R.A.M. OIL CYPRUS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
Year ended 31 December 2019

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CONTENTS

BOARD OF DIRECTORS AND OTHER CORPORATE INFORMATION

Board of Directors	Georgios Gregoras (Managing Director) (Resigned 8/10/2019) Robertos Karahannas (Resigned 8/10/2019) Elli Digeni (Resigned 4/10/2019) Fotini Asimaki (Resigned 4/10/2019) Dimitrios Kontofakas (Resigned 4/10/2019) Psiaki Maria (Appointed 4/10/2019) Lytras Marios (Appointed 4/10/2019) Papademetriou Theodora (Appointed 4/10/2019) Georgiou Georgios (Appointed 4/10/2019)
Company Secretary	Kotziamani Pinelopi 3 Ellispontou, Strovolos 2015, Nicosia Cyprus
Independent Auditors	Ernst & Young Cyprus Limited Certified Public Accountants and Registered Auditors Jean Nouvel Tower 6 Stasinou Avenue PO Box 21656 1511 Nicosia, Cyprus
Registered office	3 Ellispontou Street Strovolos 2015, Nicosia Cyprus

MANAGEMENT REPORT

The Board of Directors of R.A.M. Oil Cyprus Limited (the "Company") presents to the members its Management Report and audited financial statements of the Company for the year ended 31 December 2019.

Principal activities and nature of operations of the Company
The principal activities of the Company, which are unchanged from last year, is to sell petroleum products through various petrol stations and the airports in Cyprus. The Company also generates revenue from the sales of shop items, sales of promotional products and car wash sales. The Company has retail service stations usage agreements with its related party Hellenic Petroleum Cyprus Limited for the management of the petrol stations. These petrol stations are operated by other parties in accordance with agreements with the Company and in exchange, the Company pays petrol stations managing costs.

Review of current position, future developments and performance of the Company's business
The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

Principal risks and uncertainties
The principal risks and uncertainties faced by the Company are disclosed in notes 6 and 7 of the financial statements.

Results
The Company's results for the year are set out on page 6. The net profit for the year attributable to the shareholders of the Company amounted to €1.590.225 (2018: €1.658.923). On 31 December 2019 the total assets of the Company were €13.001.933 (2018: €17.060.203) and the net assets of the Company were €11.416.995 (2018: €13.849.726).

Dividends
On 28 November 2019 the Company's Board of Directors declared the payment of an interim dividend of €4.000.000 (2018: €NIL).

Share capital
There were no changes in the share capital of the Company during the year under review.

Board of Directors
The members of the Company's Board of Directors as at 31 December 2019 and at the date of this report are presented on page 1. During 2019, Georgios Gregoras, Robertos Karahannas, Elli Digeni, Fotini Asimaki and Dimitrios Kontofakas resigned from the Board of Directors and Psiaki Maria, Lytras Marios, Papademetriou Theodora and Georgiou Georgios were appointed in their place on.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

Branches
The Company did not operate through any branches during the year.

Events after the reporting period
Any significant events that occurred after the end of the reporting period are described in note 27 to the financial statements.

Independent Auditors
The independent auditors, Ernst & Young Cyprus Limited, have expressed their willingness to continue in office and a resolution authorising the Board of Directors to fix their remuneration will be submitted at the forthcoming Annual General Meeting.

By order of the Board of Directors,

Kotziamani Pinelopi
Secretary

MANAGEMENT REPORT

Nicosia, ... 2020

Independent Auditor's Report

To the Members of R.A.M. Oil Cyprus Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of R.A.M. Oil Cyprus Limited (the "Company"), which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and cash flow statement 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 R.A.M. Oil Cyprus Limited as at 31 December 2019, 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' International Code of Ethics for Professional Accountants (including International Independence Standards) (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.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report and the additional information to the statement of comprehensive income but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.

Auditor's 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 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 scepticism 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 a 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.

