

EKO SERBIA A.D. BELGRADE

FINANCIAL STATEMENTS FOR THE
YEAR ENDING 31 DECEMBER 2019

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ANNUAL BUSINESS REPORT

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

INDEPENDENT AUDITORS' REPORT

TO THE OWNER OF EKO SERBIA A.D. BEOGRAD

Report on the Financial Statements

Opinion

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 2019, and the income statement, statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with the Accounting Law and other accounting regulations in the Republic of Serbia.

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing as applicable in the Republic of Serbia. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Accounting Law 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing as applicable in the Republic of Serbia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing as applicable in the Republic of Serbia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Auditors' responsibilities for the audit of the financial statements (continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 Group for the year ended 31 December 2019.

Belgrade, 27 April 2020



Danijela Mirković
Authorized Auditor



To be filled in by the legal entity - entrepreneur									
1	7	4	1	3	3	3	3	4730	1 0 0 1 1 8 2 3 6
Business register identification number								Industry code	TIN
Company name: EKO Serbia a.d Beograd (NOVI BEOGRAD)									
Company seat (City; Street and no.): Beograd (Novi Beograd) Tosin bunar 274a									

BALANCE SHEET

as of December 31st, 2019

- stated in RSD thousands -

Group of accounts, account	Group of accounts name, account name	AOP (position in stateme nt)	Note number	Amount		
				Current business period balance	Previous business period balance	
					Ending balance 31 Dec 2018	Opening balance 01 Jan 2018
1	2	3	4	5	6	7
00	A. SUBSCRIBED CAPITAL UNPAID	0001				
	B. PERMANENT ASSETS (0003 + 0010 + 0019 + 0024 + 0034)	0002		6,024,469	5,593,934	
01	I. INTANGIBLE ASSETS (0004 + 0005 + 0006 + 0007 + 0008 + 0009)	0003	6	579,557	582,814	
010 and part of 019	1. Research and development costs	0004				
011, 012 and part of 019	2. Concessions, patents, licences, trademarks, software and other rights	0005		39,474	44,532	
013 and part of 019	3. Goodwill	0006				
014 and part of 019	4. Other intangible assets	0007		19,523	21,231	
015 and part of 019	5. Intangible assets in progress	0008		520,560	517,051	
016 and part of 019	6. Advances for intangible assets	0009				
02	II. IMMOVABLE PROPERTY, PLANT AND EQUIPEMENT (0011 + 0012 + 0013 + 0014 + 0015 + 0016 + 0017 + 0018)	0010	7	5,444,913	4,993,922	
020, 021 and part of 029	1. Land	0011		2,615,389	2,610,222	
022 and part of 029	2. Buildings	0012		1,971,418	2,128,438	
023 and part of 029	3. Plant and equipment	0013		117,476	129,837	
024 and part of 029	4. Investment immovable property	0014		28,213	30,297	
025 and part of 029	5. Other immovable property, plant and equipment	0015		588,898		
026 and part of 029	6. Immovable property, plant and equipment under construction	0016		52,205	19,160	
027 and part of 029	7. Investments in not owned immovable property, plant and equipement	0017		67,789	75,968	
028 and part of 029	8. Advances for immovable property, plant and equipment	0018		3,524		
03	III. NATURAL ASSETS (0020 + 0021 + 0022 + 0023)	0019				
030, 031 and part of 039	1. Forests and plantations	0020				
032 and part of 039	2. Livestock	0021				
037 and part of 039	3. Natural assets in progress	0022				
038 and part of 039	4. Advances for natural assets	0023				
04, except 047	IV. LONG-TERM FINANCIAL INVESTMENTS (0025 + 0026 + 0027 + 0028 + 0029 + 0030 + 0031 + 0032 + 0033)	0024			17,198	
040 and part of 049	1. Investments in capital of parent companies and subsidiaries	0025				
041 and part of 049	2. Investments in capital of associated companies and joint ventures	0026				
042 and part of 049	3. Investments in other legal entities and other securities available for sale	0027				
part of 043, part of 044 and part of 049	4. Long-term investments to parent companies and to subsidiaries	0028				
part of 043, part of 044 and part of 049	5. Long-term investments to other associated companies	0029				
part of 045 and part of 049	6. Long-term investments - domestic	0030				
part 045 and part of 049	7. Long-term investments - abroad	0031				
046 and part of 049	8. Securities held to maturity	0032				
048 and part of 049	9. Other long-term investments	0033			17,198	
05	V. Long-term receivables (0035 + 0036 + 0037 + 0038 + 0039 + 0040 + 0041)	0034				
050 and part of 059	1. Long-term receivables - parent companies and subsidiaries	0035				
051 and part of 059	2. Long-term receivables - other associated entities	0036				
052 and part of 059	3. Long-term receivables - sales through trade loan	0037				
053 and part of 059	4. Long-term receivables - sales through financial leasing	0038				
054 and part of 059	5. Long-term receivables - provided guarantees	0039				

- stated in RSD thousands -

Group of accounts, account	Group of accounts name, account name	AOP (position in state- ment)	Note number	Amount		
				Previous business period balance		
				Current business period balance	Ending balance 31 Dec 2018	Opening balance 01 Jan 2018
1	2	3	4	5	6	7
055 and part of 059	6. Long-term suspicious receivables, provisions	0040				
056 and part of 059	7. Other long-term receivables	0041				
288	C. DEFERRED TAX ASSETS	0042	30	186,982	137,400	
	D. CURRENT ASSETS (0044 + 0051 + 0059 + 0060 + 0061 + 0062 + 0068 + 0069 + 0070)	0043		2,395,836	2,162,819	
Class 1	I. INVENTORIES (0045 + 0046 + 0047 + 0048 + 0049 + 0050)	0044	10	1,200,600	1,055,718	
10	1. Material, spare parts, tools and small value fixed assets	0045		1,914	4,393	
11	2. Work in progress and services in progress	0046				
12	3. Finished goods	0047				
13	4. Merchandise	0048		1,176,557	938,294	
14	5. Permanent assets held for trading	0049				
15	6. Advances paid for inventories and services	0050		22,129	113,031	
20	II. RECEIVABLES FROM SALES (0052 + 0053 + 0054 + 0055 + 0056 + 0057 + 0058)	0051		872,482	772,714	
200 and part of 209	1. Trade receivables domestic - parent companies and subsidiaries	0052	11		644	
201 and part of 209	2. Trade receivables abroad - parent companies and subsidiaries	0053				
202 and part of 209	3. Trade receivables domestic - other associated entities	0054				
203 and part of 209	4. Trade receivables abroad - other associated entities	0055				
204 and part of 209	5. Trade receivables domestic - other entities	0056	11	872,482	766,947	
205 and part of 209	6. Trade receivables abroad - other entities	0057	11		5,123	
206 and part of 209	7. Other receivables from sales	0058				
21	III. RECEIVABLES FROM SPECIAL BUSINESS OPERATIONS	0059	11		385	
22	IV. OTHER RECEIVABLES	0060	11	5,000	3,751	
236	V. FINANCIAL ASSETS RE-VALUED THROUGH INCOME STATEMENT BY FAIR VALUE METHOD	0061				
23 except 236 and 237	VI. SHORT-TERM FINANCIAL INVESTMENTS (0063 + 0064 + 0065 + 0066 + 0067)	0062				
230 and part of 239	1. Short-term loans and investments - parent companies and subsidiaries	0063				
231 and part of 239	2. Short-term loans and investments - other associated companies	0064				
232 and part of 239	3. Short-term loans - domestic	0065				
233 and part of 239	4. Short-term loans - abroad	0066				
234, 235, 238 and part of 239	5. Other short-term investments	0067				
24	VII. CASH AND CASH EQUIVALENTS	0068	12	243,815	216,762	
27	VIII. VALUE ADDED TAX	0069	13	67,977	61,183	
28 except 288	IX. PREPAYMENTS AND ACCRUED INCOME	0070	13	5,963	52,306	
	E. TOTAL ASSETS = BUSINESS ASSETS (0001 + 0002 + 0042 + 0043)	0071		8,607,288	7,894,153	
88	F. OFF-BALANCE SHEET ASSETS	0072		117,903	110,829	
	EQUITY AND LIABILITIES					
	A. EQUITY (0402 + 0411 - 0412 + 0413 + 0414 + 0415 - 0416 + 0417 + 0420 - 0421) ≥ 0 = (0071 - 0424 - 0441 - 0442)	0401	14	4,296,358	3,728,615	
30	I. NOMINAL 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. Stakes	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 and agios	0409		1,981,115	1,981,115	
309	8. Other capital	0410				
31	II. SUBSCRIBED CAPITAL UNPAID	0411				
047 and 237	III. OWN SHARES PURCHASED AND TREASURED	0412				
32	IV. RESERVES	0413				
330	V. RE-VALUATION RESERVES FROM INTANGIBLE ASSETS, IMMOVABLE PROPERTY, PLANT AND EQUIPEMENT RE-VALUATION	0414				
33 except 330	VI. UNREALIZED GAINS ON SECURITIES AND OTHER COMPONENTS OF OTHER COMPLETE RESULT (credit balances of group of accounts 33 except 330)	0415			958	

