

EKO SERBIA A.D. BEOGRAD

FINANCIAL STATEMENTS FOR THE
YEAR ENDING 31 DECEMBER 2018

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ANNUAL REPORT

*This is English translation of the Report
originally issued in Serbian language
(For management purposes only)*

INDEPENDENT AUDITORS' REPORT

TO THE OWNERS OF EKO Serbia a.d. Beograd

REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of EKO Serbia a.d. Beograd (hereinafter: the Company), which comprise the balance sheet as at 31 December 2018, and the income statement, statement of other 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 notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Law on Accounting and other accounting regulations in the Republic of Serbia, 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 the Standards on Auditing as applicable in the Republic of Serbia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with the Law on Accounting and other accounting regulations in the Republic of Serbia.



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Report on other legal and regulatory requirements

We have reviewed the annual business report of the Company. Management is responsible for the preparation of the annual business report in accordance with the legal requirements of the Republic of Serbia. Our responsibility is to assess whether the annual business report is consistent with the annual financial statements for the same financial year. Our work regarding the annual business report has been restricted to assessing whether the accounting information presented in the annual business report is consistent with the annual financial statements and did not include reviewing other information contained in the annual business report originating from non-audited financial or other records. In our opinion, the accounting information presented in the annual business report is consistent, in all material respects, with the financial statements of the Company for the year ended 31 December 2018.

Belgrade, 17 May 2019

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Danijela Mirković
for Ernst & Young d.o.o. Beograd



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Verica Najdanović
Authorized Auditor

BALANCE SHEET
as at December 31, 2018

in RSD 000

Group / account	ITEM	AOP	Note number	Amount		
				Current year amount	Previous year amount	
					Previous year closing balance	Previous year opening balance
1	2	3	4	5	6	7
	ASSETS					
00	A. SUBSCRIBED AND NOT PAID-IN CAPITAL	0001		-		
	B. NON-CURRENT ASSETS (0003 + 0010 + 0019 + 0024 + 0034)	0002		5.593.934	5.785.353	-
01	I. INTANGIBLE ASSETS (0004 + 0005 + 0006 + 0007 + 0008 + 0009)	0003		582.814	579.974	-
010, 019(part)	1. Investment in development	0004		-	-	
011, 012, 019(part)	2. Concessions, patents, licenses, software and similar rights	0005		44.532	49.621	
013, 019(part)	3. Goodwill	0006		-	-	
014, 019(part)	4. Other intangible assets	0007		21.231	13.542	
015, 019(part)	5. Intangible assets in progress	0008		517.051	516.811	
016, 019(part)	6. Advances for acquisition of intangible assets	0009		-	-	
02	II. PROPERTY, PLANT AND EQUIPMENT (0011 + 0012 + 0013 + 0014 + 0015 + 0016 + 0017 + 0018)	0010		4.993.922	5.170.261	-
020, 021, 029(part)	1. Land	0011		2.610.222	2.607.935	
022, 029(part)	2. Buildings	0012		2.128.438	2.256.325	
023, 029(part)	3. Plant and equipment	0013		129.837	139.140	
024, 029(part)	4. Investment property	0014		30.297	32.382	
025, 029(part)	5. Other Property, plant and equipment	0015		-	-	
026, 029(part)	6. Property, plant and equipment under construction	0016		19.160	34.103	
027, 029(part)	7. Investment in PPE owned by third parties	0017		75.968	61.423	
028, 029(part)	8. Advances for property, plant and equipment	0018		-	38.953	
03	III. BIOLOGICAL ASSETS (0020 + 0021 + 0022 + 0023)	0019		-	-	-
030, 031, 039(part)	1. Forests and plantations	0020		-	-	
032, 039(part)	2. Livestock	0021		-	-	
037, 039(part)	3. Biological assets in progress	0022		-	-	
038, 039(part)	4. Advances for biological assets	0023		-	-	
04. except 047	IV. LONG TERM FINANCIAL INVESTMENTS (0025 + 0026 + 0027 + 0028 + 0029 + 0030 + 0031 + 0032 + 0033)	0024		17.198	35.118	-
040, 049(part)	1. Investments in capital of parent companies and subsidiaries	0025		-	-	
041, 049(part)	2. Investments in capital of other associated companies and joint ventures	0026		-	-	
042, 049(part)	3. Investments in other legal entities and other securities available for sale	0027		-	-	
043(part), 044(part), 049(part)	4. Long-term loans to parent companies and subsidiaries	0028		-	-	
043(part), 044(part), 049(part)	5. Long-term loans to other related companies	0029		-	-	
045(part), 049(part)	6. Long term loans in country	0030		-	-	
045(part), 049(part)	7. Long term loans abroad	0031		-	-	
046, 049(part)	8. Securities held to maturity	0032		-	-	
048, 049(part)	9. Other long term investment	0033		17.198	35.118	
05	V. LONG TERM RECEIVABLES (0035 + 0036 + 0037 + 0038 + 0039 + 0040 + 0041)	0034		-	-	-
050, 059(part)	1. Long term receivables - parent companies and subsidiaries	0035		-	-	
051, 059(part)	2. Long term receivables - other related entities	0036		-	-	
052, 059(part)	3. Trade receivables for (goods) credit sales	0037		-	-	
053, 059(part)	4. Trade receivables for sales through finance lease	0038		-	-	
054, 059(part)	5. Long term receivables for guarantees	0039		-	-	
055, 059(part)	6. Doubtful long term receivables	0040		-	-	
056, 059(part)	7. Other long term receivables	0041		-	-	
288	V. DEFERRED TAX ASSETS	0042		137.400	291.826	
	G. CURRENT ASSETS (0044 + 0051 + 0059 + 0060 + 0061 + 0062 + 0068 + 0069 + 0070)	0043		2.180.060	1.840.056	-
Class 1	I. INVENTORIES (0045 + 0046 + 0047 + 0048 + 0049 + 0050)	0044		1.055.718	945.486	-
10	1. Raw material, spare parts, tools, and small parts	0045		4.393	1.297	
11	2. Work in progress (production and services)	0046		-	-	
12	3. Finished products	0047		-	-	
13	4. Merchandise	0048		938.294	934.412	
14	5. Non-current assets held for sale	0049		-	-	
15	6. Advances paid for inventories and services	0050		113.031	9.778	

	20 II. TRADE RECEIVABLES (0052 + 0053 + 0054 + 0055 + 0056 + 0057 + 0058)	0051	789.947	596.299	-
200, 209(part)	1. Trade receivables - domestic parent companies and subsidiaries	0052	644		
201, 209(part)	2. Trade receivables - foreign parent companies and subsidiaries	0053	-	451	
202, 209(part)	3. Trade receivables - domestic other related entities	0054	8		
203, 209(part)	4. Trade receivables - foreign other related entities	0055	-	4.625	
204, 209(part)	5. Trade receivables - domestic third party	0056	784.188	591.223	
205, 209(part)	6. Trade receivables - foreign third party	0057	5.123		
206, 209(part)	7. Other trade receivables	0058	-	-	
21	III. RECEIVABLES FROM SPECIFIC BUSINESS OPERATIONS	0059	385	3.622	
22	IV. OTHER RECEIVABLES	0060	3.759	20.387	
236	V. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS	0061	-	-	
23 except 230 and 237	VI. SHORT-TERM FINANCIAL INVESTMENTS (0063 + 0064 + 0065 + 0066 + 0067)	0062	-	-	-
230, 239(part)	1. Short-term loans and investments in parent companies and subsidiaries	0063	-	-	
231, 239(part)	2. Short-term loans and investments in other related companies	0064	-	-	
232, 239(part)	3. Short term loans - domestic	0065	-	-	
233, 239(part)	4. Short term loans - foreign	0066	-	-	
234, 235, 238, 239(part)	5. Other short-term financial investments	0067	-	-	
24	VII. CASH AND CASH EQUIVALENTS	0068	216.762	236.594	
27	VIII. VALUE ADDED TAX	0069	61.183	1.898	
28 except 288	IX. ACCRUED INCOME AND PREPAID EXPENSES	0070	52.306	35.770	
	D. TOTAL ASSETS (0001 + 0002 + 0042 + 0043)	0071	7.911.394	7.917.235	-
88	Ð. OFF-BALANCE SHEET ASSETS	0072	-	20.330	

