
Hellenic Petroleum Serbia (Holdings) Limited

Original (signed)

*Report and
financial
statements*

31 December 2016



Hellenic Petroleum Serbia (Holdings) Limited

Report and financial statements 31 December 2016

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Hellenic Petroleum Serbia (Holdings) Limited

Board of Directors and other officers

Board of Directors

Marios Lytras
Georgios Gregoras
Robertos Karahannas

Company Secretary

Simos Photiades
31A Demokratias Street
Lakatamia
2331 Nicosia
Cyprus

Registered office

3 Ellispontou Street
Strovolos
2015, Nicosia
Cyprus

Auditors

PricewaterhouseCoopers Limited
PwC Central
43 Demostheni Severi Avenue
CY-1080 Nicosia
P O Box 21612
CY-1591 Nicosia, Cyprus



Independent auditor's report

To the Members of Hellenic Petroleum Serbia (Holdings) Limited

Report on the Audit of the financial statements

Opinion

We have audited the financial statements of parent company, Hellenic Petroleum Serbia (Holdings) Limited (the "Company"), which are presented on pages 5 - 17 and comprise the balance sheet as at 31 December 2016, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, 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 the Board of Directors' for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors 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, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

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Auditor's responsibility 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 ISAs 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 ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 true and fair view.

We communicate with the Board of Directors 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.



Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

A handwritten signature in black ink, appearing to read 'S. Solomonidou', with a long horizontal flourish extending to the right.

Sophie A. Solomonidou
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Nicosia, 30 June 2017

Hellenic Petroleum Serbia (Holdings) Limited

Statement of comprehensive income for the year ended 31 December 2016

	Note	2016 €	2015 €
Administrative expenses		<u>(11,236)</u>	<u>(9,448)</u>
Loss before income tax		(11,236)	(9,448)
Income tax expense	6	<u>-</u>	<u>-</u>
Loss and total comprehensive loss for the year		<u>(11,236)</u>	<u>(9,448)</u>

The notes on pages 9 to 17 are an integral part of these financial statements.

Hellenic Petroleum Serbia (Holdings) Limited

Balance sheet at 31 December 2016

	Note	2016 €	2015 €
Assets			
Non-current assets			
Investment in subsidiary	9	<u>75.150.000</u>	<u>75.150.000</u>
Current assets			
Cash at bank	10	<u>17.355</u>	<u>8.472</u>
Total assets		<u>75.167.355</u>	<u>75.158.472</u>
Equity and liabilities			
Capital and reserves			
Share capital	11	252.500	248.500
Share premium	11	74.937.455	74.901.455
Accumulated losses		<u>(31.643)</u>	<u>(20.407)</u>
Total equity		<u>75.158.312</u>	<u>75.129.548</u>
Current liabilities			
Other payables	12	<u>9.043</u>	<u>28.924</u>
Total equity and liabilities		<u>75.167.355</u>	<u>75.158.472</u>

On 30 June 2017 the Board of Directors of Hellenic Petroleum Serbia (Holdings) Limited authorised these financial statements for issue.

Marios Lytras, Director



Georgios Gregoras, Director



The notes on pages 9 to 17 are an integral part of these financial statements.

Hellenic Petroleum Serbia (Holdings) Limited

Statement of changes in equity for the year ended 31 December 2016

	Note	Share capital €	Share premium(1) €	Accumulated losses €	Total €
Balance at 1 January 2015		<u>248.500</u>	<u>74.901.455</u>	<u>(10.959)</u>	<u>75.138.996</u>
Comprehensive income					
Loss for the year		-	-	(9.448)	(9.448)
Balance at 31 December 2015/1 January 2016		<u>248.500</u>	<u>74.901.455</u>	<u>(20.407)</u>	<u>75.129.548</u>
Comprehensive income					
Loss for the year		-	-	(11.236)	(11.236)
Issue of shares	11	<u>4.000</u>	<u>36.000</u>	-	<u>40.000</u>
Balance at 31 December 2016		<u><u>252.500</u></u>	<u><u>74.937.455</u></u>	<u><u>(31.643)</u></u>	<u><u>75.158.312</u></u>

(1) The Share premium is not available for distribution in the form of a dividend.

The notes on pages 9 to 17 are an integral part of these financial statements.