Group of accounts, account	Group of accounts name, account name	AOP (position in state- ment)	Note number	Amount		
				Current business period balance	Previous business period balance	
					Ending balance 31 Dec 2018	Opening balance 01 Jan 2018
1	2	3	4	5	6	7
33 except 330	VII. UNREALIZED LOSSES ON SECURITIES AND OTHER COMPONENTS OF OTHER COMPLETE RESULT (debit balances of group of accounts 33 except 330)	0416		2,014		
34	VIII. RETAINED EARNINGS (0418 + 0419)	0417		2,913,160	2,342,445	
340	1. Retained earnings from previous years	0418		2,342,445	2,143,140	
341	2. Retained earnings in current year	0419		570,715	199,305	
	IX. INVESTMENTS WITHOUT CONTROLLING RIGHTS	0420				
35	X. LOSS (0422 + 0423)	0421		5,575,903	5,575,903	
350	1. Previous years losses	0422		5,575,903	5,575,903	
351	2. Current year loss	0423				
	B. LONG-TERM PROVISIONS AND LIABILITIES (0425 + 0432)	0424		521,798	8,430	
40	I. LONG-TERM PROVISIONS (0426 + 0427 + 0428 + 0429 + 0430 + 0431)	0425	15	10,624	8,430	
400	1. Provisions for costs during the warranty period	0426				
401	2. Provisions for costs of recovery of natural resources	0427				
403	3. Provisions for restructuring costs	0428				
404	4. Provisions for employee's reimbursements and other benefits	0429		6,289	4,328	
405	5. Provisions for costs of legal processes	0430		4,335	4,102	
402 and 409	6. Other long-term provisions	0431				
41	II. LONG-TERM LIABILITIES (0433 + 0434 + 0435 + 0436 + 0437 + 0438 + 0439 + 0440)	0432	17	511,174		
410	1. Liabilities which can be converted into capital	0433				
411	2. Liabilities to parent companies and subsidiaries	0434				
412	3. Liabilities to other associated companies	0435				
413	4. Liabilities for long-term securities	0436				
414	5. Long-term loans - domestic	0437				
415	6. Long-term loans - abroad	0438				
416	7. Liabilities for financial leasing	0439				
419	8. Other long-term liabilities	0440		511,174		
498	C. DEFERRED TAX LIABILITIES	0441				
42 to 49 (except 498)	D. SHORT-TERM LIABILITIES (0443 + 0450 + 0451 + 0459 + 0460 + 0461 + 0462)	0442		3,789,132	4,157,108	
42	I. SHORT-TERM FINANCIAL LIABILITIES (0444 + 0445 + 0446 + 0447 + 0448 + 0449)	0443		1,818,895	1,784,446	
420	1. Short-term loans from parent companies and subsidiaries	0444				
421	2. Short-term loans from other associated companies	0445				
422	3. Short-term loans - domestic	0446	16	1,770,067	1,784,446	
423	4. Short-term loans - abroad	0447				
427	5. Liabilities for permanent assets and liabilities for assets held for sale from liquidated businesses	0448				
424, 425, 426 and 429	6. Other short-term financial liabilities	0449	17	48,828		
430	II. RECEIVED ADVANCES, DEPOSITS AND CAUTION MONEY	0450	18	32,007	29,690	
43 except 430	III. LIABILITIES FROM BUSINESS OPERATIONS (0452 + 0453 + 0454 + 0455 + 0456 + 0457 + 0458)	0451	18	1,773,434	2,146,926	
431	1. Trade payables - parent companies and subsidiaries domestic	0452				
432	2. Trade payables - parent companies and subsidiaries abroad	0453		4,227		
433	3. Trade payables - other associated companies domestic	0454				
434	4. Trade payables - other associated companies abroad	0455				
435	5. Trade payables - domestic	0456		1,336,485	1,837,050	
436	6. Trade payables - abroad	0457		432,722	119,524	
439	7. Other liabilities from business operations	0458			190,352	
44, 45 and 46	IV. OTHER SHORT-TERM LIABILITIES	0459		11,856	13,707	
47	V. LIABILITIES FOR VALUE ADDED TAX	0460			73,915	
48	VI. LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND OTHER DUTIES	0461		4,907		
49 except 498	VII. ACCRUALS AND DEFERRED INCOME	0462		148,033	108,424	

- stated in RSD thousands -

Group of accounts, account	Group of accounts name, account name	AOP (position in stateme nt)	Note number	Amount		
				Current business period balance	Previous business period balance	
					Ending balance 31 Dec 2018	Opening balance 01 Jan 2018
1	2	3	4	5	6	7
	E. LOSS OVER EQUITY (0412 + 0416 + 0421 - 0420 - 0417 - 0415 - 0414 - 0413 - 0411 - 0402) ≥ 0 = (0441 + 0424 + 0442 - 0071) ≥ 0	0463				
	F. TOTAL EQUITY AND LIABILITIES (0424 + 0442 + 0441 + 0401 - 0463) ≥ 0	0464		8,607,288	7,894,153	
89	G. OFF-BALANCE SHEET LIABILITIES	0465		117,903	110,829	

In Belgrade

Date April 27, 2020

On behalf of CEO per power of attorney



This form is stipulated by the Rulebook on the content and form of the financial statement forms for companies, cooperatives and entrepreneurs ('Official Gazette RS', no 95/14, on September 5th, 2014)

To be filled in by the legal entity - entrepreneur					
1 7 4 1 3 3 3 3	4 7 3 0	1 0 0 1 1 8 2 3 6			
Business register identification number	Industry code	TIN			
Company name: EKO Serbia a.d Beograd (NOVI BEOGRAD)					
Company seat (City; Street and no.): Beograd (Novi Beograd) Tosin bunar 274a					

INCOME STATEMENT

for the period from Jan 01st to December 31st, 2019

- stated in RSD thousands -

Group of accounts, account	Group of accounts name, account name	AOP (position in state- ment)	Note number	Amount	
				Current business period balance	Previous business period balance
1	2	3	4	5	6
	REVENUE FROM BUSINESS OPERATIONS				
60 to 65, except 62 and 63	A. OPERATING REVENUE (1002 + 1009 + 1016 + 1017)	1001		22,071,736	20,244,455
60	I. REVENUE FROM SALES OF MERCHANDISE (1003 + 1004 + 1005 + 1006 + 1007 + 1008)	1002	20	21,991,912	20,182,333
600	1. Revenue from sales of merchandise to parent companies and subsidiaries - domestic	1003			
601	2. Revenue from sales of merchandise to parent companies and subsidiaries - abroad	1004			
602	3. Revenue from sales of merchandise to other associated companies - domestic	1005			
603	4. Revenue from sales of merchandise to other associated companies - abroad	1006			
604	5. Revenue from sales of merchandise - domestic	1007		21,991,912	20,182,333
605	6. Revenue from sales of merchandise - abroad	1008			
61	II. REVENUE FROM SALES OF FINISHED GOODS AND RENDERED SERVICES (1010 + 1011 + 1012 + 1013 + 1014 + 1015)	1009		-	-
610	1. Revenue from sales of finished goods and rendered services to parent companies and subsidiaries - domestic	1010			
611	2. Revenue from sales of finished goods and rendered services to parent companies and subsidiaries - abroad	1011			
612	3. Revenue from sales of finished goods and rendered services to other associated companies - domestic	1012			
613	4. Revenue from sales of finished goods and rendered services to other associated companies - abroad	1013			
614	5. Revenue from sales of finished goods and rendered services - domestic	1014			
615	6. Revenue from sales of finished goods and rendered services - abroad	1015			
64	III. REVENUE FROM PREMIUMS, SUBVENTIONS, DONATIONS, COMPENSATIONS ETC.	1016		2,933	
65	IV. OTHER OPERATING REVENUES	1017	21	76,891	62,122
	EXPENSES FROM BUSINESS OPERATIONS				
50 to 55, 62 and 63	B. OPERATING EXPENSES (1019 - 1020 - 1021 + 1022 + 1023 + 1024 + 1025 + 1026 + 1027 + 1028 + 1029) ≥ 0	1018		21,429,029	19,729,574
50	I. COST OF GOODS SOLD	1019	23	19,651,614	18,023,370
62	II. REVENUE FROM OWN USE OF FINISHED GOODS, MERCHANDISE AND RENDERED SERVICES	1020	23	3,233	3,823
630	III. INCREASE OF INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND SERVICES IN PROGRESS	1021			
631	IV. DECREASE OF INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND SERVICES IN PROGRESS	1022			
51 except 513	V. COST OF MATERIAL	1023	23	38,505	37,144
513	VI. COST OF FUEL AND ENERGY	1024	24	123,572	129,043
52	VII. COST OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES	1025	25	204,213	205,949
53	VIII. COST OF PRODUCTION SERVICES	1026	26	358,580	419,820
540	IX. COST OF DEPRECIATION	1027		305,167	225,045
541 to 549	X. COST OF LONG-TERM PROVISIONS	1028		601	757
55	XI. NON-PRODUCTION COST	1029	26	750,010	692,269
	C. NET OPERATING INCOME (1001 - 1018) ≥ 0	1030		642,707	514,882
	D. NET OPERATING LOSS (1018 - 1001) ≥ 0	1031		-	-
66	E. FINANCIAL INCOME (1033 + 1038 + 1039)	1032	27	14,430	1,911
66, except 662, 663 and 664	I. FINANCIAL INCOME INCURRED WITH ASSOCIATED COMPANIES AND OTHER FINANCIAL REVENUES (1034 + 1035 + 1036 + 1037)	1033			
660	1. Financial income incurred with parent companies and subsidiaries	1034			
661	2. Financial income incurred with other associated companies	1035			
665	3. Income from earnings in associated companies and joint ventures	1036			