	EQUITY AND LIABILITIES				
	A. EQUITY (0402 + 0411 - 0412 + 0413 + 0414 + 0415 - 0416 + 0417 + 0420 - 0421) ≥ 0 = (0071 - 0424 - 0441 - 0442)	0401	3.728.617	3.537.976	-
	30 I. BASIC CAPITAL (0403 + 0404 + 0405 + 0406 + 0407 + 0408 + 0409 + 0410)	0402	6.961.115	6.961.115	-
300	1. Share capital	0403	4.980.000	4.980.000	
301	2. Stakes in limited liability companies	0404	-	-	
302	3. Participating interests	0405	-	-	
303	4. State owned capital	0406	-	-	
304	5. Socially owned capital	0407	-	-	
305	6. Stakes in co-operatives	0408	-	-	
306	7. Share issuing premiums	0409	1.981.115	1.981.115	
309	8. Other capital	0410	-	-	
31	II. SUBSCRIBED AND NOT PAID-IN CAPITAL	0411	-	-	
047 and 237	III. BOUGHT UP OWN SHARES	0412	-	-	
32	IV. RESERVES	0413	-	-	
330	V. REEVALUATION RESERVES FOR REEVALUATION OF INTANGIBLES AND PP&E	0414	-	-	
33 except 330	VI. UNREALIZED GAINS ON SECURITIES AND ON COMPONENTS OF OTHER COMPREHENSIVE RESULT (credit balance of group 33 except account 330)	0415	958	338	
33 except 330	VII. UNREALIZED LOSSES ON SECURITIES AND ON COMPONENTS OF OTHER COMPREHENSIVE RESULT (debit balance of group 33 except account 330)	0416	-	-	
	34 VIII. RETAINED PROFITS (0418 + 0419)	0417	2.342.447	2.152.426	-
340	1. Retained profit from previous years	0418	2.143.140	1.160.283	
341	2. Retained profit from current year	0419	199.307	992.143	
	IX. NON-CONTROLLING INTERESTS	0420	-	-	
35	X. LOSS (0422 + 0423)	0421	5.575.903	5.575.903	-
350	1. Previous year's losses	0422	5.575.903	5.575.903	
351	2. Current year loss	0423	-	-	
	B. LONG-TERM PROVISIONS AND LIABILITIES (0425 + 0432)	0424	8.430	4.192	-
	40 I. LONG-TERM PROVISIONS (0426 + 0427 + 0428 + 0429 + 0430 + 0431)	0425	8.430	4.192	-
400	1. Provisions for costs incurred during the warranty period	0426	-	-	
401	2. Provisions for the recovery of natural resources	0427	-	-	
403	3. Provisions for restructuring costs	0428	-	-	
404	4. Provisions for employees benefits	0429	4.328	4.192	
405	5. Provisions for litigations	0430	4.102	-	
402 i 409	6. Other long-term provisions	0431	-	-	
	41 II. LONG-TERM LIABILITIES (0433 + 0434 + 0435 + 0436 + 0437 + 0438 + 0439 + 0440)	0432	-	-	-

410	1. Liabilities which can be converted into capital	0433	-	-	
411	2. Liabilities to parent companies and subsidiaries	0434	-	-	
412	3. Liabilities to other related companies	0435	-	-	
413	4. Liabilities for long-term securities	0436	-	-	
414	5. Long-term loans - domestic	0437	-	-	
415	6. Long-term loans - foreign	0438	-	-	
416	7. Liabilities for financial lease	0439	-	-	
419	8. Other long-term liabilities	0440	-	-	
498	V. DEFERRED TAX LIABILITIES	0441	-	-	
420 except 420 i (001)	G. SHORT-TERM LIABILITIES (0443 + 0450 + 0451 + 0459 + 0460 + 0461 + 0462)	0442	4.174.347	4.375.068	-
42	I. SHORT-TERM FINANCIAL LIABILITIES (0444 + 0445 + 0446 + 0447 + 0448 + 0449)	0443	1.784.446	1.712.446	-
420	1. Short-term loans from parent companies and subsidiaries	0444	-	-	
421	2. Short-term loans from other related companies	0445	-	-	
422	3. Short term loans - domestic	0446	1.784.446	1.712.446	
423	4. Short term loans - foreign	0447	-	-	
427	5. Liabilities for fixed assets and assets of discounting operations held for sale	0448	-	-	
424, 425, 426 i 429	6. Other short-term financial liabilities	0449	-	-	
430	II. RECEIVED ADVANCES, DEPOSITS AND CAUTION MONEY	0450	29.690	17.398	
43 except 430	III. LIABILITIES FROM OPERATIONS (0452 + 0453 + 0454 + 0455 + 0456 + 0457 + 0458)	0451	2.146.926	2.529.174	-
431	1. Trade payables - parent companies and subsidiaries - domestic	0452	-	-	
432	2. Trade payables - parent companies and subsidiaries - foreign	0453	-	-	
433	3. Trade payables - other related companies - domestic	0454	-	-	
434	4. Trade payables - other related companies - foreign	0455	-	-	
435	5. Trade payables - domestic	0456	1.837.050	2.324.233	
436	6. Trade payables - foreign	0457	119.524	125.279	
439	7. Other liabilities from business operations	0458	190.352	79.662	
44, 45 i 46	IV. OTHER SHORT-TERM LIABILITIES	0459	7.642	8.823	
47	V. LIABILITIES FOR VALUE ADDED TAX	0460	73.915	3.468	
48	VI. LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND OTHER DUTIES	0461	-	648	
49 except 498	VII. ACCRUALS AND DEFERRED INCOME	0462	131.728	103.111	
	D. LOSS OVER EQUITY (0412 + 0416 + 0421 - 0420 - 0417 - 0415 - 0414 - 0413 - 0411 - 0402) ≥ 0 = (0441 + 0424 + 0442 - 0071) ≥ 0	0463			
	Đ. TOTAL EQUITY AND LIABILITIES (0424 + 0442 + 0441 + 0401 - 0463) ≥ 0	0464	7.911.394	7.917.235	-
89	E. OFF BALANCE SHEET LIABILITIES	0465		20.330	

INCOME STATEMENT
for the period from January 1, 2018 to December 31, 2018

in RSD 000

Group / account	ITEM	AOP	Note number	Amount	
				Current year	Previous year
1	2	3	4	5	6
	INCOME FROM OPERATING ACTIVITIES				
60 to 65, except 62 and 63	A. OPERATING INCOME (1002 + 1009 + 1016 + 1017)	1001		20.337.339	18.493.385
60	I. REVENUE FROM THE SALE OF MERCHANDISE (1003 + 1004 + 1005 + 1006 + 1007+ 1008)	1002		20.182.333	18.388.709
600	1. Sales of merchandise to parent companies and subsidiaries - domestic market	1003		-	-
601	2. Sales of merchandise to parent companies and subsidiaries - foreign market	1004		-	-
602	3. Sales of merchandise to other associated companies - domestic	1005		-	-
603	4. Sales of merchandise to other associated companies - foreign	1006		-	-
604	5. Sales of merchandise to domestic customers	1007		20.182.333	18.388.709
605	6. Sales of merchandise to foreign customers	1008		-	-
61	II. REVENUE FROM SALES OF PRODUCTS AND SERVICES RENDERED (1010 + 1011 + 1012 + 1013 + 1014 + 1015)	1009		-	-
610	1. Sales of finished goods and services rendered to parent companies and subsidiaries - domestic market	1010		-	-
611	2. Sales of finished goods and services rendered to parent companies and subsidiaries - foreign market	1011		-	-
612	3. Sales of finished goods and services rendered to other associated entities - domestic	1012		-	-
613	4. Sales of finished goods and services rendered to other associated entities - foreign	1013		-	-
614	5. Sales of finished goods and services rendered to domestic customers	1014		-	-
615	6. Sales of finished goods and services rendered to foreign customers	1015		-	-
64	III. INCOME FROM PREMIUMS, SUBSIDIES, DONATIONS, GRANTS, ETC	1016		-	-
65	IV. OTHER OPERATING INCOME	1017		155.006	104.677

	EXPENSE FROM OPERATING ACTIVITIES			
50 - 55, 62 and 63	B. OPERATING EXPENSES (1019 – 1020 – 1021 + 1022 + 1023 + 1024 + 1025 + 1026 + 1027 + 1028 + 1029) ≥ 0	1018	19.822.456	17.593.328
50	I. COST OF GOODS SOLD	1019	18.116.253	15.891.057
62	II. INCOME FROM THE OWN USE OF PRODUCTS, SERVICES AND MERCHANDISE	1020	3.823	2.409
630	III. INCREASE IN VALUE OF FINISHED GOODS, WORK IN PROGRESS AND SERVICES IN PROGRESS	1021	-	-
631	IV. DECREASE IN VALUE OF FINISHED GOODS, WORK IN PROGRESS AND SERVICES IN PROGRESS	1022	-	-
Group 51 except 513	V. COST OF MATERIALS	1023	37.144	32.024
513	VI. COST OF FUEL AND ENERGY	1024	129.043	108.029
52	VII. COSTS OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES	1025	205.949	175.337
53	VIII. COSTS OF PRODUCTION SERVICES	1026	419.820	511.866
540	IX. DEPRECIATION AND AMORTIZATION	1027	225.045	216.506
from 541 to 549	X. LONG TERM PROVISION COSTS	1028	757	509
55	XI. NON-PRODUCTION COSTS	1029	692.269	660.409
	V. OPERATING INCOME (1001 – 1018) ≥ 0	1030	514.882	900.058
	G. OPERATING LOSS (1018 – 1001) ≥ 0	1031	-	-
66	D. FINANCE INCOME (1033 + 1038 + 1039)	1032	1.911	11.374
Group 66, except 662, 663 and 664	I. FINANCE INCOME FROM RELATED PARTIES AND OTHER FINANCE INCOME (1034 + 1035 + 1036 + 1037)	1033	-	-
660	1. Finance income incurred with parent companies and subsidiaries	1034	-	-
661	2. Finance income incurred with other associated companies	1035	-	-
665	3. Income from share in associates and joint ventures	1036	-	-
669	4. Other finance income	1037	-	-
662	II. INCOME FROM INTEREST (THIRD PARTIES)	1038	456	469
663 i 664	III. FX GAINS AND POSITIVE EFFECTS OF CURRENCY CLAUSE (THIRD PARTIES)	1039	1.455	10.906
56	D. FINANCE EXPENSE (1041 + 1046 + 1047)	1040	84.390	153.615
Group 56, except 562, 563 i 564	I. FINANCE EXPENSES INCURRED WITH RELATED COMPANIES AND OTHER FINANCIAL EXPENSES (1042 + 1043 + 1044 + 1045)	1041	-	-
560	1. Finance expenses incurred with parent companies and subsidiaries	1042	-	-
561	2. Finance expenses incurred with other associated companies	1043	-	-
565	3. Losses from share in losses of associates and joint ventures	1044	-	-
566 and 569	4. Other finance expenses	1045	-	-
562	II. INTEREST EXPENSES (THIRD PARTIES)	1046	81.677	149.034
563 i 564	III. FX LOSSES AND NEGATIVE EFFECTS OF CURRENCY CLAUSE (THIRD PARTIES)	1047	2.713	4.581
	E. FINANCE NET INCOME (1032 – 1040)	1048	-	-
	Ž. FINANCE NET LOSS (1040 – 1032)	1049	82.479	142.241