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Report.

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 69 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.

Gabriel Onisiforou
Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia, ... 2020

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2019

	Note	**2019** €	2018 €
Revenue	8	**137.108.188**	142.660.934
Cost of sales	9	**(128.934.499)**	(134.698.964)
Gross profit		**8.173.689**	7.961.970
Selling, marketing and administrative expenses	9	**(6.366.758)**	(6.095.033)
Other income		**-**	800
Operating profit		**1.806.931**	1.867.737
Net finance income	10	**2.356**	21.746
Profit before tax		**1.809.287**	1.889.483
Tax	11	**(219.062)**	(230.560)
Net profit for the year		**1.590.225**	1.658.923
Other comprehensive income			
Items that will not be classified subsequently to profit or loss:			
Financial assets at fair value through other comprehensive income - Fair Value Loss	16	**(22.956)**	(59.449)
		(22.956)	(59.449)
		-	-
Other comprehensive income for the year		**(22.956)**	(59.449)
Total comprehensive income for the year		**1.567.269**	1.599.474

The notes on pages 10 to 29 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
31 December 2019

	Note	**2019**	2018
		€	€
ASSETS			
Non-current assets			
Property, plant and equipment	13	**236.180**	259.849
Intangible assets	14	**6.243.178**	5.923.178
Investments in subsidiaries	15	**-**	1.000
Financial assets at fair value through other comprehensive income	16	**78.481**	101.437
		6.557.839	6.285.464
Current assets			
Inventories	17	**3.490.166**	3.302.523
Trade and other receivables	18	**1.859.574**	6.055.997
Refundable taxes	23	**8.082**	7.145
Cash at bank and in hand	19	**1.086.272**	1.409.074
		6.444.094	10.774.739
Total assets		**13.001.933**	17.060.203
EQUITY AND LIABILITIES			
Equity			
Share capital	20	**89.900**	89.900
Share premium	20	**7.910.100**	7.910.100
Fair value reserve	16	**78.481**	101.437
Retained earnings		**3.338.514**	5.748.289
Total equity		**11.416.995**	13.849.726
Current liabilities			
Trade and other payables	22	**1.584.938**	3.210.477
		1.584.938	3.210.477
Total equity and liabilities		**13.001.933**	17.060.203

On .... 2020 the Board of Directors of R.A.M. Oil Cyprus Limited authorised these financial statements for issue.

....
Psiaki Maria (Appointed 4/10/2019)
Director

....
Lytras Marios (Appointed 4/10/2019)
Director

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2019

	Note	Share capital €	Share premium €	Fair value reserve - Financial assets at fair value through other comprehensive income €	Retained earnings €	Total €
Balance at 1 January 2018		**89.900**	**7.910.100**	**160.886**	**4.089.366**	**12.250.252**
Comprehensive income						
Net profit for the year		-	-	-	1.658.923	1.658.923
Change in fair value of the financial assets through OCI		-	-	(59.449)	-	(59.449)
Total comprehensive income for the year		-	-	(59.449)	1.658.923	1.599.474
Balance at 31 December 2018/ 1 January 2019		**89.900**	**7.910.100**	**101.437**	**5.748.289**	**13.849.726**
Net profit for the year		-	-	-	1.590.225	1.590.225
Change in fair value of financial assets through OCI		-	-	(22.956)	-	(22.956)
Dividends	12	-	-	-	(4.000.000)	(4.000.000)
Balance at 31 December 2019		**89.900**	**7.910.100**	**78.481**	**3.338.514**	**11.416.995**

Share premium is not available for distribution.