Group of accounts, account	Group of accounts name, account name	AOP (position in state- ment)	Note number	Amount	
				Current business period balance	Previous business period balance
1	2	3	4	5	6
669	4. Other financial income	1037			
662	II. INCOME FROM INTERESTS (THIRD PARTIES)	1038		581	456
663 and 664	III. FOREX INCOME AND CURRENCY CLAUSE INCOME (THIRD PARTIES)	1039		13,849	1,455
56	F. FINANCIAL EXPENSES (1041 + 1046 + 1047)	1040	28	117,760	84,390
56, except 562, 563 and 564	I. FINANCIAL EXPENSES INCURRED WITH ASSOCIATED COMPANIES AND OTHER FINANCIAL EXPENSES (1042 + 1043 + 1044 + 1045)	1041			
560	1. Financial expenses incurred with parent companies and subsidiaries	1042			
561	2. Financial expenses incurred with other associated companies	1043			
565	3. Expenses from losses in associated companies and joint ventures	1044			
566 and 569	4. Other financial expenses	1045			
562	II. INTEREST EXPENSES (THIRD PARTIES)	1046		100,009	81,677
563 and 564	III. FOREX LOSSES AND CURRENCY CLAUSE LOSSES (THIRD PARTIES)	1047		17,751	2,713
	G. NET FINANCIAL INCOME (1032 - 1040)	1048		-	-
	H. NET FINANCIAL LOSS (1040 - 1032)	1049		103,330	82,479
683 and 685	I. INCOME FROM VALUATION OF OTHER ASSETS RECOGNIZED THROUGH INCOME STATEMENT BY FAIR VALUE METHOD	1050			
583 and 585	J. EXPENSES FROM VALUATION OF OTHER ASSETS RECOGNIZED THROUGH INCOME STATEMENT BY FAIR VALUE METHOD	1051		142	65,179
67 and 68, except 683 and 685	K. OTHER INCOME	1052	22	139,919	124,895
57 and 58, except 583 and 585	L. OTHER EXPENSES	1053	29	159,957	138,387
	M. INCOME FROM OPERATIONS BEFORE TAX (1030 - 1031 + 1048 - 1049 + 1050 - 1051 + 1052 - 1053)	1054		519,197	353,732
	N. LOSS FROM OPERATIONS BEFORE TAX (1031 - 1030 + 1049 - 1048 + 1051 - 1050 + 1053 - 1052)	1055		-	-
69 - 59	O. NET GAINS FROM LIQUIDATED OPERATIONS, EFFECTS OF ACCOUNTING POLICY CHANGES AND PREVIOUS PERIODS ERRORS CORRECTIONS	1056		1,936	
59 - 69	P. NET LOSSES FROM LIQUIDATED OPERATIONS, EFFECTS OF ACCOUNTING POLICY CHANGES AND PREVIOUS PERIODS ERRORS CORRECTIONS	1057			
	Q. INCOME BEFORE TAX (1054 - 1055 + 1056 - 1057)	1058		521,133	353,732
	R. LOSS BEFORE TAX (1055 - 1054 + 1057 - 1056)	1059		-	-
	S. CORPORATE INCOME TAX				
721	I. TAX EXPENSE OF PERIOD	1060			
part of 722	II. DEFERRED TAX EXPENSE OF PERIOD	1061	30		154,427
part of 722	III. DEFERRED TAX INCOME OF PERIOD	1062	30	49,582	
723	T. PAID PERSONAL INCOME TO THE OWNER	1063			
	U. NET INCOME (1058 - 1059 - 1060 - 1061 + 1062)	1064		570,715	199,305
	V. NET LOSS (1059 - 1058 + 1060 + 1061 - 1062)	1065		-	-
	I. NET INCOME BELONGING TO MINORITY STAKEHOLDERS	1066			
	II. NET INCOME BELONGING TO OWNERS	1067			
	III. EARNINGS PER SHARE				
	1. Basic earnings per share	1068			
	2. Diluted earnings per share	1069			

In BelgradeDate April 27, 2020

On behalf of CEO per power of attorney



To be filled in by the legal entity - entrepreneur

<div style="display: flex; justify-content: space-around;"> 17413333 </div> Business register identification number	<div style="display: flex; justify-content: space-around;"> 4730 </div> Industry code	<div style="display: flex; justify-content: space-around;"> 100118236 </div> TIN
Company name: EKO Serbia a.d Beograd (NOVI BEOGRAD)		
Company seat (City; Street and no.): Beograd (Novi Beograd) Tosin bunar 274a		

OTHER INCOME STATEMENT

for the period from Jan 01st to December 31st, 2019

- stated in RSD thousands -

Group of accounts, account	Group of accounts name, account name	AOP (position in statement)	Note number	Amount	
				Current business period balance	Previous business period balance
1	2	3	4	5	6
	A. NET OPERATIONS RESULT				
	I. NET INCOME (AOP 1064)	2001		570,715	199,305
	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			
	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
	II. OTHER GROSS COMPLETE LOSS (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) - (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) ≥ 0	2020		2,014	-
	III. TAX ON OTHER COMPLETE GAIN OR LOSS OF PERIOD	2021			
	IV. NET OTHER COMPLETE GAIN (2019 - 2020 - 2021) ≥ 0	2022		-	958
	V. NET OTHER COMPLETE LOSS (2020 - 2019 + 2021) ≥ 0	2023		2,014	-
	C. TOTAL NET COMPLETE RESULT OF PERIOD				
	I. TOTAL NET COMPLETE GAIN (2001 - 2002 + 2022 - 2023) ≥ 0	2024		568,701	200,263
	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			

In Belgrade

Date April 27, 2020

On behalf of CEO per power of attorney



To be filled in by the legal entity - entrepreneur											
1	7	4	1	3	3	3	3				
Business register identification number								4	7	3	0
								Industry code			
1	0	0	1	1	8	2	3	6			
										TIN	
Company name: EKO Serbia a.d Beograd (NOVI BEOGRAD)											
Company seat (City, Street and no.): Beograd (Novi Beograd) Tosin bunar 274a											

EQUITY STATEMENT
for the period from January 01st 2019 to December 31st, 2019

- stated in RSD thousands -

No.	Description	Capital components									
		AOP (position in statement)	30 Nominal capital	AOP (position in statement)	31 Subscribed capital unpaid	AOP (position in statement)	32 Reserves	AOP (position in statement)	35 Loss	AOP (position in statement)	047 and 237 Treasured own shares
1	2		3		4		5		6		7
	Opening balance of previous business period as of Jan 01, 2018										
1	a) Debit balance of account	4001		4019		4037		4055	5,575,903	4073	
	b) Credit balance of account	4002	6,961,115	4020		4038		4056		4074	
	Correction of materialy significant errors and accounting policy changes										
2	a) Corrections on debit side of account	4003		4021		4039		4057		4075	
	b) Corrections on credit side of account	4004		4022		4040		4058		4076	
	Corrected opening balance of previous business period as of Jan 01, 2018										
3	a) Corrected debit balance of account (1a + 2a - 2b) ≥ 0	4005	-	4023		4041	-	4059	5,575,903	4077	
	b) Corrected credit balance of account (1b - 2a + 2b) ≥ 0	4006	6,961,115	4024		4042	-	4060		4078	
	Postings in previous business period 2018										
4	a) Debit side turnover of account	4007		4025		4043		4061		4079	
	b) Credit side turnover of account	4008		4026		4044		4062		4080	
	Ending balance of previous business period as of Dec 31, 2018										
5	a) Debit balance of account (3a + 4a - 4b) ≥ 0	4009	-	4027		4045	-	4063	5,575,903	4081	
	b) Credit balance of account (3b - 4a + 4b) ≥ 0	4010	6,961,115	4028		4046	-	4064		4082	
	Correction of materialy significant errors and accounting policy changes										
6	a) Corrections on debit side of account	4011		4029		4047		4065		4083	
	b) Corrections on credit side of account	4012		4030		4048		4066		4084	
	Corrected opening balance of current business period as of Jan 01, 2019										
7	a) Corrected debit balance of account (5a + 6a - 6b) ≥ 0	4013	-	4031		4049	-	4067	5,575,903	4085	
	b) Corrected credit balance of account (5b - 6a + 6b) ≥ 0	4014	6,961,115	4032		4050	-	4068		4086	
	Postings in current business period of 2019										
8	a) Debit side turnover of account	4015		4033		4051		4069		4087	
	b) Credit side turnover of account	4016		4034		4052		4070		4088	
	Ending balance of current business period as of Dec 31, 2019										
9	a) Debit balance of account (7a + 8a - 8b) ≥ 0	4017	-	4035		4053	-	4071	5,575,903	4089	
	b) Credit balance of account (7b - 8a + 8b) ≥ 0	4018	6,961,115	4036		4054	-	4072		4090	

= stated in RSD thousands =

No.	Description	Capital components		Other result components							
		AOP (position in statement)	34	AOP (position in statement)	330	AOP (position in statement)	331	AOP (position in statement)	332	AOP (position in statement)	333
			Retained earnings		Re-valuation reserves		Actuarial gains or losses		Gains or losses on investments in ownership securities		Gains or losses or stakes in other complete gain or loss in associated companies
1	2		8		9		10		11		12
1	Opening balance of previous business period as of Jan 01, 2018										
	a) Debit balance of account	4091		4109		4127		4145		4163	
	b) Credit balance of account	4092	2,152,426	4110		4128	338	4146		4164	
2	Correction of materialy significant errors and accounting policy changes										
	a) Corrections on debit side of account	4093		4111		4129		4147		4165	
	b) Corrections on credit side of account	4094		4112		4130		4148		4166	
3	Corrected opening balance of previous business period as of Jan 01, 2018										
	a) Corrected debit balance of account (1a + 2a - 2b) ≥ 0	4095	-	4113		4131	-	4149		4167	
	b) Corrected credit balance of account (1b - 2a + 2b) ≥ 0	4096	2,152,426	4114		4132	338	4150		4168	
4	Postings in previous business period 2018										
	a) Debit side turnover of account	4097	9,286	4115		4133		4151		4169	
	b) Credit side turnover of account	4098	199,305	4116		4134	620	4152		4170	
5	Ending balance of previous business period as of Dec 31, 2018										
	a) Debit balance of account (3a + 4a - 4b) ≥ 0	4099		4117		4135		4153		4171	
	b) Credit balance of account (3b - 4a + 4b) ≥ 0	4100	2,342,445	4118		4136	958	4154		4172	
6	Correction of materialy significant errors and accounting policy changes										
	a) Corrections on debit side of account	4101		4119		4137		4155		4173	
	b) Corrections on credit side of account	4102		4120		4138		4156		4174	
7	Corrected opening balance of current business period as of Jan 01, 2019										
	a) Corrected debit balance of account (5a + 6a - 6b) ≥ 0	4103	-	4121		4139	-	4157		4175	
	b) Corrected credit balance of account (5b - 6a + 6b) ≥ 0	4104	2,342,445	4122		4140	958	4158		4176	
8	Postings in current business period of 2019										
	a) Debit side turnover of account	4105		4123		4141	2,972	4159		4177	
	b) Credit side turnover of account	4106	570,715	4124		4142		4160		4178	
9	Ending balance of current business period as of Dec 31, 2019										
	a) Debit balance of account (7a + 8a - 8b) ≥ 0	4107	-	4125		4143	2,014	4161		4179	
	b) Credit balance of account (7b - 8a + 8b) ≥ 0	4108	2,913,160	4126		4144	-	4162		4180	