683 i 685	Z. INCOME FROM VALUE ADJUSTMENTS OF OTHER ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS	1050	-	-
583 i 585	I. EXPENSE FROM VALUE ADJUSTMENTS OF OTHER ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS	1051	65.179	21.922
67 i 68, except 683 i 685	J. OTHER INCOME	1052	124.895	133.138
57 i 58, except 583 i 585	K. OTHER EXPENSE	1053	138.387	168.715
	L. PROFIT FROM OPERATING ACTIVITIES BEFORE TAX (1030 – 1031 + 1048 – 1049 + 1050 – 1051 + 1052 – 1053)	1054	353.733	700.317
	LJ. LOSSES FROM OPERATING ACTIVITIES BEFORE TAX (1031 – 1030 + 1049 – 1048 + 1051 – 1050 + 1053 – 1052)	1055	-	-
69-59	M. NET INCOME FROM DISCONTINUING OPERATIONS , EFFECTS FROM CHANGES OF ACCOUNTUING POLICY , CORRECTIONS OF PREVIOUS PERIOD ERRORS	1056	- 0	-
59-69	N. NET LOSS FROM DISCONTINUING OPERATIONS , EFFECTS FROM CHANGES OF ACCOUNTUING POLICY , CORRECTIONS OF PREVIOUS PERIOD ERRORS	1057	-	-
	NJ. PROFIT BEFORE TAX (1054 – 1055 + 1056 – 1057)	1058	353.733	700.317
	O. LOSS BEFORE TAX (1055 – 1054 + 1057 – 1056)	1059	-	-
	P. INCOME TAX			-
721	I. CORPORATE INCOME TAX EXPENSES	1060	-	-
722 (part)	II. DEFFERED TAX EXPENSE	1061	154.427	
722 (part)	III. DEFFERED TAX INCOME	1062	-	291.826
723	R. PERSONAL EARNINGS OF THE EMPLOYER	1063	-	-
	S. NET PROFIT (1058 – 1059 – 1060 + 1061 - 1062)	1064	199.307	992.143
	T. NET LOSS (1059 – 1058 + 1060 + 1061 – 1062)	1065	-	-
	I. NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1066	-	-
	II.NET INCOME ATTRIBUTABLE TO PARENT COMPANY	1067	-	-
	III. EARNING PER SHARE			-
	1. Basic earnings per share	1068	-	-
	2. Diluted earnings per share	1069	-	-

OTHER COMPREHENSIVE INCOME
for the period from January 1, 2018 to December 31, 2018

in RSD 000

Group / account	ITEM	AOP	Note number	Amount	
				Current year	Previous year
1	2	3	4	5	6
	A. NET OPERATIONS RESULT				
	I. NET INCOME (AOP 1064)	2001		199.307	992.143
	II. NET LOSS (AOP 1065)	2002			
	B. OTHER COMPLETE GAINS OR LOSS				
	a) Items which will not be re-classified through Income statement in future periods				
	1. Changes in re-valuation of intangible assets, property, plant and equipment				
330	a) Increase in re-valuation reserves	2003			
	b) Decrease in re-valuation reserves	2004			
	2. Actuarial gains or losses on basis of plans of defined retainings				
331	a) Gains	2005		958	338
	b) Losses	2006			
	3. Gains or losses on investments in ownership securities				
332	a) Gains	2007			
	b) Losses	2008			
	4. Gains or losses on stakes in other complete gain or loss in associated companies				
333	a) Gains	2009			
	b) Losses	2010			
	b) Items which could be re-classified through Income statement in future periods				
	1. Gains or losses on translation of financial statements of abroad operations				
334	a) Gains	2011			
	b) Losses	2012			
	2. Gains or losses on instruments for protection of net abroad investment				
335	a) Gains	2013			
	b) Losses	2014			
	3. Gains or losses in cash flow protection instruments (hedging)				
336	a) Gains	2015			
	b) Losses	2016			
	4. Gains or losses on securities held for sales				
337	a) Gains	2017			
	b) Losses	2018			
	I. OTHER GROSS COMPLETE GAIN (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) - (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) ≥ 0	2019		958	338
	II. OTHER GROSS COMPLETE LOSS (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) - (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) ≥ 0	2020		-	-
	III. TAX ON OTHER COMPLETE GAIN OR LOSS OF PERIOD	2021			
	IV. NET OTHER COMPLETE GAIN (2019 - 2020 - 2021) ≥ 0	2022		958	338
	V. NET OTHER COMPLETE LOSS (2020 - 2019 + 2021) ≥ 0	2023		-	-
	C. TOTAL NET COMPLETE RESULT OF PERIOD				
	I. TOTAL NET COMPLETE GAIN (2001 - 2002 + 2022 - 2023) ≥ 0	2024		200.265	992.481
	II. TOTAL NET COMPLETE LOSS (2002 - 2001 + 2023 - 2022) ≥ 0	2025		-	-
	D. TOTAL NET COMPLETE GAIN OR LOSS (2027 + 2028) = AOP 2024 ≥ 0 or AOP 2025 > 0	2026		-	-
	1. Belonging to owners	2027			
	2. Belonging to minority stakeholders	2028			

STATEMENT OF CHANGES OF EQUITY
for the period from January 1, 2018 to December 31, 2018

in RSD 000

No.	DESCRIPTION	Equity components						
		AOP	30	AOP	31	AOP	32	AOP
			Basic capital		Unpaid subscribed capital		Reserves	
1	2	3	4	5				
	Opening balance of previous business period as of Jan 01, 2017							
1	a) Debit balance of account	4001		4019		4037		4055
	b) Credit balance of account	4002	6.961.115	4020		4038		4056
	Correction of materially significant errors and accounting policy changes							
2	a) Corrections on debit side of account	4003		4021		4039		4057
	b) Corrections on credit side of account	4004		4022		4040		4058
	Corrected opening balance of previous business period as of Jan 01, 2017							
3	a) Corrected debit balance of account $(1a + 2a - 2b) \geq 0$	4005	-	4023		4041		4059
	b) Corrected credit balance of account $(1b - 2a + 2b) \geq 0$	4006	6.961.115	4024	-	4042		4060
	Postings in previous business period 2017							
4	a) Debit side turnover of account	4007		4025		4043		4061
	b) Credit side turnover of account	4008		4026		4044		4062
	Ending balance of previous business period as of Dec 31, 2017							
5	a) Debit balance of account $(3a + 4a - 4b) \geq 0$	4009		4027		4045		4063
	b) Credit balance of account $(3b - 4a + 4b) \geq 0$	4010	6.961.115	4028	-	4046		4064
	Correction of materially significant errors and accounting policy changes							
6	a) Corrections on debit side of account	4011		4029		4047		4065
	b) Corrections on credit side of account	4012		4030		4048		4066
	Corrected opening balance of current business period as of Jan 01, 2018							
7	a) Corrected debit balance of account $(5a + 6a - 6b) \geq 0$	4013		4031		4049		4067
	b) Corrected credit balance of account $(5b - 6a + 6b) \geq 0$	4014	6.961.115	4032	-	4050		4068
	Postings in current business period of 2018							
8	a) Debit side turnover of account	4015		4033		4051		4069
	b) Credit side turnover of account	4016		4034		4052		4070
	Ending balance of current business period as of Dec 31, 2018							
9	a) Debit balance of account $(7a + 8a - 8b) \geq 0$	4017		4035		4053		4071
	b) Credit balance of account $(7b - 8a + 8b) \geq 0$	4018	6.961.115	4036	-	4054		4072

in RSD 000

No.	DESCRIPTION	Equity components				
		35	AOP	047 i 237	AOP	34
		Loss		Repurchase d treasury shares		Retained earnings
1	2	6		7		8
	Opening balance of previous business period as of Jan 01, 2017					
1	a) Debit balance of account	5.575.903	4073		4091	
	b) Credit balance of account		4074		4092	1.160.283
	Correction of materialy significant errors and accounting policy changes					
2	a) Corrections on debit side of account		4075		4093	
	b) Corrections on credit side of account		4076		4094	
	Corrected opening balance of previous business period as of Jan 01, 2017					
3	a) Corrected debit balance of account $(1a + 2a - 2b) \geq 0$	5.575.903	4077		4095	
	b) Corrected credit balance of account $(1b - 2a + 2b) \geq 0$	-	4078		4096	1.160.283
	Postings in previous business period 2017					
4	a) Debit side turnover of account		4079		4097	
	b) Credit side turnover of account		4080		4098	992.143
	Ending balance of previous business period as of Dec 31, 2017					
5	a) Debit balance of account $(3a + 4a - 4b) \geq 0$	5.575.903	4081		4099	
	b) Credit balance of account $(3b - 4a + 4b) \geq 0$		4082		4100	2.152.426
	Correction of materialy significant errors and accounting policy changes					
6	a) Corrections on debit side of account		4083		4101	
	b) Corrections on credit side of account		4084		4102	
	Corrected opening balance of current business period as of Jan 01, 2018					
7	a) Corrected debit balance of account $(5a + 6a - 6b) \geq 0$	5.575.903	4085		4103	
	b) Corrected credit balance of account $(5b - 6a + 6b) \geq 0$		4086		4104	2.152.426
	Postings in current business period of 2018					
8	a) Debit side turnover of account		4087		4105	9.285
	b) Credit side turnover of account		4088		4106	199.307
	Ending balance of current business period as of Dec 31, 2018					
9	a) Debit balance of account $(7a + 8a - 8b) \geq 0$	5.575.903	4089		4107	
	b) Credit balance of account $(7b - 8a + 8b) \geq 0$		4090		4108	2.342.448