Hellenic Petroleum Serbia (Holdings) Limited

Statement of cash flows for the year ended 31 December 2016

	Note	2016 €	2015 €
Cash flows from operating activities			
Loss before income tax		(11.236)	(9.448)
Changes in working capital:			
Trade and other payables		<u>(19.881)</u>	<u>16.506</u>
Net cash (used in)/generated from operating activities		<u>(31.117)</u>	<u>7.058</u>
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	11	<u>40.000</u>	-
Net cash from financing activities		<u>40.000</u>	-
Net increase in cash and cash equivalents		8.883	7.058
Cash and cash equivalents at beginning of year		<u>8.472</u>	<u>1.414</u>
Cash and cash equivalents at end of year	10	<u><u>17.355</u></u>	<u><u>8.472</u></u>

The notes on pages 9 to 17 are an integral part of these financial statements.

Hellenic Petroleum Serbia (Holdings) Limited

Notes to the financial statements

1 General information

Country of incorporation

The Company is incorporated and domiciled in Cyprus as a private limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the holding of investments including interest earning activities.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the requirements of the Cyprus Companies Law, Cap. 113.

As of the date of the authorisation of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2016 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39 "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting.

The Company is not required by the Companies Law, Cap.113, to prepare consolidated financial statements because the ultimate parent company published consolidated financial statements in accordance with Generally Accepted Accounting Principles in Greece and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2016. A copy of the consolidated financial statements is available to the members, at the registered office of the parent company.

The European Commission has concluded that since parent companies are required by the EU 4th Directive to prepare their separate financial statements and since the Companies Law, Cap.113, requires the preparation of such financial statements in accordance with IFRS as adopted by the EU, the provisions in IFRS 10 "Consolidated Financial Statements" requiring the preparation of consolidated financial statements in accordance with IFRS do not apply.

The financial statements have been prepared under the historical cost convention.

Hellenic Petroleum Serbia (Holdings) Limited

2 Summary of significant accounting policies (continued)

Basis of preparation (continued)

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning 1 January 2016. This adoption did not have a material effect on the accounting policies of the Company.

At the date of approval of these financial statements a number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company.

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Current and deferred income tax

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

Hellenic Petroleum Serbia (Holdings) Limited

2 Summary of significant accounting policies (continued)

Current and deferred income tax (continued)

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

Investments in subsidiaries

Subsidiaries are those companies and other entities (including special purpose entities) in which the Company has an interest of more than one half of the voting rights, or otherwise has the power to govern the financial and operating policies so as to obtain economic benefits. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Company controls another entity.

Investments in subsidiaries are measured at cost less impairment. Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through profit or loss 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. An impairment loss recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount.

Share capital

Ordinary shares are classified as equity.

Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of the shares. Share premium account can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

Provisions

Provisions are recognised 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. Provisions are not recognised for future operating losses.

Hellenic Petroleum Serbia (Holdings) Limited

2 Summary of significant accounting policies (continued)

Provisions (continued)

Provisions are measured at the present value of the expenditures 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.

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include deposits held with banks with original maturity of three months or less.

3 Financial risk management

(i) Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk.

The Company's risk management programme is explained below.

- **Credit risk**

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions.

For banks and financial institutions, only independently rated parties with a minimum rating are accepted. See Note 8 for further disclosure on credit risk.

- **Liquidity risk**

The table below analyses the Company's 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 balances as the impact of discounting is not significant.

	Less than 1 year €
At 31 December 2015	
Trade and other payables	<u>28.924</u>
	Less than 1 year €
At 31 December 2016	
Trade and other payables	<u>9.043</u>

Management does not have a formal policy for managing liquidity risk.

Hellenic Petroleum Serbia (Holdings) Limited

3 Financial risk management (continued)

(ii) 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.

The capital as defined by management at 31 December 2016 and 2015 consists of equity as shown on the face of the balance sheet.

(iii) Fair value estimation

The carrying value less impairment provision of trade payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to for similar financial instruments.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical 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. There were no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(ii) Critical judgements in applying the Company's accounting policies

- **Impairment of investments in subsidiaries**

The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associated with these subsidiaries/associates would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

Hellenic Petroleum Serbia (Holdings) Limited

5 Expenses by nature

	2016 €	2015 €
Auditors' remuneration	4.760	4.760
Auditors' remuneration - prior year	77	(619)
Professional fees	1.785	1.785
Administration expenses	2.291	1.257
Accountancy fees	1.785	1.785
Annual levy fee	350	350
Bank charges	<u>188</u>	<u>130</u>
Total administrative expenses	<u>11.236</u>	<u>9.448</u>

6 Income tax expense

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

	2016 €	2015 €
Loss before tax	<u>(11.236)</u>	<u>(9.448)</u>
Tax calculated at the applicable corporation tax rate of 12,5%	(1.405)	(1.181)
Tax losses for which no deferred tax asset was recognised	<u>1.405</u>	<u>1.181</u>
Income tax charge	<u>-</u>	<u>-</u>

The Company is subject to income tax on taxable profits at the rate of 12,5% as from 1 January 2013.