- stated in RSD thousands -

No.	Description	Other result components						AOP (position in statement)	Total equity $\sum(\text{row 1b col. 3 to col. 15}) - \sum(\text{row 1a col. 3 to col. 15}) \geq 0$	AOP (position in statement)	Loss over capital $\sum(\text{row 1a col. 3 to col. 15}) - \sum(\text{row 1b col. 3 to col. 15}) \geq 0$
		AOP (position in statement)	334 and 335 Gains or losses on translation of financial statements of abroad operations	AOP (position in statement)	336 Gains or losses in hedging protection of cash flow	AOP (position in statement)	337 Gains or losses on securities held for sales				
1	2		13		14		15		16		17
	Opening balance of previous business period as of Jan 01, 2018										
1	a) Debit balance of account	4181		4199		4217		4235	3,537,976	4244	
	b) Credit balance of account	4182		4200		4218					
	Correction of material significant errors and accounting policy changes										
2	a) Corrections on debit side of account	4183		4201		4219		4236	-	4245	
	b) Corrections on credit side of account	4184		4202		4220					
	Corrected opening balance of previous business period as of Jan 01, 2018										
3	a) Corrected debit balance of account $(1a + 2a - 2b) \geq 0$	4185		4203		4221		4237	3,537,976	4246	
	b) Corrected credit balance of account $(1b - 2a + 2b) \geq 0$	4186		4204		4222					
	Postings in previous business period 2018										
4	a) Debit side turnover of account	4187		4205		4223		4238	17,398	4247	
	b) Credit side turnover of account	4188		4206		4224					
	Ending balance of previous business period as of Dec 31, 2018										
5	a) Debit balance of account $(3a + 4a - 4b) \geq 0$	4189		4207		4225		4239	3,728,615	4248	
	b) Credit balance of account $(3b - 4a + 4b) \geq 0$	4190		4208		4226					
	Correction of material significant errors and accounting policy changes										
6	a) Corrections on debit side of account	4191		4209		4227		4240	-	4249	
	b) Corrections on credit side of account	4192		4210		4228					
	Corrected opening balance of current business period as of Jan 01, 2019										
7	a) Corrected debit balance of account $(5a + 6a - 6b) \geq 0$	4193		4211		4229		4241	3,728,615	4250	
	b) Corrected credit balance of account $(5b - 6a + 6b) \geq 0$	4194		4212		4230					
	Postings in current business period of 2019										
8	a) Debit side turnover of account	4195		4213		4231		4242	567,743	4251	
	b) Credit side turnover of account	4196		4214		4232					
	Ending balance of current business period as of Dec 31, 2018										
9	a) Debit balance of account $(7a + 8a - 8b) \geq 0$	4197		4215		4233		4243	4,296,358	4252	
	b) Credit balance of account $(7b - 8a + 8b) \geq 0$	4198		4216		4234					

In Belgrade, Date April 27, 2020

On behalf of CEO per power of attorney



To be filled in by the legal entity - entrepreneur																				
1	7	4	1	3	3	3	3	4	7	3	0	1	0	0	1	1	8	2	3	6
Business register identification number								Industry code				TIN								
Company name: EKO Serbia a.d Beograd (NOVI BEOGRAD)																				
Company seat (City; Street and no.): Beograd (Novi Beograd) Tosin bunar 274a																				

CASH FLOW STATEMENT

for the period from Jan 01st to December 31st, 2019

- stated in RSD thousands -

Group of accounts name, account name	AOP (position in statement)	Amount	
		Current business period balance	Previous business period balance
1	2	3	4
A. CASH FLOW FROM OPERATING ACTIVITIES			
I. Cash inflows from operating activities (1 to 3)	3001	25,333,885	23,399,089
1. Inflows from sales and prepayments	3002	25,317,504	23,391,117
2. Interest from operating activities	3003	569	456
3. Other inflows from operating activities	3004	15,812	7,516
II. Cash outflows from operating activities (1 to 5)	3005	25,131,442	23,381,583
1. Trade payables and prepayments	3006	24,547,398	22,826,894
2. Salaries, wages and other personnel expenses	3007	229,142	248,012
3. Interests paid	3008	8,687	328
4. Corporate income tax	3009		
5. Outflows from other public revenues	3010	346,215	306,349
III. Net cash inflow from operating activities (I-II)	3011	202,443	17,506
IV. Net cash outflow from operating activities (II-I)	3012	-	-
B. CASH FLOW FROM INVESTING ACTIVITIES			
I. Cash inflows from operating activities (1 to 5)	3013	2,280	548
1. Sale of shares and stakes (net inflows)	3014		
2. Sale of intangible assets, immovable property, plants, equipment and natural resources	3015	2,280	548
3. Other financial investments (net inflows)	3016		
4. Interest from investing activities	3017		
5. Inflows from dividends	3018		
II. Cash outflows from investing activities (1 to 3)	3019	163,288	105,854
1. Purchase of shares and stakes (net outflows)	3020		
2. Purchase of intangible assets, immovable property, plants, equipment and natural resources	3021	163,288	105,854
3. Other financial investments (net outflows)	3022		
III. Net cash inflow from investing activities (I-II)	3023	-	-
IV. Net cash outflow from investing activities (II-I)	3024	161,008	105,306

C. CASH FLOW FROM FINANCING ACTIVITIES			
I. Cash inflows from financing activities (1 to 5)	3025	2,785,000	391,274
1. Share capital increase	3026		
2. Long-term loans (net-inflows)	3027		
3. Short-term loans (net-inflows)	3028	2,785,000	391,274
4. Other long-term liabilities	3029		
5. Other short-term liabilities	3030		
II. Cash outflows from financing activities (1 to 6)	3031	2,799,379	323,000
1. Treasury shares and stakes	3032		
2. Long-term loans (outflows)	3033		
3. Short-term loans (outflows)	3034	2,799,379	323,000
4. Other liabilities (outflows)	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	14,379	-
D. TOTAL CASH INFLOW (3001 + 3013 + 3025)	3040	28,121,165	23,790,911
E. TOTAL CASH OUTFLOW (3005 + 3019 + 3031)	3041	28,094,109	23,810,437
F. NET CASH INFLOW (3040 - 3041)	3042	27,056	-
G. NET CASH OUTFLOW (3041 - 3040)	3043	-	19,526
H. CASH BALANCE AT THE BEGINNING OF THE PERIOD	3044	216,762	236,594
I. POSITIVE EFFECTS OF EXCHANGE RATE CHANGES FROM CASH CALCULATION	3045	65	67
J. NEGATIVE EFFECTS OF EXCHANGE RATE CHANGES FROM CASH CALCULATION	3046	68	373
K. CASH BALANCE AT THE END OF THE PERIOD (3042 - 3043 + 3044 + 3045 - 3046)	3047	243,815	216,762

In Belgrade

Date April 27, 2020

On behalf of CEO per power of attorney



This form is stipulated by the Rulebook on the content and form of the financial statement forms for companies, cooperatives and entrepreneurs ('Official Gazette RS', no 95/14, on September 5th, 2014)

EKO SERBIA A.D. BEOGRAD

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

1. Corporate information

EKO Serbia a.d. Beograd (hereinafter: "the Company") 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 street.

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

On 23 November 2016, the Republic of Serbia Ministry of Finance has issued opinion number 011-00-1051/2016, base on which legal entities which has possibility and necessary capacity for application of new/revised IFRSs which are still not published in Official Gazette of the Republic of Serbia can apply for the purpose of preparation of financial statements. The Company has decided to adopt IFRS 16 Leases in advance of its effective date applicable in the Republic of Serbia (more details are presented in Notes 3.18, 7 and 17).

As of 31 December 2019, the Company had 50 employees (31 December 2018: 43 employees).

The financial statements the Company for the year ended 31 December 2019, were authorized for issue in accordance with a resolution of the Director on 27 April 2020.

2. Basis of preparation

The Company maintains its records and prepares financial statements in accordance with the Accounting Law 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 the 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.

Furthermore, the accompanying financial statements, including comparative information, 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.

Some laws and by-laws require certain disclosures and treatment of the accounts and balances, resulting in deviations from IFRS as follows:

- The Company has prepared these financial statements in the format prescribed by Ministry of Finance of Republic of Serbia
- "Out off balance sheet assets and liabilities" are presented on the balance sheet form. These items by definition of IFRS do not represent assets nor liabilities.

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

Due to departures detailed above these financial statements cannot be considered as fully complied with IFRS.

Annual Business Report

In accordance with the Accounting Law, management is responsible for the preparation of the annual business report for 2019.

2.1 Basis of accounting

These financial statements have been prepared on a historical cost basis. These financial statements are presented in Republic of Serbia Dinars ("RSD") and all values are rounded to the nearest thousand (RSD'000) except when otherwise indicated.

The principal accounting policies applied in the preparation of these financial statements are set forth in the following notes.

2.2 Going concern

The financial statements are prepared on the assumption that the Company is a going concern and will continue in operation for 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 Republic of Serbia Dinar ("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 life.

3.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation any impairment in value. Cost represents the prices billed by suppliers together with all costs incurred until the assets are brought to their present location and condition.

(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)

Subsequent expenditures such as modification or adaptation to the assets is recognized as an increase in cost of the respective assets, when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow to the Company, and when the cost can reliably be measured. All other subsequent expenditure is expensed as incurred.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

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:

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

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

3. Summary of significant accounting policies (continued)

3.5 Investment property (continued)

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.

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.

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

3. Summary of significant accounting policies (continued)

3.10 Equity (continued)

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.

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

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(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 tax

Deferred tax is provided, using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where a deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- when a deferred income tax asset relating to a deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

3. Summary of significant accounting policies (continued)

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 benefits

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 from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Control over goods sold and services rendered is transferred to the customer upon delivery of the respective products or service respectively.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Payment terms vary in line with the type of sales transactions and depend mainly on the products sold or services rendered, the distribution channels as well as each customer's specifics.

Revenue is shown net of value-added tax, returns, rebates and discounts after eliminating sales within the Company.

(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.

(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.

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

3. Summary of significant accounting policies (continued)

3.16 Revenue recognition – Revenue from contracts with customers (continued)

(c) Loyalty programs

The Company offers a loyalty program in which customers collect reward points for purchases made, thereby obtaining a discount on subsequent purchases. Reward points are recognized when points are redeemed or expired after the initial transaction. Recognition of contractual obligation for reward points is made at the point of sale. The contractual obligations arising from the customer loyalty program are set out in Note 19.

3.17 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which the Company's shareholders approve the dividend.