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

CASH FLOW STATEMENT
Year ended 31 December 2019

	Note	**2019**	2018
		€	€
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**1.809.287**	1.889.483
Adjustments for:			
Depreciation of property, plant and equipment	13	**24.510**	17.609
Other income		**-**	(798)
Interest expense	10	**395**	1.056
		1.834.192	1.907.350
Changes in working capital:			
Increase in inventories		**(187.643)**	(610.670)
Decrease/(increase) in trade and other receivables		**4.196.423**	(432.270)
(Decrease)/increase in trade and other payables		**(1.625.539)**	1.498.279
Cash generated from operations		**4.217.433**	2.362.689
Tax paid		**(219.999)**	(271.705)
Net cash generated from operating activities		**3.997.434**	2.090.984
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of intangible assets	14	**(320.000)**	(2.040.000)
Payment for purchase of property, plant and equipment	13	**(841)**	(210.280)
Proceeds from disposal of property, plant and equipment		**-**	798
Proceeds from sale of investments in subsidiary undertakings		**1.000**	-
Net cash used in investing activities		**(319.841)**	(2.249.482)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(395)**	(1.056)
Dividends paid	12	**(4.000.000)**	-
Net cash used in financing activities		**(4.000.395)**	(1.056)
Net decrease in cash and cash equivalents		**(322.802)**	(159.554)
Cash and cash equivalents at beginning of the year		**1.409.074**	1.568.628
Cash and cash equivalents at end of the year	19	**1.086.272**	1.409.074

1. Corporate information

Country of incorporation

R.A.M. Oil Cyprus Limited (the "Company") was incorporated in Cyprus on 26 November 2008 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 3 Ellispontou Street, Strovolos, 2015, Nicosia, Cyprus.

Principal activities

The principal activities of the Company, which are unchanged from last year, is to sell petroleum products through various petrol stations and the airports in Cyprus. The Company also generates revenue from the sales of shop items, sales of promotional products and car wash sales. The Company has retail service stations usage agreements with its related party Hellenic Petroleum Cyprus Limited for the management of the petrol stations. These petrol stations are operated by other parties in accordance with agreements with the Company and in exchange, the Company pays petrol stations managing costs.

Operating Environment

On 11 March 2020, the World Health Organisation declared the Coronavirus COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many governments are taking increasingly stringent steps to help contain, and in many jurisdictions, now delay, the spread of the virus, including: requiring self-isolation/ quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and “locking-down” cities/regions or even entire countries. These measures have slowed down the economies both in Cyprus but globally as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time – more information on post balance sheet event note 27.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets at fair value through OCI.

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 7.

3. Adoption of new or revised standards and interpretations

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 on 1 January 2019,. This adoption did not have a material effect on the accounting policies of the Company, including IFRS 16 Leases.

The accounting principles and calculations used in the preparation of the financial statements are consistent with those applied in the preparation of the financial statements for the year ended 31 December 2018 and have been consistently applied in all periods presented in this report. Several other amendments and interpretations apply for the first time in 2019 but do not have a significant impact on the financial statements of the Company for the year ended 31 December 2019.

4. Summary of significant accounting policies

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

Retail Service Stations Usage Rights

Retail Service Stations Usage rights represent upfront lump-sum amounts to purchase retail licenses to operate service stations from the Company's related party Hellenic Petroleum Cyprus Limited. These licenses are not directly linked with a lease agreement and have an indefinite useful economic life. Such payments made to secure branding and future revenues for the Company that were not available in the past and are therefore capitalized in accordance with IAS 38, Intangible Assets. At each year-end management performs an impairment assessment.

4. Summary of significant accounting policies (continued)

Revenue from contracts with customers

Recognition and measurement

IFRS 15 establishes a five step model that applies to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements also apply to the recognition and measurement of gains and losses on the sale of some non financial assets that are not in the Company's ordinary activities (e.g. sales of property, plant and equipment or intangible).

The Company recognizes revenue when (or as) a contractual promise to a customer (performance obligation) is fulfilled by transferring a promised good or service (which is when the customer obtains control over the promised goods or services). If a contract contains more than one performance obligation, the total transaction price of the contract is allocated among the individual, separate performance obligations based on their relative standalone selling prices. The amount of revenue recognized is the amount allocated to the satisfied performance obligation based on the consideration that the Company expects to receive in accordance with the terms of the contracts with the customers.