No.	DESCRIPTION	Items of other comprehensive income						333 Gains or losses on stakes in other complete gain or loss in associated companies
		AOP	330 Re-valuation reserves	AOP	331 Actuarial gains or losses	AOP	332 Gains or losses on equity investments	
1	2		9		10		11	12
	Opening balance of previous business period as of Jan 01, 2017							
1	a) Debit balance of account	4109		4127	1.772	4145		4163
	b) Credit balance of account	4110		4128		4146		4164
	Correction of materially significant errors and accounting policy changes							
2	a) Corrections on debit side of account	4111		4129		4147		4165
	b) Corrections on credit side of account	4112		4130		4148		4166
	Corrected opening balance of previous business period as of Jan 01, 2017							
3	a) Corrected debit balance of account $(1a + 2a - 2b) \geq 0$	4113		4131	1.772	4149		4167
	b) Corrected credit balance of account $(1b - 2a + 2b) \geq 0$	4114		4132	-	4150		4168
	Postings in previous business period 2017							
4	a) Debit side turnover of account	4115		4133		4151		4169
	b) Credit side turnover of account	4116		4134	2.110	4152		4170
	Ending balance of previous business period as of Dec 31, 2017							
5	a) Debit balance of account $(3a + 4a - 4b) \geq 0$	4117		4135		4153		4171
	b) Credit balance of account $(3b - 4a + 4b) \geq 0$	4118		4136	338	4154		4172
	Correction of materially significant errors and accounting policy changes							
6	a) Corrections on debit side of account	4119		4137		4155		4173
	b) Corrections on credit side of account	4120		4138		4156		4174
	Corrected opening balance of current business period as of Jan 01, 2018							
7	a) Corrected debit balance of account $(5a + 6a - 6b) \geq 0$	4121		4139		4157		4175
	b) Corrected credit balance of account $(5b - 6a + 6b) \geq 0$	4122		4140	338	4158		4176
	Postings in current business period of 2018							
8	a) Debit side turnover of account	4123		4141		4159		4177
	b) Credit side turnover of account	4124		4142	620	4160		4178
	Ending balance of current business period as of Dec 31, 2018							
9	a) Debit balance of account $(7a + 8a - 8b) \geq 0$	4125		4143		4161		4179
	b) Credit balance of account $(7b - 8a + 8b) \geq 0$	4126		4144	958	4162		4180

in RSD 000

No.	DESCRIPTION	Items of other comprehensive income						Total equity [$\sum(\text{row 1b col. 3 to col. 15}) - \sum(\text{row 1a col. 3 to col. 15}) \geq 0$]	Loss exceeding equity [$\sum(\text{row 1a col. 3 to col. 15}) - \sum(\text{row 1b col. 3 to col. 15}) \geq 0$]
		AOP	334 i 335	AOP	336	AOP	337		
			Gains or losses on translation of financial statements of abroad operations		Gains or losses in hedging protection of cash flow		Gains or losses on securities held for sales		
1		2	13		14		15	16	17
1	Opening balance of previous business period as of Jan 01, 2017								
	a) Debit balance of account	4181		4199		4217		4235	4244
	b) Credit balance of account	4182		4200		4218			2.543.723
2	Correction of materialy significant errors and accounting policy changes								
	a) Corrections on debit side of account	4183		4201		4219		4236	4245
	b) Corrections on credit side of account	4184		4202		4220			0
3	Corrected opening balance of previous business period as of Jan 01, 2017								
	a) Corrected debit balance of account (1a + 2a - 2b) ≥ 0	4185		4203	-	4221		4237	4246
	b) Corrected credit balance of account (1b - 2a + 2b) ≥ 0	4186		4204	-	4222			2.543.723
4	Postings in previous business period 2017								
	a) Debit side turnover of account	4187		4205		4223		4238	4247
	b) Credit side turnover of account	4188		4206		4224			
5	Ending balance of previous business period as of Dec 31, 2017								
	a) Debit balance of account (3a + 4a - 4b) ≥ 0	4189		4207	-	4225		4239	4248
	b) Credit balance of account (3b - 4a + 4b) ≥ 0	4190		4208		4226			3.537.976
6	Correction of materialy significant errors and accounting policy changes								
	a) Corrections on debit side of account	4191		4209		4227		4240	4249
	b) Corrections on credit side of account	4192		4210		4228			0
7	Corrected opening balance of current business period as of Jan 01, 2018								
	a) Corrected debit balance of account (5a + 6a - 6b) ≥ 0	4193		4211	-	4229		4241	4250
	b) Corrected credit balance of account (5b - 6a + 6b) ≥ 0	4194		4212	-	4230			3.537.976
8	Postings in current business period of 2018								
	a) Debit side turnover of account	4195		4213		4231		4242	4251
	b) Credit side turnover of account	4196		4211		4232			
9	Ending balance of current business period as of Dec 31, 2018								
	a) Debit balance of account (7a + 8a - 8b) ≥ 0	4197		4215	-	4233		4243	4252
	b) Credit balance of account (7b - 8a + 8b) ≥ 0	4198		4216		4234			3.728.618

CASH FLOW STATEMENT
for the period from January 1, 2018 to December 31, 2018

in RSD 000

ITEM	AOP	Amount	
		Current year	Previous year
1	2	3	4
A. CASH FLOW FROM OPERATING ACTIVITIES			
I. Cash inflow s from operating activities (1 to 3)	3001	23.399.089	20.576.271
1. Inflow s from sales and prepayments	3002	23.391.117	20.571.400
2. Interest from operating activities	3003	456	469
3. Other inflow s from operating activities	3004	7.516	4.402
II. Cash outflow s from operating activities (1 to 5)	3005	23.381.583	19.741.501
1. Trade payables and prepayments	3006	22.826.894	19.061.905
2. Salaries, wages and other personnel expenses	3007	248.012	175.337
3. Interests paid	3008	328	141.733
4. Corporate income tax	3009	-	-
5. Outflow s from other public revenues	3010	306.349	362.526
III. Net cash inflow from operating activities (I-II)	3011	17.506	834.770
IV. Net cash outflow from operating activities (II-I)	3012	-	-
B. CASH FLOW FROM INVESTING ACTIVITIES			
I. Cash inflow s from operating activities (1 to 5)	3013	548	1.129
1. Sale of shares and stakes (net inflow s)	3014	-	-
2. Sale of intangible assets, immovable property, plants, equipment and natural resources	3015	548	1.129
3. Other financial investments (net inflow s)	3016	-	-
4. Interest from investing activities	3017	-	-
5. Inflow s from dividends	3018	-	-
II. Cash outflow s from investing activities (1 to 3)	3019	105.854	56.037
1. Purchase of shares and stakes (net outflow s)	3020	-	-
2. Purchase of intangible assets, immovable property, plants, equipment and natural resources	3021	105.854	56.037
3. Other financial investments (net outflow s)	3022	-	-
III. Net cash inflow from investing activities (I-II)	3023	-	-
IV. Net cash outflow from investing activities (II-I)	3024	105.306	54.908
C. CASH FLOW FROM FINANCING ACTIVITIES			
I. Cash inflow s from financing activities (1 to 5)	3025	391.274	3.633.439
1. Share capital increase	3026	-	-
2. Long-term loans (net-inflow s)	3027	-	-
3. Short-term loans (net-inflow s)	3028	391.274	3.633.439
4. Other long-term liabilities	3029	-	-
5. Other short-term liabilities	3030	-	-
II. Cash outflow s from financing activities (1 to 6)	3031	323.000	4.386.215
1. Treasury shares and stakes	3032	-	-
2. Long-term loans (outflow s)	3033	-	-
3. Short-term loans (outflow s)	3034	323.000	4.386.215
4. Other liabilities (outflow s)	3035	-	-
5. Financial leasing	3036	-	-
6. Dividends paid	3037	-	-
III. Net cash inflow from financing activities (I-II)	3038	68.274	-
IV. Net cash outflow from financing activities (II-I)	3039	-	752.776
D. TOTAL CASH INFLOW (3001 + 3013 + 3025)	3040	23.790.911	24.210.839
E. TOTAL CASH OUTFLOW (3005 + 3019 + 3031)	3041	23.810.437	24.183.753
F. NET CASH INFLOW (3040 - 3041)	3042	27.086	27.086
G. NET CASH OUTFLOW (3041 - 3040)	3043	19.526	-
H. CASH BALANCE AT THE BEGINNING OF THE PERIOD	3044	236.594	209.634
I. POSITIVE EFFECTS OF EXCHANGE RATE CHANGES FROM CASH CALCULATION	3045	67	-
J. NEGATIVE EFFECTS OF EXCHANGE RATE CHANGES FROM CASH CALCULATION	3046	373	126
K. CASH BALANCE AT THE END OF THE PERIOD (3042 - 3043 + 3044 + 3045 - 3046)	3047	216.762	236.594

EKO SERBIA A.D. BEOGRAD

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER
31, 2018**

(all the amounts are presented in '000 RSD, unless stated otherwise)

1. Corporate information

EKO Serbia a.d. is engaged in the following business activities: the wholesale and retail sale of motor fuel, other commodities (supermarket goods, oils), carwash and coffee shop services. The Company was established on 6 September 2002 and is wholly owned by EKO-ELDA from Greece. In December 2007, the ownership of the Company changed and HELLENIC PETROLEUM SERBIA (HOLDINGS), a Cyprus entity, became a 100% owner of EKO SERBIA AD.