3.18 IFRS 16: Leases

General impact of application of IFRS 16 Leases

In the current year, the Company, for the first time, has applied IFRS 16 Leases (as issued by the IASB in January 2016). For entities that prepare financial statements in accordance with the regulations of the Republic of Serbia, this standard is not mandatory. The Company has decided to apply the new standard as of 1 January 2019 using a modified retrospective approach. In accordance with the transitional requirements of IFRS 16, comparative information has not been disclosed.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance lease requires and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Company's financial statements is described below.

Impact of the new definition of a lease

The Company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Company has carried an implementation project. The project has shown that the new definition in IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease for the Company.

Impact on Lessee Accounting

Former operating leases

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet.

From 1 January 2019, leases are recognized as a right-of-use assets and lease liabilities as of the date when the leased asset is available for the Company's use. Each lease cost is divided into finance expense and depreciation. The financial expense is recognized during the lease period by applying constant periodic interest rates on the outstanding balance of liabilities as of each period end. The right-of-use assets are amortized over the lease period on a straight-line basis.

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

3. Summary of significant accounting policies (continued)

3.18 IFRS 16: Leases (continued)

Impact on Lessee Accounting, continued

Assets and liabilities are initially measured using the present value method. Lease liabilities are valued at the beginning of the lease period and are equal to the present value of future lease payments. Subsequent to initial recognition, financial leasing liabilities are recognized at amortized cost using the effective interest rate method. The right of use the assets is obtained when the amount of the lease liability is added to the initial direct costs, leased advance payment, the estimated cost of restoration in accordance with IAS 37 and deducts the received lease incentives.

Lease incentives (e.g. free rent period) are recognized as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortized as a reduction of rental expense on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 *Impairment of Assets*. This replaces the previous requirement to recognize a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Company has opted to recognize a lease expense on straight-line basis as permitted by IFRS 16.

Former finance leases

The main difference between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of residual value guarantees provided by a lessee to a lessor. IFRS 16 requires that the Company recognizes as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have any effect on the Company's financial statements.

The tables below show the amount of adjustment of each financial statement line item affected by the application of IFRS 16 for the current year:

Impact on profit or loss for the year:

<i>In '000 RSD</i>	2019
Increase in finance costs	31,593
Increase in depreciation	71,391
Decrease in cost of production service	(92,907)
Increase (decrease) in profit for the year	(10,738)

Impact on assets and liabilities:

<i>In '000 RSD</i>	31 December 2019	1 January 2019
Property, plant and equipment (Note 19)	588,898	598,052
Long-term financial liabilities	-	(17,198)
Advance payments – long term	-	(28,969)
Advance payments – short term	511,174	551,885
Short-term financial liabilities	48,828	-
Decrease in trade payables	(7,793)	(658,935)
Retained earnings	-	-

The Company has contracts for lease of gas stations, apartments and motor vehicles.

	31.12.2019	1.01.2019
Gas stations	569,391	571,252
Motor vehicles	16,053	21,221
Apartments	3,454	5,579
Total right-of-use assets	588,898	598,052

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

4. Financial risk management

4.1 Financial risk factors

The Company's activities are exposed to a variety of financial risks: market risk (foreign exchange risk), credit 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

RSD '000	Effect on Profit Before Tax
2019	
10%	(43,529)
-10%	43,529
2018	
10%	(12,056)
-10%	12,056

(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, considering 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.

The Company applies IFRS 9 to measure expected credit losses. In order to measure expected credit losses, trade receivables are grouped based on the number of days of delay. Provisions for credit losses related to trade receivables are determined in accordance with the provisioning matrix shown in the table below:

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

4. Financial risk management (continued)

4.1 Financial risk factors (continued)

As of 31 December 2019

Trade receivables and other receivables	Loss percentage	Gross amount	Total ECL	Total
-not due and due up to 30 days	0.01%	538,674	(48)	538,626
-from 31 to 90 days	0.13%	114,285	(13)	114,272
	collection 70% for low value amounts and for other individual assessment			
-more than 91 days		219,523	(81)	219,442
Total		872,482	(142)	872,340

(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 2019

Less than 1 year

Borrowings	1,770,066
Trade payables	1,773,434

(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 2019, the Company's strategy remained unchanged compared to its 2018 strategy. As at 31 December 2019 and 2018 the gearing ratio was as follows:

	31.12.2019	31.12.2018
Borrowings - Total (Note 16)	1,770,066	1,784,446
Less: cash and cash equivalents (Note 12)	243,815	216,762
Net debt	1,526,251	1,567,684
Equity	4,296,358	3,728,615
Total equity	5,822,609	5,296,299
Gearing ratio	26.21%	29.6%

As presented in the table, the Company's Net Debt is lower than Equity as at 31 December 2019. 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.

5. KEY 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.

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 31.

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

5. KEY ACCOUNTING ESTIMATES AND JUDGMENTS, continued**5.1 Key accounting estimates and assumptions, continued****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. Additional information is presented in Note 15.

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, 2019. The estimated provision for litigation is amounted to RSD 4,335 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 2018				
Cost	66,896	21,238	516,811	604,945
Accumulated amortisation	(17,276)	(7,696)	-	(24,972)
Net book value	49,620	13,542	516,811	579,974
Year ended 31 December 2018				
Opening Net Book Value	49,620	13,542	516,811	579,973
Additions	250	9,537	240	10,027
Accumulated amortisation (Note 23)	(5,338)	(1,848)	-	(7,186)
Net book Value	44,532	21,231	517,051	582,814
As at 31 December 2018				
Cost+ transfers	67,146	30,775	517,051	614,972
Accumulated amortisation	(22,614)	(9,544)	-	(32,158)
Net Book Value	44,532	21,231	517,051	582,814
Year ended 31 December 2019				
Opening Net Book Value	44,532	21,231	517,051	582,814
Additions	327	1,192	3,509	5,028
Accumulated amortisation (Note 23)	(5,385)	(2,900)	0	(8,285)
Net book Value as at 31 December 2019	39,474	19,523	520,560	579,557
As at 31 December 2019				
Cost+ transfers	67,473	31,967	520,560	620,000
Accumulated amortisation	(27,999)	(12,444)	-	(40,443)
Net Book Value	39,474	19,523	520,560	579,557

Amortisation expense of RSD 8,285 thousand (2018: RSD 7,186 thousand) was recorded in the Income Statement under Operating expenses (Note 23).

EKO SERBIA A.D. BEOGRAD
Notes to the financial statements for the year ended 31 December 2019
(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	Right-of-use- assets	Total
As at 1 January 2018							
Cost	2,607,935	3,965,754	974,704	67,501	181,935	-	7,751,775
Accumulated Depreciation	-	(1,807,019)	(844,867)	-	(105,967)	-	(1,757,853)
Net Book Value	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 23)	-	(158,030)	(43,612)	-	(16,217)	-	(217,859)
Net Book Value as at 31 December 2018	2,610,222	2,158,735	129,837	19,160	75,968	-	4,993,922
Year ended 31 December 2019							
Opening Net Book Value	2,610,222	2,158,735	129,837	19,160	75,968	0	4,993,922
Effects of adoption of IFRS 16	-	-	-	-	-	598,052	598,052
Additions	5,167	8,734	29,329	45,585	6,475	142,492	237,783
Modifications	-	-	-	-	-	(63,598)	(63,598)
Transfers	-	2,893	3,720	(9,016)	2,403	-	-
Disposals and write-offs (Note 29)	-	(4,641)	(1,785)	-	(1,282)	-	(7,708)
Corrections	-	-	-	-	-	(16,657)	(16,657)
Depreciation (Note 23)	-	(166,091)	(43,625)	-	(15,775)	(71,391)	(296,882)
Net Book Value as at 31 December 2019	2,615,389	1,999,631	117,476	55,729	67,789	588,898	5,444,912
As at 31 December 2019							
Cost	2,615,389	3,955,367	906,150	55,729	173,796	660,289	8,366,720
Accumulated Depreciation	-	(1,955,736)	(788,674)	-	(106,007)	(71,391)	(2,921,807)
Net Book Value as at 31 December 2019	2,615,389	1,999,631	117,476	55,729	67,789	588,898	5,444,912

Depreciation expense of RSD 296,882 thousand (2018: RSD 217,859 thousand) was presented in the Income Statement under Operating expenses. (Note 23)

*(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 2018	
Trade and other receivables (Note 11)	776,850
Cash and cash equivalents (Note 12)	216,762
Total	993,612
	Other financial liabilities
Payables	
Trade and other payables	2,228,483
Borrowings	1,784,446
Long-term liabilities	8,430
Total	4,021,359
	Receivables
Assets	
31 December 2019	
Trade and other receivables (Note 11)	877,482
Cash and cash equivalents (Note 12)	243,815
Total	1,121,297
	Other financial liabilities
Payables	
Trade and other payables	1,785,290
Borrowings	1,770,067
Long-term liabilities	10,624
Total	3,565,981

(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:

	31.12.2019	31.12.2018
Trade receivables		
Group 1	408,014	343,965
Group 2	464,468	428,749
Total	872,482	772,714

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

Within Group 2 the Company classifies other trade receivables

10. Inventory

	31.12.2019	31.12.2018
Merchandise	1,176,557	938,294
Spare parts	1,914	4,393
Advances paid	22,129	113,031
Total	1,200,600	1,055,718

Total shortages based on the inventory stocktaking for 2019 amounted to RSD 142,140 thousand and is disclosed within other expenses (Note 29) while surpluses in the amount of RSD 119,775 thousand are disclosed within other income (Note 21).

11. Trade and Other Receivables

	31.12.2019	31.12.2018
Trade receivables	872,482	772,714
- Trade receivables – domestic	871,987	766,955
- Bad and doubtful debts	19,612	19,612
- Allowance for impairment	(19,118)	(18,976)
- Trade receivables - foreign related parties	-	5,123
Other receivables	5,000	3,751
- Receivables from the Pension and Disability Insurance Fund	1,050	342
- Receivables for tax prepayments	2,405	-
- Receivables from COMO managers	990	2,897
- Receivables from employees	366	331
- Other receivables	189	181
Receivables from specific operations	-	385
Total	877,482	776,850

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 trade receivables with customers as of 31 December 2019. The Company considers that the amount of non-reconciled receivables on that day is not materially significant.