Revenue represents the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, value-added taxes); the transaction price. The Company includes in the transaction price an amount of variable consideration as a result of rebates/discounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Estimations for rebates and discounts are based on the Company's experience with similar contracts and forecasted sales to the customer.

The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Company considers only the customer's ability and intention to pay that amount of consideration when it is due.

- **Sale of products**

Sales of products are recognised at the point in time when the Company satisfies its performance obligation by transferring control over the promised products to the customer, which is usually when the products are delivered to the customer, risk of obsolescence and loss have been transferred to the customer and the customer has accepted the products.

Finance income

Finance income is recognised on a time-proportion basis using the effective method.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. Summary of significant accounting policies (continued)

Foreign currency translation

(1) Functional and presentation currency
Items included in the Company's financial statements 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.

(2) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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. Translation differences on fair value through other comprehensive income financial assets are recognised in other comprehensive income and then included in the fair value reserve in equity. Translation differences on fair value through other comprehensive income debt securities are recognised in profit and loss.

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.

The current income tax charge is calculated in the basis of the tax laws enacted or substantively enacted at the reporting 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.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Company where there is an intention to settle the balances on a net basis.

Dividends

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared and approved by the Company's Directors.

4. Summary of significant accounting policies (continued)
Property, plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.
Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

	%
Motor vehicles	10-20
Plant and machinery	10

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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 flows (cash-generating units).

Financial instuments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

4. Summary of significant accounting policies (continued)

Financial instuments (continued)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

• Financial assets at amortised cost (debt instruments)

• Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

• Financial assets at fair value through profit or loss

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives are also categorised as 'held for trading' unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the end of the reporting period, otherwise they are classified as non-current. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

(b) Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met: a) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

4. Summary of significant accounting policies (continued)

Financial instuments (continued)

(c) Financial assets at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company calculates ECL using the following three components:

• exposure at default (EAD),

• loss given default (LGD) and

• probability of default (PD)

EAD represents the expected exposure in the event of a default during the life of a financial instrument. For estimating the probability of default (PD), the Company use credit ratings from external rating agencies. The PD is determined on the basis of the assessment of a counterparty by reference to the relationship between the rating and PD. LGD represents an estimate of the loss if default occurs at a given time. It is usually expressed as a percentage of the EAD. It takes into account parameters such as historical loss and/or recovery rates as well as the collateral value which is discounted to the present value determining the amount of the expected shortfall.

<u>Trade receivables</u>

Trade receivables are amounts due from customers for goods 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. If not, they are presented as non-current assets.

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

4. Summary of significant accounting policies (continued)

Financial instuments (continued)

Trade receivables (continued)

For trade receivables, which are not in default the Company applies the simplified approach, in accordance with IFRS 9 and calculates ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. On the other hand, trade receivables in default are assessed on a case by case basis. The amount of the provision is recognised in the statement of comprehensive income and is included in "Selling and distribution expenses".

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities.

Trade and other payable

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the Company if longer). If not, they are presented as non-current liabilities.

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

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:
- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

4. Summary of significant accounting policies (continued)

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs to completion and selling expenses.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

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.

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.

Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

5. New accounting pronouncements

Standards issued but not yet effective

Up to the date of approval of the financial statements, certain new standards, interpretations and amendments to existing standards have been published that are not yet effective for the current reporting period and which the Company has not early adopted, as follows:

(i) Issued by the IASB and adopted by the European Union
- Amendments to IFRS 9, IAS 39 and IFRS17: Interest Rate Benchmark Reform (issued on 26 September 2019) (effective for annual periods beginning on or after 1 January 2020).
- Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31 October 2018) (effective for annual periods beginning on or after 1 January 2020).
- Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018) (effective for annual periods beginning on or after 1 January 2020).