The Company's parent company is Hellenic Petroleum (headquartered in Greece).

The Company's registered office is in Belgrade, at 274a Tošin Bunar st.

The Company has been registered as a closed joint stock company and is not listed on the Belgrade stock exchange.

The number of employees with the Company as at 31 December 2018 was 47 (31.12.2016: 50). The Company's stand-alone financial statements were approved for issue by Company's Management on 17 May 2019.

2. Basis of preparation

The Company maintains its records and prepares financial statements in accordance with the Law on Accounting of the Republic of Serbia and other related Serbian regulations.

According to the Law on Accounting, large legal entities, entities that are required to prepare consolidated financial statements (parent companies), public entities or those entities that plan to go public in accordance with the Law on Capital Markets in the Republic of Serbia, irrespective of its size, apply International Financial Reporting Standards, published in Serbian language by the ministry in charge of finance, for recognition, measurement, presentation and disclosure of financial statements.

IAS, IFRS and interpretations published by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee by June 2012 have been officially adopted by the Republic of Serbia Ministry of Finance Decision on publication of International financial reporting standards (decision number 401-00-896/2014-16) and published in Official Gazette of the Republic of Serbia no. 35 dated 27 March 2014.

Any new or amended IFRS and IFRIC interpretations issued subsequent to June 2012 have not been applied in the preparation of the accompanying financial statements.

Furthermore, the accompanying financial statements have been prepared in accordance with the requirements of Rulebook on Chart of Accounts and Contents of Accounts Included in the Chart of Accounts for Companies, Cooperatives and Entrepreneurs (Official Gazette of the Republic of Serbia 95/2014) and Rulebook on Contents and Format of the Financial Statements Forms for Companies, Cooperatives and Entrepreneurs (Official Gazette of the Republic of Serbia 95/2014 and 144/2014).

These Rulebooks supersede the requirements of IFRS as published by the Ministry of Finance with respect to the presentation of financial statements.

Due to departures detailed above these financial statements do not comply with IFRS.

2.1 Basis of accounting

These financial statements have been prepared in accordance with the historical cost principle. The financial statements are presented in RSD of the Republic of Serbia (RSD) and all expressed numerical values are presented in thousand of RSD (RSD'000), unless otherwise stated.

In compiling the accompanying financial statements, the Company has applied the accounting policies disclosed below.

(all the amounts are presented in '000 RSD, unless stated otherwise)

2.2 Going concern

The financial statements have been prepared in accordance with the going concern concept, which implies that the Company will continue to operate in an unlimited period in the foreseeable future.

3. Summary of significant accounting policies

3.1 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of the Company are measured and presented in Serbian dinars ("RSD") irrespective of whether the RSD is the Company's functional currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions in foreign currency and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

3.2 Intangible assets

(a) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of three to five years.

Costs associated with developing or maintaining computer software programs are recognized as an expense when incurred. Costs that are directly associated with identifiable and unique software products controlled by the Company and will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the cost of employees engaged in software development and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful.

3.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and provision for impairment, where required. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized 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. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The borrowing costs incurred on asset construction that meet the criteria of a qualifying asset are capitalized during the period of time required for assets to get ready for their intended use or sale. Other borrowing costs are expensed as incurred.

Land is not depreciated. City construction plots leased out on a long-term basis are depreciated in the same manner as buildings constructed on such plots at an annual depreciation rate of 4%.

The depreciation of other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

(all the amounts are presented in '000 RSD, unless stated otherwise)

3. Summary of significant accounting policies (continued)

3.3 Property, plant and equipment (continued)

Buildings	4%
Vehicles	20%
Furniture	10%
Machinery and equipment	15%
Telecommunications equipment	20%
Computers, software, movable property	30%
Leasehold improvements	10%

The assets' residual value is the estimated amount that the Company could obtain on asset disposal, less estimated selling expenses, if the asset is old and in a condition expected at the end of its useful life. The assets' residual value is equal to zero if the Company expects to use the asset until the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized within Other income/expenses in the income statement.

3.4 Impairment of non-financial assets

Assets with indefinite useful lives are not subject to amortization and are tested annually for impairment. Assets subject to amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date..

3.5 Investment property

Investment property is a property held to earn rentals or for capital appreciation or both.

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Company.

Land held under operating lease is classified and accounted for as investment property when the rest of the definition of investment property is met.

Investment properties are stated at cost less accumulated depreciation and provision for impairment, where required. If any indication exists that investment properties may be impaired, the Company estimates the recoverable amount as the higher of the value in use and the fair value less costs to sell. The carrying amount of an investment property is written down to its recoverable amount through profit or loss. An impairment loss recognized in prior years is reversed if there has been a subsequent change in the estimates used to determine the asset's recoverable amount.

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with it will flow to the Company and the cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred. If an investment property becomes owner-occupied, it is reclassified to property, plant and equipment, and its carrying amount at the date of reclassification becomes its deemed cost to be subsequently depreciated.

(all the amounts are presented in '000 RSD, unless stated otherwise)

3. Summary of significant accounting policies (continued)

3.6 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. The net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Costs of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges purchases of raw materials.

3.7 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. Alternatively, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and are subsequently measured at amortized 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 in accordance with the original terms of receivables. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or financial reorganization, 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 estimated future cash flows, discounted at the 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 recognized in the income statement within 'other expenses'.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to 'other income'.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise: cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are presented in the balance sheet and are included in current liabilities as borrowings.

3.9 Off-balance sheet liabilities

Off balance sheet liabilities relate to deferred payment guarantees issued to a supplier or as a collateral to tender customers.

3.10 Equity

Share equity

Ordinary and preference shares are classified as equity. Mandatory redeemable preference shares are classified as liabilities. The Company's shares are internally issued, not listed on the Belgrade stock exchange since the Company has been registered as a closed joint stock company.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds from the share issue.

Where the Company purchases its equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity (and attributed to shareholders) until the shares are cancelled or reissued.

Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity, which is attributed to company shareholders.

(all the amounts are presented in '000 RSD, unless stated otherwise)

3. Summary of significant accounting policies (continued)

3.11 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Loan origination fees are recognized as transaction costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least 12 months after the balance sheet date.

3.13 Trade 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 (or in the normal operating cycle of the business if longer). Alternatively, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method.

3.14 Current and deferred income tax

The current income tax charge is calculated based on the tax laws applicable at the balance sheet date in the Republic of Serbia where the Company operates and generates taxable profit. Management periodically evaluates positions presented in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the 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 (tax loss).

(all the amounts are presented in '000 RSD, unless stated otherwise)

3. Summary of significant accounting policies (continued)

3.14 Current and deferred income tax (continued)

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted up to 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 profits 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 taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.15 Employee benefits

The Company operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

(a) Retirement benefit obligation

The Company operates a defined contribution pension plan. The Company pays contributions to publicly administered pension insurance plans on a mandatory basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

b) Other employee benefit

The Company provides retirement employee benefit schemes. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age or the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. The defined benefit obligation is calculated annually, and provision is made in proportion to employee service period (Note 15).

3.16 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts after eliminating sales within the Company.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as describe below. The amount of the revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods - wholesale

The Company sells fuels and petroleum products in the wholesale market. Sales of goods are recognised when the Company has delivered products to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler 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.

The products are often sold with volume discounts. Sales are recorded based on the price specified in the sales contracts, net of the estimated volume discounts. The volume discounts are assessed based on anticipated annual purchases.

(all the amounts are presented in '000 RSD, unless stated otherwise)

3. Summary of significant accounting policies (continued)

3.16 Revenue recognition (continued)

(b) Sales of goods - retail

Sales of goods are recognised when a Company sells a product to the customer. Retail sales are usually in cash or by credit card. The income recorded is the amount of gross sales including credit card commission.

3.17 Leases

(a) Leases: Accounting by lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(b) Leases: Accounting by lessor

When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset.

Lease income is recognised over the term of the lease on a straight-line basis.

(c) Right of use of land

The right of use of land acquired as a separate transaction through payment to the relevant Local Authority is treated as an intangible asset and is amortised over 25 years.

3.18 Dividend distribution

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

4. Financial risk management

4.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (foreign exchange risk, liquidity risk and cash flow interest rate risk). The Company's overall risk management programme focuses on minimising the potential adverse effects on the Company's financial performance in unforeseeable market circumstances. Risk management is carried out by the Company Treasury under policies approved by the Board of Directors. The Company Treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units.

(a) Market risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to EUR and GBP. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities.

The management of the Company has set up a policy to manage its foreign exchange risk in relation to its functional currency. In order to hedge from the potential foreign exchange loss, the Group passed a decision that all new borrowings will be affected in the Company's functional currency. Foreign exchange risk arises when future transactions or recognized assets and liabilities are denominated in a currency that is not the Company's functional

(all the amounts are presented in '000 RSD, unless stated otherwise)

4. Financial risk management (continued)

4.1 Financial risk factors (continued)

RSD '000	Effect on Profit Before Tax
<hr/>	
2018	
10%	(12.056)
-10%	12.056
<hr/>	
2017	
10%	(12.020)
-10%	12.020
<hr/>	

(b) Credit risk

The Company has no significant concentrations of credit risk. The Company has policies in place to ensure that wholesale sales of products are made to customers with an appropriate credit history. Sales to retail customers are made in cash or via major credit cards. Receivables from major wholesale customers are secured with bank guarantees, which cover 50% of total receivables (Note 9).

