purchase price of the goods sold	209		26.513.203.563	26.592.772.275
9.	Purchase price of materials, spare parts, small inventory, packaging and tyres	210			
10.	Services categorized as material expenses	211		78.342.058	69.969.442
11.	Other operational expenses	212		218.209.396	167.788.691
12.	Employees expenses (214+215+216+217)	213		312.202.035	353.189.626
12.a.	Net salaries	214		170.082.848	195.760.435
12.6.	Expenses for taxes and salaries contributions	215		17.019.343	18.097.630
12.b.	Mandatory social contribution expenses	216		68.604.407	75.448.223
12.r.	Other expenses for employees	217		56.495.437	63.883.338
13.	Depreciation of tangible and intangible assets	218		250.168.887	273.008.832
14.	Impairment of non-fixed assets	219			
15.	Impairment of fixed assets	220		63.082.291	143.749.567
16.	Provisions for risks and expenses	221		912.957	1.151.931
17.	Other operational expenses	222		12.498.178	1.305.463
18.	III. FINANCIAL INCOME (224+229+230+231+232+233)	223		126.437.806	39.370.856
19.	Financial income arising from related parties (225+226+227+228)	224		5.028.958	2.042.924
19.a.	Income from investment in related parties	225			
19.6.	Income from interests from related parties	226			
19.b.	Income from foreign exchange difference from related parties	227		5.028.958,00	2.042.924
19.r.	Other financial income from related parties	228			
20.	Income from investment in non-related parties	229		269.100	207.000
21.	Income from interests from non-related parties	230		6.176.881	11.696.410
22.	Income from foreign exchange difference from non-related parties	231		16.556.751	23.472.080
23.	Unrealised income from financial assets	232			
24.	Other financial income	233		98.406.116	1.952.442
25.	IV. FINANCIAL EXPENSES (235+239+240+241+242+243)	234		13.625.588	20.508.455
26.	Financial expenses with related parties (236+237+238)	235		4.495.169	7.147.360
26.a.	Expenses for interest payable to related parties	236			
26.6.	Expense for foreign exchange differences payable to related parties	237		4.495.169	7.147.360
26.b.	Other financial expenses payable to related parties	238			
27.	Expenses for interest payable to non-related parties	239		17.531	712.217
28.	Expense for foreign exchange differences payable to non-related parties	240		9.112.888	12.648.878
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		301.853.662	

35.	Loss from regular operations (204-205+207+234+245)-(201+223+244)	247		104.325.605
36.	Net profit from interrupted work	248		
37.	Net loss from interrupted work	249		
38.	Profit before taxation (246+248) или (246-249)	250	301.853.662	0
39.	Loss before taxation (247+249) или (247-248)	251	0	104.325.605
40.	Corporate income tax	252	42.891.543	
41.	Deferred tax assets	253	3.829.702	4.198.255
42.	Deferred tax liabilities	254		
43.	NET PROFIT FOR THE CURRENT YEAR (250-252+253-254)	255	262.791.821	100.127.350
44.	NET LOSS FOR THE CURRENT YEAR (251+252-253+254)	256	0	0
45.	Average number of employees upon work hours	257	336	366
46.	Number of months of work	258	12	12
47.	PROFIT/LOSS FOR THE PERIOD	259	262.791.821	100.127.350
47.a.	Profit belonging to the shareholders in the parent company	260	262.791.821	100.127.350
47.б.	Profit belonging to the uncontrollable participation	261		
47.в.	Loss belonging to the shareholders in the parent company	262		
47.г.	Loss belonging to the uncontrollable participation	263		
48.	EARNINGS PER SHARE	264		
48.a.	Total basic earnings per share	265	310	
48.б.	Total diluted earnings per share	266		
48.в.	Basic earning per share from interrupted work	267		
48.г.	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		262.791.821	
2.	Loss for the year	270			100.127.350
3.	Other comprehensive profit (273+275+277+279+281+283) - (274+276+278+280+282+284)	271		6.863.011	0
4.	Other comprehensive loss (274+276+278+280+282+284) - (273+275+277+279+281+283)	272			
5.	Gains arising from translation of foreign operations	273			
6.	Loss arising from translation of foreign operations	274			
7.	Gains from re-assessment of financial assets available for sale	275		6.313.293	
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		549.718	
14.	Actuarial losses on defined plans for employee benefits	282			
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		6.863.011	0
19.	Net other comprehensive loss (285-271) или (272+285)	287			
20.	Total comprehensive income for the year (269+286) или (286-270)	288		269.654.832	0
20.a.	Comprehensive income attributable to share holders of parent company	289		269.654.832	0
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			