(ii) Issued by the IASB but not yet adopted by the European Union
- IFRS 17 "Insurance Contracts" (issued on 18 May 2017) (effective for annual periods beginning on or after 1 January 2021).
- Amendment to IFRS 3 "Business Combinations" (issued on 22 October 2018) (effective for annual periods beginning on or after 1 January 2020).
- IFRS 14 Regulatory Deferral Accounts (the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard)

The Board of Directors expects that the adoption of these standards or interpretations in future periods will not have a material effect on the financial statements of the Company.

6. Financial risk management objectives and policies

Financial risk factors
The Company is exposed to market price risk, interest rate risk, credit risk, liquidity risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

6.1 Market risk
<u>Commodity price risk</u>

The Company is exposed to commodity price risk through its purchases and distribution of petroleum products in Cyprus.

Management monitors the price fluctuations on a continuous basis and acts accordingly, by seeking to pass any change in market price to its customers to minimise the profit and loss impact.

As a result of passing changes in prices to its customers, the impact on profit and loss is immaterial.

<u>Foreign exchange risk</u>

The Company sells petroleum products in US dollars. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency.

Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

6. Financial risk management objectives and policies (continued)

6.2 Interest rate risk
The Company's interest rate risk arises from bank overdrafts. Bank overdrafts issued at variable rates expose the Company to cash flow interest rate risk.

The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

6.3 Credit risk
Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

6.4 Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. The Company has established procedures with the objective of maintaining a balance between continuity of funding and flexibility through the use of bank overdrafts.

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date based on contractual undiscounted payments:

31 December 2019	Less than 1 year €
Trade and other payables	1.584.938
	1.584.938

31 December 2018	Less than 1 year €
Trade and other payables	3.210.477
	3.210.477

6.5 Capital risk management
Capital includes equity shares and share premium.

The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders 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 or issue new shares.

Fair values

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

6. Financial risk management objectives and policies (continued)
Fair value measurements recognised in statement of financial position

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 December 2019	Level 1	Level 2	Level 3	Total
	€	€	€	€
Financial assets				
Financial assets at fair value through OCI: Equity securities	78.481	-	-	78.481
Total	**78.481**	**-**	**-**	**78.481**

31 December 2018	Level 1	Level 2	Level 3	Total
	€	€	€	€
Financial assets				
Financial assets at fair value through OCI: Equity securities	101.437	-	-	101.437
Total	101.437	-	-	101.437

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily Cyprus Stock Exchange equity investments classified as fair value through OCI.

7. Critical accounting estimates, judgments and assumptions

The preparation of the Company's financial statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgments

In the process of applying the Company's accounting policies, Management has made the following judgments, apart from those involving estimations, which had the most significant effect on the amounts recognised in the financial statements:

7. Critical accounting estimates, judgments and assumptions (continued)

- **Provision for expected credit losses of receivables**

  The Company uses a provision matrix to calculate ECLs for trade receivables. The provision matrix is based on the Company's historical credit loss experience calibrated to adjust the historical credit loss experience with forward-looking information specific to the debtors and the economic environment. At each year end, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

  The assessment of the correlation between historical observed credit losses, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

- **Income taxes**

  Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- **Estimates in value-in-use calculations**

  The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount of a cash- generating unit (CGU) is determined for impairment tests purposes based on value-in-use calculations which require the use of assumptions. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The calculations use cash flow projections based on financial budgets approved by management. These budgets and forecast calculations generally cover a period of five years. Cash flows beyond the period over which projections are available are extrapolated using estimated growth rates. The growth rate used by management reflects the forecasts in line with management beliefs relating to growth projections.

8. Revenue

	2019	2018
	€	€
Sale of goods – Petrol stations	**112.410.279**	110.204.050
Sale of goods - Aviation	**21.879.363**	29.615.161
Other income	**2.818.546**	2.841.723
	137.108.188	142.660.934

Other income consists of revenue from shop items, sales of promotional products and car wash sales.