Credit risk arises from cash and cash equivalents with banks and financial institutions, as well as credit exposures to wholesale customers, including outstanding receivables and committed transactions. The Company uses internal credit quality ratings, taking into account financial position of a customer, annual turnover, year-end balance, terms of payment, past experience and other factors. The utilization of credit limits is regularly monitored.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Company's finance department aims to maintain flexibility in funding by maintaining availability under committed credit lines (Note 16).

The table below analyses the Company's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not material.

As at 31 December 2018	Less than 1 year
Borrowings	1.784.446
Trade payables	2.164.566

(d) Cash flow interest rate risk

The Company has short-term borrowings issued at variable rates, which expose it to cash flow interest rate risk. Any change in the base interest rate (1M BELIBOR) has a proportionate effect on the Company's performance. The Company believes that possible changes in interest rates would not have a material effect on the Financial Statements.

(all the amounts are presented in '000 RSD, unless stated otherwise)

4. Financial risk management (continued)

4.2 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.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as the Company's net debt divided by its total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

During 2018, the Company's strategy remained unchanged compared to its 2017 strategy. As at 31 December 2018 and 2017 the gearing ratio was as follows:

	31.12.2018.	31.12.2017.
Borrowings - Total (Note 17)	1.784.446	1.712.446
Less: cash and cash equivalents (Note 12)	216.762	236.593
Net debt	1.567.684	1.475.853
Equity	3.728.615	3.537.976
Total equity	5.296.299	5.013.829
Gearing ratio	29,6%	29,4%

As presented in the table, the Company's Net Debt is lower than Equity as at 31 December 2018. Based on the above, the Company management believes that the Company will continue to operate in the foreseeable future without the intention of or the need for initiating liquidation procedure, terminating trade activities or seeking protection from creditors in accordance with law.

(all the amounts are presented in '000 RSD, unless stated otherwise)

5. Key accounting estimates and judgements

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.

5.1 Key accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below.

a) Taxes

There are uncertainties with respect to interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions based on reasonable estimates, for possible results of tax controls. The amount of such provisions is based on various factors, such as previous experience with tax controls and a possibility of differing interpretations of tax regulations. Such differences of interpretation may arise on a wide variety of issues.

As the Company assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognized.

Deferred tax assets are recognized for all unused tax credits to the extent that it is probable that the credits can be used in the future. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based on upon the likely timing and level of future taxable profits together with future tax planning strategies. More details about taxes are provided in Note 30.

b) Pension obligations

The present value of the pension obligations depends on a number of factors that are determined using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations.

c) Useful lives of property, plant and equipment

The Company management determines the estimated useful lives and related depreciation charge for its property, plant and equipment. These estimates are based on the projected product life cycle. The product life cycle may change significantly due to technological innovations and competitors' actions in response to strict industry cycles. Management will increase the depreciation charge where useful lives are shorter than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

d) Provisions for termination benefits

Other key assumptions for other employee benefits are based in part on current market conditions. Provisions for termination benefits were calculated based on the assumption that all employees will stay in the Company until the termination benefit is paid. Please see note 15 for more information.

e) Financial crisis

Banking sector liquidity

The volume of wholesale financing has significantly reduced since October 2009. Such circumstances may affect the ability of the Company to obtain new borrowings and re-finance its existing borrowings at terms and conditions similar to those applied to earlier transactions.

(all the amounts are presented in '000 RSD, unless stated otherwise)

5. Key accounting estimates and judgements (continued)

5.1 Key accounting estimates and assumptions (continued)

Customer liquidity:

Borrowers may be affected by the lower liquidity situation which could in turn impact their ability to repay the amounts owed. Deteriorating operating conditions for borrowers may also have an impact on Management's cash flow forecasts and assessment of the impairment of financial and non-financial assets. To the extent that information is available, management have properly reflected revised estimates of expected future cash flows in their impairment assessments.

f) Impairment of fixed assets

The Company management reviews the indicators of impairment of fixed assets with a view to ensuring that the carrying amounts of these assets are not materially different from their recoverable amounts. The review is performed for individual petrol stations by discounting future cash flows.

g) Litigation provisions

The Company makes accruals for potential claims from current litigations that are being conducted against company and according to expected outcome of individual litigations that are ongoing. On December 31, 2018. The estimated provision for litigation is amounted to RSD 4,102 thousand.

(all the amounts are presented in '000 RSD, unless stated otherwise)

6. Intangible assets

	Software and Licences	Other Intangible assets	Intangible Assets Under Constructi on	Total
As at 1 January 2017				
Cost	25.713	9.811	574.750	610.274
Accumulated amortisation	(20.479)	(6.096)	-	(26.576)
Net book value	5.233	3.715	574.750	583.698
Year ended 31 Decemer 2017				
Opening Net Book Value	5.233	3.715	574.750	583.698
Additions	2.462	-	3.861	6.323
Transfer	50.113	11.428	(61.800)	(260)
Wrrite off	(3.520)	-	-	(3.520)
Accumulated amortisation (Note 22)	(4.667)	(1.600)	-	(6.267)
Net book Value	49.621	13.542	516.811	579.974
As at 31 December 2017				
Cost+ transfers	66.896	21.238	516.811	604.945
Accumulated amortisation	(17.276)	(7.696)	-	(24.972)
Net Book Value	49.621	13.542	516.811	579.974
Year ended 31 December 2018				
Opening Net Book Value	49.621	13.542	516.811	579.974
Additions	248	9.537	240	10.025
Accumulated amortisation	(5.338)	(1.848)	-	(7.185)
Net book Value as at 31 December 2018	44.532	21.231	517.051	582.814
As at 31 December 2018				
Cost+ transfers	67.145	30.776	517.051	614.972
Accumulated amortisation	(22.613)	(9.545)	-	(32.158)
Net Book Value	44.532	21.231	517.051	582.814

Amortisation expense of RSD 7.185 (2017: RSD 6.267) was recorded in the Income Statement under Operating expenses (Note 22).

(all the amounts are presented in '000 RSD, unless stated otherwise)

7. Property, plant and equipment

	Land	Buildings and Investment Property	Equipment	Construction and Advances Paid	Investments in third party PPE	Total
As at 1 January 2017						
Cost	2.569.102	3.931.395	869.472	150.261	124.091	7.644.321
Accumulated Depreciation		(1.492.198)	(765.703)		78.835	(2.336.736)
Net Book Value	2.569.102	2.439.196	103.770	150.261	45.256	5.307.585
Year ended 31 December 2017						
Opening Net Book Value	2.569.102	2.439.196	103.770	150.261	45.256	5.307.585
Additions	151	7.685	39.016	4.937	29.562	81.351
Transfers	38.682	-	38.616	(80.109)	3.072	261
Disposals and write-offs	-	(1.384)	(2.086)	(7.588)	-	(11.058)
Depreciation	-	(156.790)	(40.176)	-	(10.912)	(207.878)
Net Book Value as at 31 December 2017	2.607.935	2.288.707	139.140	67.501	66.978	5.170.261
Year ended 31 December 2018						
Opening Net Book Value	2.607.935	2.288.707	139.140	67.501	66.978	5.170.261
Additions	2.287	19.374	37.611	911	24.914	85.097
Transfers	-	8.684	1.322	(10.299)	293	-
Disposals and write-offs	-	-	(4.624)	(38.953)	-	(43.577)
Depreciation (Note 22)	-	(158.030)	(43.612)	-	(16.217)	(217.860)
Net Book Value as at 31 December 2018	2.610.222	2.158.735	129.837	19.160	75.968	4.993.922
As at 31 December 2018						
Cost	2.610.222	3.965.754	974.704	19.160	181.935	7.751.775
Accumulated Depreciation	-	(1.807.019)	(844.867)	-	(105.967)	(2.757.853)
Net Book Value as at 31 December 2018	2.610.222	2.158.735	129.837	19.160	75.968	4.993.922

Depreciation expense of RSD RSD 217.860 (2017. RSD: 210.238) was presented in the Income Statement under Operating expenses.

(all the amounts are presented in '000 RSD, unless stated otherwise)

8. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below.

	Receivables
Assets	
31 December 2017	
Trade and other receivables (Note 11)	620.307
Cash and cash equivalents (Note 12)	236.594
Total	856.901

	Other financial liabilities
Payables	
Trade and other payables	2.662.621
Borrowings	1.712.446
Long-term liabilities	4.192
Total	4.379.259

	Receivables
Assets	
31. December 2018.	
Trade and other receivables (Note 11)	794.091
Cash and cash equivalents (Note 12)	216.762
Total	1.010.853

	Other financial liabilities
Payables	
Trade and other payables	2.228.483
Borrowings	1.784.446
Long-term liabilities	8.430
Total	4.021.359

(all the amounts are presented in '000 RSD, unless stated otherwise)

9. Credit quality of financial assets

The credit quality of trade receivables exclusive of receivables past due and receivables that have been written-off may be assessed based on historical information on counterparty default rates:

	31.12.2018.	31.12.2017.
Trade receivables		
Group 1	361.198	245.140
Group 2	428.749	351.159
Total	789.947	596.299

Within Group 1 the Company classifies trade receivables from customers hard collaterals.