As from tax year 2012 brought forward losses of only five years may be utilised.

From 1 January 2009 onwards, under certain conditions, interest may be exempt from income tax and be subject only to special contribution for defence at the rate of 10%; increased to 15% as from 31 August 2011, and to 30% as from 29 April 2013.

In certain cases dividends received from abroad may be subject to special contribution for defence at the rate of 15%; increased to 17% as from 31 August 2011; increased to 20% from 1 January 2012; reduced to 17% as from 1 January 2014. In certain cases dividends received from 1 January 2012 onwards from other Cyprus tax resident companies may also be subject to special contribution for defence.

7 Financial instruments by category

	Loans and receivables €
31 December 2016	
Assets as per balance sheet	
Cash at bank	<u>17.355</u>
	Other financial liabilities €
31 December 2016	
Liabilities as per balance sheet	
Other payables	<u>9.043</u>

Hellenic Petroleum Serbia (Holdings) Limited

7 Financial instruments by category (continued)

	Loans and receivables €
31 December 2015	
Assets as per balance sheet	
Cash at bank	<u>8,472</u>
	Other financial liabilities €
31 December 2015	
Liabilities as per balance sheet	
Other payables	<u>28,924</u>

8 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	2016 €	2015 €
Cash at bank balances:		
Caa2	17,261	-
Caa3	-	8,377
No external credit rating	<u>94</u>	<u>95</u>
	<u>17,355</u>	<u>8,472</u>

9 Investment in subsidiary

	2016 €	2015 €
At beginning of year	<u>75,150,000</u>	<u>75,150,000</u>
At end of year	<u>75,150,000</u>	<u>75,150,000</u>

The Company's interests in its subsidiary, which is unlisted, is as follows:

Name	Principal activity	Country of incorporation	2016 % holding	2015 % holding
EKO Serbia A.D., Beograd	Wholesale and retail trade of petroleum and other goods	Serbia	100	100

10 Cash at bank

	2016 €	2015 €
Cash at bank	<u>17,355</u>	<u>8,472</u>

Hellenic Petroleum Serbia (Holdings) Limited

10 Cash at bank (continued)

Cash at bank are denominated in the following currencies:

	2016 €	2015 €
Euro - functional and presentation currency	17.261	8.376
Other currencies	<u>94</u>	<u>96</u>
	<u>17.355</u>	<u>8.472</u>

11 Share capital and share premium

	Number of shares	Share capital €	Share premium €	Total €
At 1 January 2016	<u>2 485</u>	<u>248.500</u>	<u>74.901.455</u>	<u>75.149.955</u>
Issue of shares (1)	<u>40</u>	<u>4.000</u>	<u>36.000</u>	<u>40.000</u>
At 31 December 2016	<u>2 525</u>	<u>252.500</u>	<u>74.937.455</u>	<u>75.189.955</u>

The total authorized number of ordinary shares is 2 525 shares (2015: 2 485 shares) with a par value of €100 per share. All issued shares are fully paid.

(1) On 16 October 2016 the Company increased its issued share capital by a total of €4.000 divided into 40 ordinary shares of €100 each. The shares were issued at a premium of €900 per share.

12 Other payables

	2016 €	2015 €
Payables to parent entity (Note 13(i))	-	20.000
Accrued expenses	<u>9.043</u>	<u>8.924</u>
	<u>9.043</u>	<u>28.924</u>

The fair value of trade and other payables which are due within one year approximates their carrying amount at the balance sheet date.

13 Related party transactions

The Company is controlled by Hellenic Petroleum International AG, incorporated in Austria, which owns 100% of the Company's shares. The Company's ultimate controlling party is Hellenic Petroleum S.A., incorporated in Greece.

The ultimate parent entity which prepares the consolidated financial statements of the largest body of undertakings of which the Company forms part as a subsidiary undertaking, is Hellenic Petroleum S.A., incorporated in Greece with registered office at 8A Chimarras Street, Maroussi and its consolidated financial statements are available at the website www.helpe.gr.

Hellenic Petroleum Serbia (Holdings) Limited

13 Related party transactions (continued)

(i) Year-end balances with related parties

	2016	2015
	€	€
Payables to related parties (Note 12):		
Hellenic Petroleum International A.G.	<u> -</u>	<u> 20.000</u>

The above balances bear no interest and are repayable on demand.

14 Events after the balance sheet date

There were no material events after the balance sheet date, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 2 to 4.