9. Expenses by nature

	2019	2018
	€	€
Cost of sales	**128.934.499**	134.698.964
Depreciation and amortisation expense (Note 13)	**24.510**	17.609
Auditors' remuneration	**19.000**	19.000
Provision for expected credit losses (Note 18)	**49.034**	350.999
Repairs and maintenance	**54.921**	74.493
Security services	**168.174**	185.682
Insurance	**40.220**	34.638
Entertaining expenses	**34.706**	40.541
Travelling local expenses	**3.203**	2.169
Other expenses	**502.707**	486.432
Electricity	**367.066**	314.248
Management services (Note 24.1)	**346.509**	346.509
Petrol stations managing costs	**4.719.839**	4.170.387
Printing and stationery	**18.859**	24.185
Professional fees	**18.010**	27.341
Total cost of goods sold, selling and marketing costs, administrative expense and other expenses	**135.301.257**	140.793.197

Petrol stations managing costs represent the payments made to the operators of the petrol stations.

10. Finance income/(costs)

	2019	2018
	€	€
Foreign exchange transaction profit	**12.699**	26.642
Finance income	**12.699**	26.642
Foreign exchange transaction losses	**(9.948)**	(3.840)
Interest expense	**(395)**	(1.056)
Finance costs	**(10.343)**	(4.896)
Net finance income	**2.356**	21.746

11. Tax

	2019	2018
	€	€
Corporation tax	**219.062**	230.560
Charge for the year	**219.062**	230.560

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

	2019	2018
	€	€
Profit before tax	**1.809.287**	1.889.483
Tax calculated at the applicable tax rates	**226.161**	236.185
Tax effect of expenses not deductible for tax purposes	**5.266**	5.132
Tax effect of allowances and income not subject to tax	**(12.365)**	(18.466)
Prior year tax	**-**	7.709
Tax charge	**219.062**	230.560

11. Tax (continued)

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

12. Dividends

	2019	2018
	€	€
Interim dividend paid	**4.000.000**	-
	4.000.000	-

On 28 November 2019 the Company's Board of Directors declared and approved the payment of an interim dividend of €4.000.000 (€445 per share) (2018: €NIL). The dividends were fully paid on 16 December 2019.

Dividends are subject to a deduction of special contribution for defence at 17% for individual shareholders that are both Cyprus tax resident and Cyprus domiciled.

13. Property, plant and equipment

	Motor vehicles	**Plant and machinery**	**Total**
	€	**€**	**€**
Cost			
Balance at 1 January 2018	130.458	165.320	295.778
Additions	209.275	1.005	210.280
Write offs	(9.480)	-	(9.480)
Balance at 31 December 2018/ 1 January 2019	**330.253**	**166.325**	**496.578**
Additions	841	-	841
Balance at 31 December 2019	**331.094**	**166.325**	**497.419**
Depreciation			
Balance at 1 January 2018	119.715	108.885	228.600
Charge for the year	4.058	13.551	17.609
Reclassification to assets held for sale	(9.480)	-	(9.480)
Balance at 31 December 2018/ 1 January 2019	**114.293**	**122.436**	**236.729**
Charge for the year	11.033	13.477	24.510
Balance at 31 December 2019	**125.326**	**135.913**	**261.239**
Net book amount			
Balance at 31 December 2019	**205.768**	**30.412**	**236.180**
Balance at 31 December 2018	**215.960**	**43.889**	**259.849**