Within Group 2 the Company classifies other trade receivables

10. Inventory

	31.12.2018.	31.12.2017.
Merchandise	938.294	934.412
Spare parts	4.393	1.297
Advances paid	113.031	9.778
Total	1.055.718	945.487

Based on the 2018 stock-take, the total shortage of RSD 136.876 was recorded in the Income Statement within Other expenses (Note 28), whereas the surplus of RSD 122.032 was recorded within Other income (Note 21).

(all the amounts are presented in '000 RSD, unless stated otherwise)

11. Trade and Other Receivables

	31.12.2018.	31.12.2017.
Trade receivables	789.947	596.299
- Trade receivables – domestic	784.180	590.578
- Bad and doubtful debts	19.612	19.612
- Allowance for impairment	(18.968)	(18.968)
- Trade receivables - foreign related parties	5.123	5.076
Other receivables	3.758	20.387
- Receivables from the Pension and Disability Insurance Fund	342	5.483
- Receivables from COMO managers	2.897	5.897
- Receivables from employees	331	432
- Other receivables	188	8.574
Receivables from specific operations	385	3.622
Total	794.091	620.307

The deadlines, or the conditions for performing transactions with related parties, are shown in Note 32. Trade receivables are indemnity with different maturities depending on the type of contract concluded with the buyer.

The Company performed reconciliation of the balance of receivables with customers on November 30, 2018. The Company considers that the amount of non-reconciled receivables on that day is not materially significant.

Changes in the value of trade receivables impairment are shown in the following table:

	<i>Individual impairment RSD'000</i>	<i>General impairment RSD'000</i>	<i>Total RSD'000</i>
As of 1.1.2017	17.973	-	17.973
Additional impairment	994	-	994
Collected written-off receivables	-	-	-
As of 31.12.2017	<u>18.967</u>	<u>-</u>	<u>18.967</u>
Additional impairment	-	-	-
Collected written-off receivables	-	-	-
As of 31.12.2017	<u>18.967</u>	<u>-</u>	<u>18.967</u>

Ageing structure of the trade receivables is as follows:

	Overdue, not impaired receivables						
	Total	Undue receivables	< 30 days	30-60 days	61 - 90 days	91 - 180 days	>180 days
	RSD'000	RSD'000	RSD'000	RSD'000	RSD'000	RSD'000	RSD'000
2018	789.947	605.173	169.334	10.462	1.382	1.390	2.206
2017	596.299	570.543	11.402	6.645	3.144	2.737	1.828

(all the amounts are presented in '000 RSD, unless stated otherwise)

11. Trade and Other Receivables (continued)

As at 31 December 2018 trade receivables amounting to RSD 605.173 thousand (2017: RSD 570.543 thousand) are collectable in its entirety.

As at 31 December 2018 trade receivables amounting to RSD 184.462 thousand (2017: RSD 25.994) are overdue but not impaired. These trade receivables relate to a number of independent customers with good payment history.

Ageing structure of these trade receivables is as follows:

	31.12.2018.	31.12.2017.
Up tp 1 month	168.698	10.995
1 - 2 months	10.462	6.657
2 - 3 months	1.383	3.144
3 - 6 months	1.390	2.800
Over 6 months	2.529	2.398
	184.462	25.994

In 2018 trade receivables amounting to RSD 10.183 thousand were impaired.

	2018.	2017.
Over 6 months	10.183	995
	10.183	995

12. Cash and cash equivalents

	31.12.2018.	31.12.2017.
Receivables based on payment cards	15.732	48.388
Bank accounts - RSD	136.746	69.151
Cash in hand - petrol stations	56.404	116.310
Cash on special account	-	221
Foreign currency account	7.880	2.524
Total	216.762	236.594

The credit quality of financial assets - cash and cash equivalents has been assessed for banks with rating, however, management believes that these banks have an acceptable level of risk.

	31.12.2018.	31.12.2017.
Bank accounts		
Vojvođanska banka	84.202	33.038
Euro banka	52.217	35.323
Intesa banka	327	790
Foreign currency account Vojvođanska banka	7.880	2.524
Total	144.626	71.675

Foreign currency cash funds are denominated in EUR.

(all the amounts are presented in '000 RSD, unless stated otherwise)

13. VAT receivables and Prepaid expenses

	31.12.2018.	31.12.2017.
Prepaid expenses	45.932	32.869
Other prepaid expenses	9.470	2.901
Total prepaid expenses	52.306	35.770
VAT receivables	61.183	1.898
Total VAT receivables	61.183	1.898

VAT receivables is interest-free and is due in another 15 days.

14. Equity

The table below summarises movements within equity.

	Basic capital	Retained Earnings (loss)	Total
As at 1 January 2017	6.961.115	(4.417.392)	2.543.723
Profit/(loss) for the year		992.143	992.143
Unrealised losses		2.110	2.110
As at 31 December 2017	6.961.115	(3.423.139)	3.537.976
As at 1 January 2018	6.961.115	(3.432.425)	3.528.690
Profit/(loss) for the year		199.306	199.306
Unrealised losses		619	619
As at 31 December 2018	6.961.115	(3.233.176)	3.728.615

15. Long-term provisions

	<i>Provisions for severance payments RSD'000</i>	<i>Litigation provision RSD'000</i>	<i>Total RSD'000</i>
As at 1 January 2017	5.816	-	5.816
Additional provision for the year	-	-	-
Utilized provisions	(1.624)	-	(1.624)
Revenues from cancellation of long-term provisions	-	-	-
As at 31 December 2017	4.192	-	4.192
Additional provision for the year	757	4.102	4.859
Utilized provisions	(621)	-	(621)
Revenues from cancellation of long-term provisions	-	-	-
As at 31 December 2018	4.328	4.102	8.430

(all the amounts are presented in '000 RSD, unless stated otherwise)

15. Long-term provisions (continued)

(a) Provisions for severance payments

In accordance with the Code of Conduct, the Company pays three average salaries to retirees. These fees are not covered by the fund, and their amount is determined using the actuarial method of crediting the projected unit. Actuarial assessment of this obligation was made on December 31, 2017. and December 31, 2018.

The basic assumptions used in estimating the net present value of the defined benefit obligation are given in the following table:

	31.12.2018.	31.12.2017.
Discount rate	5.75%	5.75%
Expected wage growth rate	2.30%	3.00%
Fluctuation of employees	2.00%	2.90%

(b) Litigation provisions

During the year, the Company was involved in a number of court disputes (both the defendant and the plaintiff) incurred during the normal course of business. The management considers that the outcome of court disputes that are in progress could not materially affect the business result or financial position of the Company.

16. Short-term financial liabilities

Short-term financial liabilities as at 31 December 2018 in the amount of RSD 1,784,446 thousand (December 31, 2017: RSD 1,712,446 thousand), relate entirely to revolving loans granted by Vojvodjanska Banka to maintain liquidity Society.

The interest rate on the approved funds as at 31 December 2018 is 1M BELIBOR + 1.5% per annum.

The total amount of approved funds is denominated in RSD.

	31.12.2018.	31.12.2017.
Short-term borrowing	1.784.446	1.712.446
	1.784.446	1.712.446

Bank	31.12.2018.	31.12.2017.
Vojvođanska banka Beograd	769.379	1.067.379
Vojvođanska banka Beograd	1.015.067	645.067
Total	1.784.446	1.712.446

Bank	Usage	Limit	Utilized	Interest rate
Vojvođanska banka Beograd	Ug.02-21161	1.200.000	-	1mBelibor+1,5%
Vojvođanska banka Beograd	Ug.02-21162	1.157.894	769.379	1mBelibor+1,5%
Vojvođanska banka Beograd	Ug.02-21163	1.300.000	-	1mBelibor+1,5%
Vojvođanska banka Beograd	Ug.02-21164	1.042.105	1.015.067	1mBelibor+1,5%

(all the amounts are presented in '000 RSD, unless stated otherwise)

17. Trade payables

	31.12.2018.	31.12.2017.
Advances received and deposits	29.690	17.398
Other operating liabilities	190.352	79.662
Domestic trade payables	1.837.050	2.324.232
Foreign trade payables	9.473	97.956
Related parties	110.051	27.323
Trade payables	2.146.926	2.529.173
Total	2.176.616	2.546.571

Trade payables in the amount of RSD 9,473 were denominated in foreign currencies, (EUR) as at 31 December 2018. The deadlines, or conditions for performing transactions with related parties, are shown in Note 32. Advances received are interest-free as well as trade payables with maturities defined by contracts. Payments to suppliers in the country are mostly related to the procurement of petroleum products.