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

11. Trade and Other Receivables (continued)

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

	Individual impairment RSD'000	General impairment RSD'000	Total RSD'000
As of 1.1.2018	18,976	-	18,976
Additional impairment	-	-	-
Collected written-off receivables	-	-	-
As of 31.12.2018	18,976	-	18,976
Additional impairment	53	89	142
Collected written-off receivables	-	-	-
As of 31.12.2019	19,029	89	19,118

Ageing structure of trade receivables as of 31 December is presented 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
2019	872,482	467,595	71,079	86,274	28,011	2,544	216,979
2018	772,714	605,173	152,093	10,462	1,382	1,390	2,214

As of 31 December 2019 trade receivables amounting to RSD 467,595 thousand (31 December 2018: RSD 605,173 thousand) are collectable in its entirety.

As at 31 December 2019 trade receivables amounting to RSD 404,887 thousand (31 December 2019: RSD 167,541 thousand) are overdue but not impaired. The major part of these receivables (RSD 305,324 thousand) relates to customer AKTOR A.T.E Branch Belgrade with whom the Company has signed corporate bank guarantee, as well as agreement for continuance of cooperation in 2020. Remaining part of these receivables relate to a number of independent customers with good payment history.

Ageing structure of these trade receivables is as follows:

	31.12.2019	31.12.2018
Up to 1 month	71,079	152,093
1 - 2 months	86,274	10,462
2 - 3 months	28,011	1,382
3 - 6 months	2,544	1,390
Over 6 months	216,979	2,214
	404,887	167,541

In 2019 trade receivables amounting to RSD 2,727 thousand were impaired.

	2019	2018
Over 6 months (Note 29)	2,727	10,183
	2,727	10,183

*(all the amounts are presented in '000 RSD, unless stated otherwise)***12. Cash and cash equivalents**

	31.12.2019	31.12.2018
Receivables based on payment cards	19,487	15,093
Bank accounts - RSD	173,244	136,746
Cash in hand - petrol stations	588	639
Cash on special account	48,835	56,404
Foreign currency account	1,661	7,880
Total	243,815	216,762

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.

	31.12.2019	31.12.2018
Bank accounts		
Vojvođanska Banka	83,368	84,202
Euro Banka	89,525	52,217
Intesa Banka	351	327
Foreign currency account Vojvođanska Banka	1,661	7,880
Total	174,905	144,626

Foreign currency cash funds are denominated in EUR.

13. VAT receivables and Prepaid expenses

	31.12.2019.	31.12.2018.
Prepaid expenses	533	47,108
Other prepaid expenses	5,430	5,198
VAT receivables	67,977	61,183
Total	73,940	113,489

14. Equity

The table below summarises movements within equity.

	Basic capital	Retained Earnings (loss)	Total
As at 1 January 2018	6,961,115	(3,432,763)	3,528,352
Profit/(loss) for the year	-	199,305	199,305
Unrealised losses	-	958	958
As at 31 December 2018	6,961,115	(3,232,500)	3,728,615
As at 1 January 2019	6,961,115	(3,232,500)	3,728,615
Profit/(loss) for the year	-	570,715	570,715
Unrealised losses	-	(2,972)	(2,972)
As at 31 December 2019	6,961,115	(2,664,757)	4,296,358

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

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 2018	4,192	-	4,192
Additional provision for the year	757	4,192	4,859
Utilized provisions	(621)	-	(621)
Revenues from cancellation of long-term provisions	-	-	-
As at 31 December 2018	4,328	4,102	8,430
Additional provision for the year	368	233	601
Actuarial gains/(losses)	2,972	-	2,972
Utilized provisions	(227)	-	(227)
Revenues from cancellation of long-term provisions	(1,152)	-	(1,152)
As at 31 December 2019	6,289	4,335	10,624

(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 31 December 2018 and 31 December 2019.

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

	31.12.2019	31.12.2018
Pensions		
Discount rate	3.70%	4.80%
Expected wage growth rate	3.00%	2.10%
Fluctuation of employees	3.00%	2.10%
Jubilee awards		
Discount rate	3.70%	4.80%
Expected wage growth rate	-	2.10%
Fluctuation of employees	-	2.10%

(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.

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

16. Short-term financial liabilities

Short-term financial liabilities as at 31 December 2019 in the amount of RSD 1,770,067 thousand (31 December 2018: RSD 1,784,446 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 2019 is 1M BELIBOR + 1.5% per annum.

The total amount of approved funds is denominated in RSD.

	31.12.2019	31.12.2018
Short-term borrowing	1,770,067	1,784,446
	1,770,067	1,784,446

Bank	31.12.2019	31.12.2018
Vojvođanska Banka Beograd	755,000	769,379
Vojvođanska Banka Beograd	1,015,067	1,015,067
Total	1,770,067	1,784,446

Bank	Usage	Limit	Utilized	Interest rate
Vojvođanska Banka Beograd	Ug.02-21162	1,503,348	755,000	1mBelibor+1,45%
Vojvođanska Banka Beograd	Ug.02-21164	1,042,629	1,015,067	1mBelibor+1,45%

17. Lease liabilities

Lease liabilities relate to liabilities recognized as of 1 January 2019 in accordance with IFRS 16.

Movement in lease liability is presented as follows:

As of 1 January 2019	551,885
Additions	119,601
Modifications	(61,914)
Interest expenses (Note 28)	31,593
Payment	(65,456)
Adjustments	(15,706)
As of 31 December 2019	560,003
Long-term liabilities	511,174
Short-term liabilities	48,828

Summary of expenses recognized in income statement as of 31 December 2019 and for the year then ended can be presented as follows:

	2019
Depreciation (Note 7)	71,391
Interest (Note 28)	31,593
Rent expenses up to 12 months	28,293
Rent expenses of low value assets	1,575
Variable lease payments	38,031
Total	170,883

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

18. Trade payables

	31.12.2019	31.12.2018
Advances received and deposits	32,007	29,690
Other operating liabilities	115,995	190,352
Domestic trade payables	1,220,491	1,837,050
Foreign trade payables	432,722	9,473
Related parties	4,226	110,051
Total	1,805,441	2,176,616

Trade payables in the amount of RSD 436,948 thousand were denominated in foreign currencies, (EUR) as at 31 December 2019. Terms and conditions relating to related parties payables are shown in Note 32. Advances received are interest-free as well as trade payables for which the Company has agreed maturity date. Trade payables toward domestic suppliers are mostly related to purchase of petroleum products.

19. Other short-term liabilities and accruals

19.1. Other short-term liabilities

	31.12.2019	31.12.2018
Liabilities for interest and earnings	79	0
Liabilities for other taxes	4,239	6,163
Accruals for unused vacation	6,137	6,063
Liabilities for received deposits	1,401	1,481
Total	11,856	13,707

19.2. VAT liabilities and accruals

	31.12.2019	31.12.2018
VAT liabilities	-	73,915
Liabilities for taxes and other payments	4,907	4,272
Accrued trade payables	125,207	67,274
Provisions for SMILE cards	22,479	36,723
Other accruals	347	155
VAT and accruals - total	152,940	182,339

20. Revenue from sales

	2019	2018
Revenue from sales	22,361,514	20,494,434
Discounts	(369,602)	(312,101)
Total	21,991,912	20,182,333

*(all the amounts are presented in '000 RSD, unless stated otherwise)***21. Other operating income**

	2019	2018
Revenue - Rent	38,543	37,328
Revenue - Others	38,348	24,794
Total	76,891	62,122

22. Other revenue

	2019	2018
Revenue-surplus goods	119,775	122,032
Release of provision (Note 15)	1,152	-
Other income	18,992	2,862
Total	139,919	124,895

23. Operating expenses

	2019	2018
Cost of goods sold	19,651,614	18,023,370
Own consumption	(3,233)	(3,823)
Cost of materials	38,505	37,144
Cost of fuel and energy (Note 24)	123,572	129,043
Cost of salaries (Note 25)	204,213	205,949
Amortization (Note 6)	8,285	7,186
Depreciation (Note 7)	296,882	217,859
Costs of production services (Note 26)	358,580	419,820
Provision expenses (Note 15)	601	757
Other operating expenses (Note 25)	750,010	692,269
Total	21,429,029	19,729,574

24. Cost of fuel and energy

	2019	2018
Cost of energy	110,621	113,475
Cost of fuel	2,125	6,702
Cost of heating	10,826	8,866
Total	123,572	129,043

25. Cost of salaries

	2019	2018
Gross salaries and allowances for employees	150,376	143,043
Contribution at the expense of the employer	18,252	17,041
Cost of compensation to members of board of directors	2,217	2,302
Costs of compensation to individual under other contracts	8,154	12,964
Other personal costs	25,214	30,599
Total	204,213	205,949

*(all the amounts are presented in '000 RSD, unless stated otherwise)***26. Cost of production services and other operating expenses****Cost of production services**

	2019	2018
Costs of the communication network	3,367	2,921
Postal costs	1,632	1,882
Telephone costs	4,590	4,751
Security costs	20,855	20,726
Maintenance costs	145,614	142,517
Rental costs	34,457	110,443
Utilities	37,825	32,151
Advertising costs	83,862	78,998
Other marketing costs	26,201	24,207
Internet services	0	539
Other services	154	604
Services in the sales process	23	81
Total	358,580	419,820

Other operating expenses

	2019	2018
Cost of commission premium	519,858	448,324
Costs of legal services	7,756	9,886
Taxes and taxes on company expiration	38,905	39,705
Public service charges	24,465	45,081
Consulting services	39,173	44,438
Representation	5,544	8,884
Bank charges	90,280	71,296
Training of employees	2,821	908
Other services	8,389	7,485
Insurance premiums	6,225	5,755
Membership fees	3,189	3,249
Costs for administrative and court fees	3,405	7,258
Total	750,010	692,269

27. Financial revenue

	2019	2018
Interest income	581	456
FX gains	13,849	1,455
Total	14,430	1,911

*(all the amounts are presented in '000 RSD, unless stated otherwise)***28. Financial expenses**

	2019	2018
Interest expense	68,415	81,677
Interest expenses IFRS 16 (Note 17)	31,593	-
FX losses	17,751	2,713
Total	117,759	84,390