14. Intangible assets

	Retail Service Stations Usage Rights (1)	Fuel Rights for Paphos Airport (2)	Total
	€	€	€
At 1 January 2018			
Cost	3.883.178	249.147	4.132.325
Depreciation	-	(249.147)	(249.147)
Net book amount	3.883.178	-	3.883.178
Year ended 31 December 2018			
Opening net book amount	3.883.178	-	3.883.178
Additions	2.040.000	-	2.040.000
Closing net book amount	5.923.178	-	5.923.178
At 31 December 2018			
Cost	5.923.178	249.147	6.172.325
Depreciation	-	(249.147)	(249.147)
Net book amount	5.923.178	-	5.923.178
Year ended 31 December 2019			
Opening net book amount	5.923.178	-	5.923.178
Additions	320.000	-	320.000
Closing net book amount	6.243.178	-	6.243.178
At 31 December 2019			
Cost	6.243.178	249.147	6.492.325
Depreciation	-	(249.147)	(249.147)
Net book amount	6.243.178	-	6.243.178

Impairment test for Retail Service Stations Usage Rights

(1) Retail Service Stations Usage rights represent upfront lump sum amounts to purchase retail licenses to operate service stations from the Company's related party Hellenic Petroleum Cyprus Limited. These licenses are not directly linked with a lease agreement and have an indefinite useful economic life. Such payments are made in order to secure branding and future revenues for the Company that were not available in the past.

The majority of these intangible assets were purchased at their net book value in 2009. Additionally, on 1 January 2012 and 23 June 2016, the Company acquired the retail service station usage rights of the petrol stations in Mandria (Pafos) and Avgorou respectively, from Hellenic Petroleum Cyprus Limited. During 2018, the Company also acquired the retail service station usage rights of the Petrol stations in Limassol (Ayias Phylaxeos) and in Nicosia (Demostheni Severi Avenue), from its related party, Hellenic Petroleum Cyprus, resulting in the recognition of retail service station usage rights for the amount of €1.700.000 and €300.000 respectively. During 2019, the Company also acquired the retail service stations usage rights of the Petrol station in Strovolos (Tseriou), from its related party, Hellenic Petroleum Cyprus, resulting in the recognition of an additional amount of €320.000.

The Company performed its annual impairment test in December 2019 and 2018. The recoverable amount of retail service station usage rights was determined based on a value in use calculation using cash flow projections covering a five-year period based on financial budgets approved by management. Each petrol station represents a separate Cash Generating Unit. As a result of the analysis performed, management did not identify an impairment for the CGUs (2018: nil).

<u>Key assumptions used in value in use calculations and sensitivity to changes in assumptions</u>

The calculation of value in use is most sensitive to the following assumptions:

- Discount rate – 4,39%
- Growth rate – 3% was used to extrapolate cash flows beyond the forecast period

14. Intangible assets (continued)

The growth rate used reflects the forecasts in line with management beliefs relating to growth projections.

As part of the sensitivity analysis performed, the discount rate used in the impairment model, which constitutes a key assumption, amounted to 8,8% which is higher than the discount rate of 4,39% that reflects the specific risks relating to the operations of each CGU. The increase in discount rate was performed in order to stress test the adequacy of the valuation headroom. Based on the sensitivity analysis performed, the recoverable amount is higher than the carrying amount, therefore no impairment was recognized as at 31 December 2019 (2018: nil).

Fuel rights

(2) In 2009, the Company secured its presence at Paphos airport as a fuel supplier in airplanes. The total amount paid was €335.000, out of which €85.853 were used to purchase plant and equipment and the remaining €249.147 represented the right to use the facilities for the aircrafts refuelling.

15. Investments in subsidiaries

	2019	2018
	€	€
Balance at 1 January	**1.000**	-
Disposals	**(1.000)**	-
Incorporation of subsidiary	**-**	1.000
Balance at 31 December	**-**	1.000

The details of the subsidiary as at 31 December 2018 are as follows:

Name	Country of incorporation	Principal activities	Holding %	**2019 €**	2018 €
Yugen Limited	Cyprus	Management and operation of its fuel terminal at the Vassiliko area	100	**-**	1.000

During 2018, the Company acquired 1000 ordinary shares of nominal value of €1 each of the investment in Yugen Limited for the total consideration of €1.000. On 19 January 2019 the Company transferred 100% of its share capital in Yugen Limited to Hellenic Petroleum Cyprus Holding (HPCH) Ltd (company under common control) for the total consideration of €1.000 (Note 24.3), thus at no profit or loss.