18. Other short-term liabilities and accruals

18.1. Other short-term liabilities

	31.12.2018.	31.12.2017.
Liabilities for interest and earnings	1.479	7.406
Liabilities for other taxes	6.163	648
Liabilities for received deposits	-	1.417
Total	7.642	9.471

18.2. VAT liabilities and accruals

	31.12.2018.	31.12.2017.
VAT liabilities	73.915	3.468
Accrued trade payables	77.609	51.491
Provisions for SMILE cards	36.723	31.157
Provisions for rebates to customers	17.241	19.033
Other accruals	155	1.429
Total accruals	131.728	103.111
VAT and accruals - total	205.643	106.579

19. Revenue from sales

	2018.	2017.
Revenue from sales	20.494.434	18.624.718
Rebates	(312.101)	(236.009)
Total	20.182.333	18.388.709

(all the amounts are presented in '000 RSD, unless stated otherwise)

20. Other operating income

	2018.	2017.
Revenue - Marketing and Advertising	92.884	73.627
Revenue - Rent	37.328	30.549
Revenue - Others	24.794	500
Total	155.006	104.676

21. Other revenue

	2018.	2017.
Revenue-surplus goods	122.032	127.678
Other income	2.862	5.460
Total	124.894	133.138

22. Operating expenses

	2018.	2017.
Cost of goods sold	18.116.253	15.891.057
Own consumption	(3.823)	(2.409)
Cost of materials	37.144	32.024
Cost of fuel and energy (Note 23)	129.043	108.029
Cost of salaries(Napomena 24)	205.949	175.337
Depreciation (Notes 6, 7)	225.045	216.506
Costs of production services (Note 25)	419.820	511.866
Provision expenses (Note 15)	757	509
Other operating expenses (Note 25)	692.269	660.409
Total	19.822.456	17.593.328

23. Cost of fuel and energy

	2018.	2017.
Cost of energy	113.475	97.020
Cost of fuel	6.702	5.959
Cost of heating	8.866	5.050
Total	129.043	108.029

24. Cost of salaries

	2018.	2017.
Gross salaries and allowances for employees	143.043	115.632
Contribution at the expense of the employer	17.041	17.943
Cost of compensation to members of board of directors	2.302	2.048
Costs of compensation to individual under other contracts	12.964	22.017
Other personal costs	30.600	17.697
Total	205.949	175.337

(all the amounts are presented in '000 RSD, unless stated otherwise)

25. Cost of production services and other operating expenses

Cost of production services

	2018.	2017.
Costs of the communication network	2.921	3.732
Postal costs	1.882	1.968
Telephone costs	4.751	5.046
Security costs	8.455	20.318
Maintenance costs	154.788	151.971
Rental costs	110.443	97.472
Utilities	32.151	25.103
SMILE presents	-	77.053
Advertising costs	78.998	96.882
Other marketing costs	24.207	26.796
Internet services	539	960
Other services	604	556
Services in the sales process	81	3.559
Total	419.820	511.416

Other operating expenses

	2018.	2017.
Cost of commission premium	448.277	409.539
Other non-production costs	47	5.021
Costs of legal services	9.886	13.308
Taxes and taxes on company expiration	39.705	30.302
Public service charges	45.081	71.132
Consulting services	44.438	32.630
Representation costs	8.884	7.595
Costs of payment transactions	71.296	64.374
Training of employees	908	1.633
Other services	7.485	10.069
Insurance premiums	5.755	2.937
Membership fees	3.249	3.375
Costs for administrative and court fees	7.258	8.494
Total	692.269	660.409

26. Financial revenue

	2018.	2017.
Interest income	456	469
FX gains	1.455	10.905
Total	1.911	11.374

(all the amounts are presented in '000 RSD, unless stated otherwise)

27. Financial expenses

	2018.	2017.
Interest expense	81.677	149.034
FX losses	2.713	4.581
Other financial expenses	-	-
Total	84.390	153.615

28. Other expenses

	2018.	2017.
Goods shortages	136.876	144.833
Goods write off	1.511	689
Losses on disposals	-	11.110
Asset impairment	-	12.083
Total	138.387	168.715

29. Income tax

The main components of the corporate income tax for 2018 and 2017 are as follows:

	<i>2018.</i> <i>RSD'000</i>	<i>2017.</i> <i>RSD'000</i>
Income tax expenses	-	-
Deferred tax revenue (expense) of the period	(154.427)	291.826
Net income tax	(154.427)	291.826

Current tax expense

When deriving from accounting profit and income tax rate, the income tax expenses for 2018 and 2017 is as follows:

	<i>2018.</i> <i>RSD'000</i>	<i>2017.</i> <i>RSD'000</i>
Profit/(loss) before tax	353.733	700.317
Tax at statutory income tax rate of 15%	53.060	105.048
Untaxable income	(23.457)	-
Rashodi koji se ne priznaju za poreske svrhe	45.962	7.998
Usage of tax credits	(75.565)	(113.046)
Current tax expense	-	-

(all the amounts are presented in '000 RSD, unless stated otherwise)

29. Income tax (continued)

Deferred tax assets

	Balance sheet		Income statement	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RSD'000	RSD'000	RSD'000	RSD'000
Deferred tax assets				
On tax credits carried forward from previous periods	76.992	231.418	(154.427)	231.418
On tax losses carried forward from previous periods	60.408	60.408	-	60.408
Total deferred tax assets	137.400	291.826		
Deferred tax recognized in the income statement			(154.427)	291.826

The remaining tax losses from previous periods that can be used in the future amounts to RSD 923.158 and can be utilized at the latest as of 31.12.2019.

Based on the assessment of taxable profits in the coming years, the Company recognized the deferred tax assets on tax losses carried forward from previous periods in the amount of RSD 76.992 thousand. Unrecognized deferred tax assets on tax losses carried forward from previous periods amounts to RSD.

As at 31 December 2018, the Company has unused tax credits for investment in fixed assets in the total amount of RSD 60.408 thousand. These tax credits can be utilized as a reduction of 33% of calculated tax in future periods, as follows:

Year:	RSD'000
2020	33.452
2021	5.407
2022	8.117
2023	13.430
Ukupno	60.408

Based on the assessment of taxable profits in the coming years, the Company recognized the deferred tax assets on tax credits carried forward from previous periods in the amount of RSD 60.408 thousand.

30. Contingent liabilities

(a) Transfer prices

The fiscal legislation of the Republic of Serbia includes regulations regarding transfer pricing between related parties. The current legislative framework defines the "arm's length" principle for transactions between related parties, as well as the methods for determining the transfer prices. Thus, it is expected that Tax Authorities may initiate an in-depth review of transfer prices in order to ensure that taxable profit and/or customs value of imported goods is not misstated due to the impact of transfer prices between related parties. The Company cannot assess in advance the outcome of any such inspection.

As the Company has significant transactions with related parties, in the moment of preparation of the financial statements for the year ended 31 December 2018 the Company is in the process of preparing the study of transfer pricing. Based on the previous year result the Company believes that potential annual tax return correction arising as a result of transactions with related parties will not have materially significant effects on the financial statements.

(all the amounts are presented in '000 RSD, unless stated otherwise)

30. Contingent liabilities (continued)

(b) *Insurance policies*

The Company have not insured its assets from any potential risk.

(c) *Environmental issues*

Environmental regulations in the Republic of Serbia are being developed, therefore by 31 December 2018, the Company did not record liabilities for any projected costs, including fees for legal and consulting services, site investigation, design and implementation of corrective measures relating to environmental issues. Management believes that environmental costs are not material.

(d) *Litigations*

During the year, the Company has been involved in a number of lawsuits (as both the defendant and the plaintiff) arising in the ordinary course of business. Management believes that there are no current legal proceedings or outstanding claims that could have a material effect on the result of operations and the financial position of the Company.

(e) *Bank and other guarantees*

The Company has contingent liabilities for bank and other guarantees as well for other issues arising from the ordinary course of business. Significant liabilities are not expected to arise from contingent liabilities.

31. Commitments

The Company leases ten petrol stations under non-cancellable operating lease agreements. The lease agreements have varying terms, escalation clauses and renewal rights.

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

	31.12.2018.	31.12.2017.
Less than 1 year	74.994	65.679
1 to 5 years	321.844	223.259
Over 5 years	262.097	291.973
Total	658.935	580.911

32. Related party transactions

The Company' majority owner is HELLENIC PETROLRUM SERBIA (HOLDINGS) registered in Cyprus, with a 100% share in the Company. The Company's ultimate controlling party is Hellenic - Petroleum (registered in Greece).

The Company had the following related party transactions:

a) *Purchase of goods and Services*

	2018.	2017.
Purchase of goods and services		
- HFL S.A	43.091	43.975
- EKO BULGARIA	578	709
- HELLENIC-PETROLEUM	143.141	173.555
- JUGOPETROL	3.748	5.739
- OKTA	233.027	-
- HELPE CONSULTING	20.078	5.275
Total	443.663	229.252

(all the amounts are presented in '000 RSD, unless stated otherwise)

32. Related party transactions (continued)

b) Sale of goods and services

	2018.	2017.
Sale of goods and services		
-OKTA	-	81
-JUGOPETROL KOTOR	497	48
-HELLENIC-PETROLEUM	2.194	7.154
-HFL S.A	2.626	5.122
Total	5.317	12.405

c) Year-end balances arising from purchases of goods/services

	31.12.2018.	31.12.2017.
Payables to related parties		
- JUGOPETROL KOTOR	-	469
- HELPE CONSULTING	26.476	6.397
- HELLENIC-PETROLEUM	47.597	27.323
- HFL S.A	35.978	26.630
Total	110.051	60.819

Liabilities to related parties arise mainly from purchase transactions and are due one month after the date of purchase.

d) Year-end balances arising from purchases of goods/services

	31.12.2018.	31.12.2017.
Receivables from related parties		
-HELLENIC-PETROLEUM	798	451
-HFL S.A	3.828	4.625
-JUGOPETROL KOTOR	497	-
-EKO BULGARIA	-	(20)
Total	5.123	5.056

e) Key management personnel compensation

Key management personnel compensation in 2018 amounted to RSD 43.137 thousand (2017: RSD 37.146 thousand).

f) Payments made to members of the Supervisory Boards

	2018.	2017.
Payments made to members of the Supervisory Boards	43.137	37.146
Total	43.137	37.146

Subsequent events

There were no events after the balance sheet date that could significantly impact the Company's financial statements for the year ended 31 December 2018.

Belgrade, 17 May 2019

Notes prepared by

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General Manager

Vuk Radović