29. Other expenses

	2019	2018
Goods shortages	142,140	136,876
Goods write off	1,704	1,511
Losses on disposals (Note 7)	7,708	-
Write – off of receivables	2,727	-
Other expenses	5,678	-
Total	159,957	138,387

30. Income tax

The main components of the corporate income tax for 2019 and 2018 are as follows:

	2019 RSD'000	2018 RSD'000
Income tax expenses	-	-
Deferred tax revenue (expense) of the period	49,582	(154,427)
Net income tax	49,582	(154,427)

Current income tax expense

Reconciliation of income tax expenses and accounting profit for 2019 and 2018 can be presented as follows:

	2019 RSD'000	2018 RSD'000
Profit/(loss) before tax	521,133	353,733
Tax at statutory income tax rate of 15%	78,170	53,060
<i>Tax effects on:</i>		
Non-deductible income	-	(23,457)
Expenses not recognized for tax purposes	17,159	45,962
Unrecognized tax losses	(95,329)	(75,565)
Current tax expense	-	-

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

30. Income tax (continued)

Deferred tax assets

	Balance sheet		Income statement	
	31.12.2019 RSD'000	31.12.2018 RSD'000	31.12.2019 RSD'000	31.12.2018 RSD'000
Deferred tax assets				
On tax losses carried forward from previous periods	-	76,992	(76,992)	(154,427)
Accelerated depreciation for tax purposes	125,244	-	125,244	-
On pension benefits and jubilee awards	636	-	636	-
On pending litigation	650	-	650	-
On tax credits in fixed assets	60,408	60,408	-	-
Total deferred tax assets	186,938	137,400		
Deferred tax recognized in the income statement			49,582	(154,427)

As at 31 December 2019, 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
Total	60,408

The Company has recognized deferred tax assets based on temporary difference between accounting and tax depreciation in the amount of RSD 125,244 thousand as of 31 December 2019.

Total amount of tax base presented in OA summary for calculation of depreciation for tax purposes	3,078,852
Accounting base of fixed assets	2,243,893
Temporary difference	834,960
Total deferred tax assets (15% on difference)	125,244

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

30. Income tax (continued)

Based on the calculation of pension benefits, jubilee awards, benefits as well as litigations, the Company recognized tax assets in the amount of RSD 1,286 thousand in 2019 as follows:

Pension benefits	
Accounting value as of 31 December 2019	4,238
Tax value	0
Temporary difference	4,238
Deferred tax assets	636
Litigations	
Accounting value as of 31 December 2019	4,335
Tax value	0
Temporary difference	4,335
Deferred tax assets	650
Total Deferred tax assets	1,286

31. 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 2019 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.

(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 2019, 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.

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

	2019	2018
HFL S.A	26,842	43,091
EKO BULGARIA	618	578
HELLENIC-PETROLEUM	85,869	143,141
JUGOPETROL	866	3,748
OKTA	-	233,027
HELPE CONSULTING	18,375	20,078
Total	132,570	443,663

b) Sale of goods and services

	2019	2018
-JUGOPETROL KOTOR	-	497
-HELLENIC-PETROLEUM	2,084	2,194
-HFL S.A	-	2,626
Total	2,084	5,317

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

	31.12.2019	31.12.2018
Payables to related parties		
- HELPE CONSULTING	-	26,476
- HELLENIC-PETROLEUM	-	47,597
- HFL S.A	4,227	35,978
Total	4,227	110,051

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

	31.12.2019	31.12.2018
Receivables from related parties		
HELLENIC-PETROLEUM	-	798
HFL S.A	-	3,828
JUGOPETROL KOTOR	-	497
Total	-	5,123

e) Payments made to members of the Supervisory Boards

	2019	2018
Payments made to members of the Supervisory Boards	39,626	43,137
Total	39,626	43,137

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

33. Reconciliation

The Company has reconciled, with its business associates, its receivables and liabilities in 2019 via balance of accounts or protocol of comparison. Reconciliation results are satisfactory.

34. Subsequent events

Following the indications of the outbreak of the coronavirus – COVID-19, the Company has assessed its position. As the outbreak and spread of the coronavirus continues to evolve, it is challenging to predict the full extent and duration of its business and economic implications. Based on current expectations, and considering all relevant measures taken by the National Bank of Serbia and the Government of Republic of Serbia, Management believes, although potentially negative short-term effects on Company's revenues and cash inflows are expected, it is not probable that the situation will have significant negative impact on the Company's ability to fulfil its obligations nor prolonged impact on Company's revenues and overall business which can affect the Company's ability to continue as a going concern in the foreseeable future.

Beside above mention there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes there to.

Belgrade, 27 April 2020

Notes prepared by

Ana Pavlović

On behalf of CEO per power of attorney

Paschos Nikolaos





EKO SERBIA A.D. BEOGRAD

ANNUAL BUSINESS REPORT FOR YEAR ENDED 31 DECEMBER 2019

Company EKO Serbia AD was founded on 6 September 20002 as part of Hellenic Petroleum Group from Greece. Since than our network has expanded, with increase in number of employees and services provided. In December 2007 Company have changed ownership structure when Cypris Company Hellenic Petroleum Serbia (Holdings) became owner of 100% shares of EKO Serbia.

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

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

Beside main business activity, selling all types of fuel on 56 gas stations, Company offers different services and products to customers. EKO gas stations are modern objects with large spectrum of services – mini markets with carefully chosen product assortment, vehicle maintenance products, EKO oils and lubricants, EKO Racing Café, automatic and manual car wash, playground for children, ATM, free WIFI.

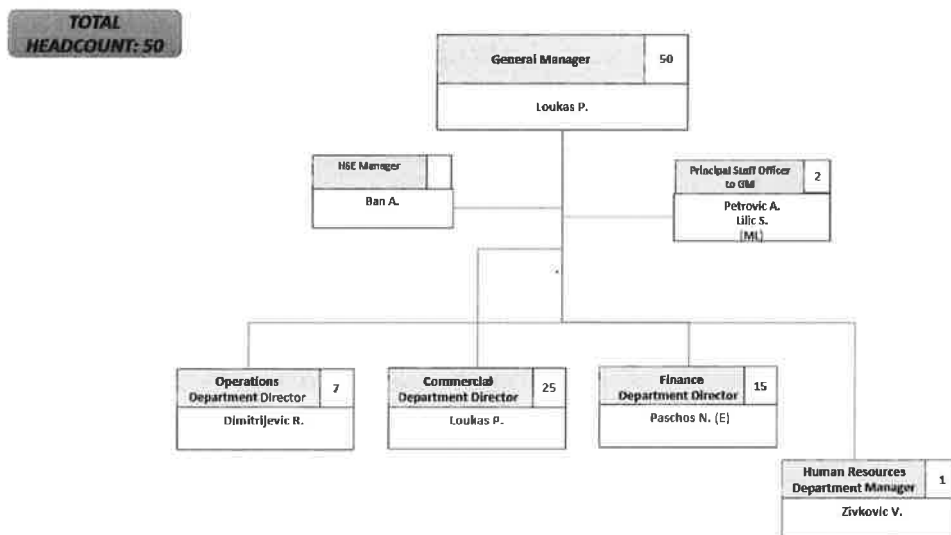
Gas stations located on highway have restaurants which are part of famous OLYMPUS PLAZA restaurants chain from Greece.

Customer support is available 24 hours every day for telephone or email comments, complaints, or praise from customers.

ORGANIZATIONAL STRUCTURE

The Company's organizational structure as at 31 December 2019 is presented on the following organogram:

Organization Chart
EKO SERBIA DECEMBER 2019



EKO SERBIA A.D. BEOGRAD

TOSIN BUNAR 274A, 11 070 BEOGRAD, SRBIJA

PIB 100118236

MAT.BR. 17413333

PHONE: 00 381 11 20 61 500

FAX: 00 381 11 20 61 555

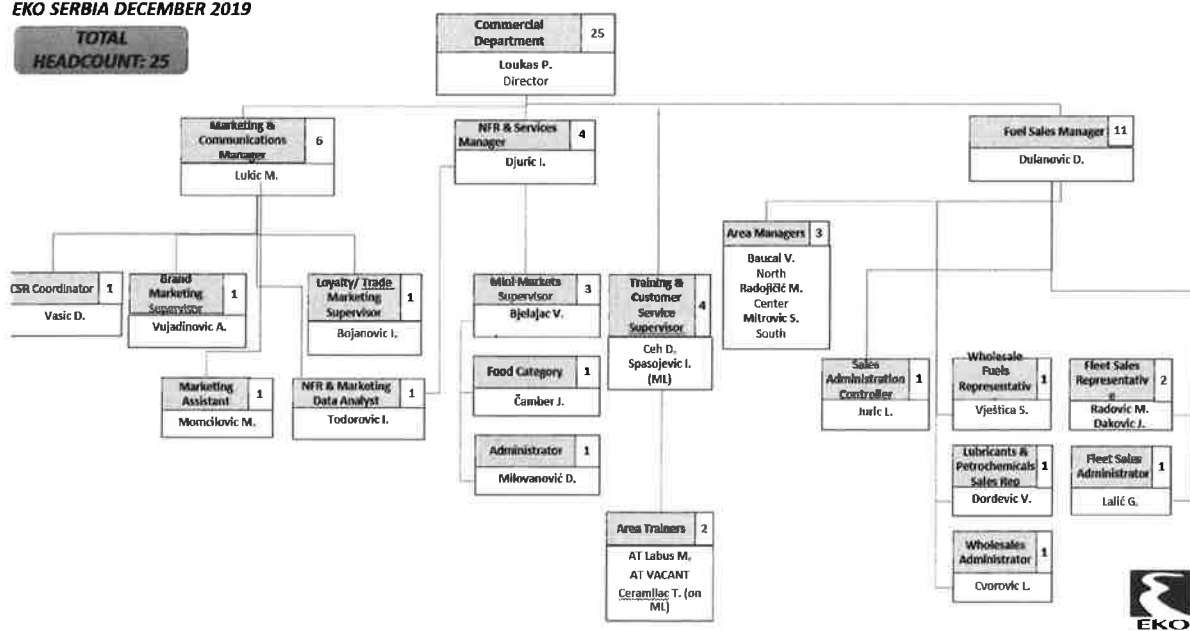
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EKO SERBIA A.D. BEOGRAD

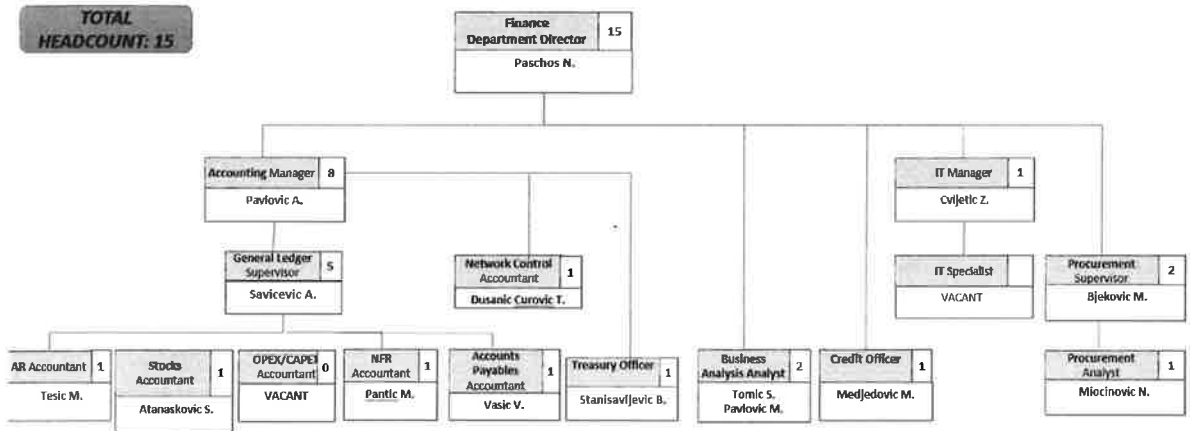
Organization Chart
EKO SERBIA DECEMBER 2019

**TOTAL
HEADCOUNT: 25**



Organization Chart
EKO SERBIA DECEMBER 2019

**TOTAL
HEADCOUNT: 15**



EKO SERBIA A.D. BEOGRAD

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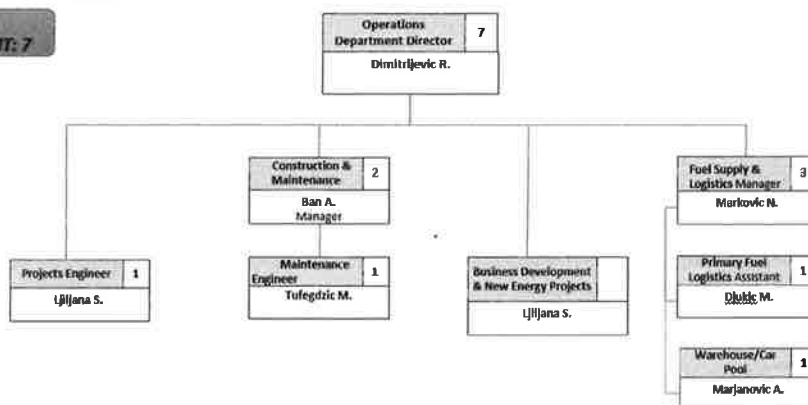


EKO SERBIA A.D. BEOGRAD

Organization Chart EKO SERBIA DECEMBER 2019

**TOTAL
HEADCOUNT: 7**

OPERATIONS DEPARTMENT



Organization Chart EKO SERBIA DECEMBER 2019

**TOTAL
HEADCOUNT: 1**

HUMAN RESOURCES DEPARTMENT



EKO SERBIA A.D. BEOGRAD

TOSIN BUNAR 274A, 11 070 BEOGRAD, SRBIJA

PIB 100118236 MAT.BR. 17413333

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FAX: 00 381 11 20 61 555

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EKO SERBIA A.D. BEOGRAD

HUMAN RESOURCES

Company offers equal possibilities to all employees without any form of discrimination, advocating open communication transparency, meritocracy in all employment and labor policies and practices.

Qualification structure of employees, without employees hired through external agency, as at 31 December 2019 is shown in following table:

Education level	Number of employees
High school	6
Bachelor's degree	2
Faculty degree	28
Master's degree	7
Ph.D.	1
Total	44

FINANCIAL INSTRUMENTS

Company's activities in 2019 were financed through:

- Operating cash inflows
- Loans

Eko Serbia is financed through cash inflow from operating activities and through short-term loan from Vojvodjanska bank.

As at 31 December 2019, Company used two credit lines from Vojvodjanska bank.

OPERATING RESULTS

Management of the Company concluded that business operations in 2019 were conducted in accordance with business policy.

Company successfully finished 2019 business year with positive result. Total revenues, amounted RSD 22,287,189 thousand, exceeded total expenses amounted RSD 21,716,474 thousand, by RSD 570,715 thousand. Profit gained is used for previous years losses coverage.

EKO SERBIA A.D. BEOGRAD

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PIB 100118236 MAT.BR. 17413333

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FAX: 00 381 11 20 61 555

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EKO SERBIA A.D. BEOGRAD

Revenues analysis

Description	(in RSD thousands)		%		2019/2018 (index)
Revenues:	2019	2018	2019	2018	
Revenue from operating activities	22,071,736	20,244,455	99	99.4	109.03
Finance income	14,430	1,911	0.06	0.01	755.11
Other income	139,919	124,895	0.63	0.61	112.03
Previous year income	11,522	-	0.05		
Deferred tax income	49,582	-	0.22	-	-
Total	22,287,189	20,371,261	100	100	109.41

Expenses analysis

Description	(in RSD thousand)		%		2019/2018 (index)
Expenses:	2019	2018	2019	2018	
Operating expenses	21,429,030	19,729,574	98.7	97.8	108.61
Finance expenses	117,759	84,390	0.54	0.42	139.54
Other expenses	159,957	138,387	0.74	0.69	115.59
Expense from value adjustments of assets	142	65,179	-	0.32	0.22
Previous year expenses	9,586	-	0.04	-	-
Deferred tax expenses	-	154,427	-	0.77	-
Total	21,716,474	20,171,957	100	100	107.66

Operating result analysis

Description	(in RSD thousands)		%
Operating result:	2019	2018	2019/2018 (index)
Operating gain/loss	642,707	514,881	124.83
Financial gain/loss	(103,330)	(82,479)	125.28
Other income/expense	(18,244)	(78,670)	23.19
Deferred tax income/expense	49,582	-154,427	(32.11)
Total	570,715	199,305	286.35

EKO SERBIA A.D. BEOGRAD

TOSIN BUNAR 274A, 11 070 BEOGRAD, SRBIJA

PIB 100118236 MAT.BR. 17413333

PHONE: 00 381 11 20 61 500

FAX: 00 381 11 20 61 555

www.ekoserbia.com



EKO SERBIA A.D. BEOGRAD

ENVIRONMENTAL PROTECTION

Company take care of environmental protection.

At each gas station facility, grease and oil separators are installed to treat oily surface waters draining from the plateau. The system is rigged and drained by the system of rigs and grilles to the separator where grease and oil are separated, and the purified water is discharged into the sewer. The quality of the treated water is tested.

It is a legal obligation to clean the separators 4 times a year and to check the quality of the discharged water as many times. The company that cleans the separators must have, besides special cleaning vehicles, a sludge disposal contract in a specially designated place.

PLANNED DEVELOPMENT AND RESEARCH

An expansion of the gas station network is planned for the next period, as a renovation of the existing gas stations. In 2019, it is expected to open a new gas station under the brand name EKO Serbia AD, investment worth RSD 37,632 thousand. On the other hand, an amount of RSD 291,413 thousand has been planned for investments in interior renovation and the appearance of the existing 41 gas stations.

The Company has the following strategic visions for the coming year:

- protecting our business and market share in the sales of premium derivatives;
- digital transformation of the SMILE program;
- building frequency and long-term relationship with loyal customers through the SMILE program;
- a new car wash business model will be introduced in 2020;
- full use of the new logo;
- Focusing on customer service.

STOCK COMPANY

The company has 750 shares with a total value of RSD 4.980.000 thousand.

In 2014, EKO Serbia issued shares of VII emission to raise capital.

The buyer of the stock is existing shareholder Hellenic Petroleum Serbia (Holdings) Cyprus, as the sole shareholder.

Eko Serbia AD is a closed joint stock company and is not listed on the Belgrade Stock Exchange.

COMPANY BRANCHES

The company has 10 branches, which refer to gas stations where we have a catering facility. The branches are located on the territory of the Republic of Serbia.

FINANCIAL RISK MANAGEMENT AND PROTECTION POLICIES

The Company is exposed to certain financial risks in the ordinary course of business.

- Market risk

It mainly refers to price risk. The market is constantly monitored and carefully analyzed. Depending on price movements, a policy of selling and maintaining inventories is also followed.

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- Credit risk

A detailed credit and financial solvency check are carried out for each new client to avoid further business risk.

In case of default of the debtor, further delivery of the goods is suspended. When all the possibilities of debt collection are exhausted and the solution of mutual relations (cession, transfer of debt, etc.) resorts to the final solution, which is the realization of bills of exchange (which are obtained as a means of security).

- Liquidity risk

It represents the risk that EKO Serbia as a company will not be able to meet its financial obligations at their maturity. Liquidity risk management always aims to provide adequate liquidity to meet liabilities at maturity. The expected cash inflow from receivables is monitored together with the expected cash outflows from liabilities. Cash inflow and outflow are monitored daily.

The maximum amount of advance payment to suppliers (fuel) is defined, the expected cash inflow from receivables is monitored, together with the expected cash outflows from liabilities.

SUBSEQUENT EVENTS

Following the indications of the outbreak of the coronavirus – COVID-19, the Company has assessed its position. As the outbreak and spread of the coronavirus continues to evolve, it is challenging to predict the full extent and duration of its business and economic implications. Based on current expectations, and considering all relevant measures taken by the National Bank of Serbia and the Government of Republic of Serbia, Management believes, although potentially negative short-term effects on Company's revenues and cash inflows are expected, it is not probable that the situation will have significant negative impact on the Company's ability to fulfil its obligations nor prolonged impact on Company's revenues and overall business which can affect the Company's ability to continue as a going concern in the foreseeable future.

In Belgrade, 2020

Paschos Nikolaos

On behalf of CEO per power of attorney

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