16. Financial assets at fair value through other comprehensive income

	2019	2018
	€	€
Balance at 1 January	**101.437**	160.886
Net losses transferred to other comprehensive income	**(22.956)**	(59.449)
Balance at 31 December	**78.481**	101.437

17. Inventories

	2019	2018
	€	€
Finished products	**3.490.166**	3.302.523
	3.490.166	3.302.523

The cost of inventories recognised as expense and included in "cost of sales" amounted to €128.934.499 (2018: €134.698.964).

Inventories are stated at cost.

18. Trade and other receivables

	2019	2018
	€	€
Trade receivables	**2.228.898**	2.215.974
Less: Provision for expected credit losses	**(849.200)**	(800.166)
Trade receivables - net	**1.379.698**	1.415.808
Receivables from related companies (Note 24.2)	**436.056**	-
VAT Refundable	**13.588**	4.617.559
Other receivables	**30.232**	22.630
	1.859.574	6.055.997

The fair values of trade and other receivables approximate their carrying amounts.

As of 31 December 2019, trade receivables of €1.379.698 (2018: €1.415.808) were fully performing.

As of 31 December 2019, trade receivables of €849.200 (2018: €800.166) were impaired and provided for. The individually impaired receivables mainly relate to customers, which are in an unexpectedly difficult economic situation. It was assessed that a portion of the receivables is expected to be recovered.

The prior year refundable VAT amounting to €4.617.559 arose from VAT charged on purchases of aviation fuel made from a local supplier. The Company has contested the VAT charged and a VAT ruling on this issue was obtained.

Early in 2019, the Tax authorities have concluded and agreed with Company's initial position that the specific transactions are subject to VAT at zero per cent.

The supplier has been informed and agreed to proceed with all actions necessary in resolving which entail the issuance of the relevant credit notes to the Company for an amount equal to the refundable VAT charge. All the procedures required for the relative VAT refund have been completed in 2019.

Movement in provision for expected credit losses of receivables:

	2019	2018
	€	€
Balance at 1 January	**800.166**	455.889
Provision for expected credit losses	**49.034**	-
Charge for the year	**-**	350.999
Bad debts written off already provided for	**-**	(6.722)
Balance at 31 December	**849.200**	800.166

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 6 of the financial statements.

19. Cash at bank and in hand

Cash balances are analysed as follows:

	2019	2018
	€	€
Cash at bank and in hand	**1.086.272**	1.409.074
	1.086.272	1.409.074

Cash and cash equivalents by type:

	2019	2018
	€	€
Cash at bank and in hand	**1.086.272**	1.409.074
	1.086.272	1.409.074

The above balance of cash and cash equivalents includes a bank overdraft of €96.172 (2018: nil) (Note 21).

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.

20. Share capital and share premium

Issued and fully paid	Number of shares	Share capital	Share capital	Share premium	Total
			€	€	€
Balance at 1 January 2018	8.990	89.900	89.900	7.910.100	8.000.000
Balance at 31 December 2018/ 1 January 2019	**8.990**	**89.900**	**89.900**	**7.910.100**	**8.000.000**
Balance at 31 December 2019	**8.990**	**89.900**	**89.900**	**7.910.100**	**8.000.000**

The total authorized number of ordinary shares is 11.000 shares (2018: 11.000 shares) with a par value of €10 per share. All issued shares are fully paid.

The share premium is not available for dividend distribution.

21. Borrowings

The weighted average effective interest rates at the reporting date were as follows:

	2019	2018
Bank overdrafts	**3,25%**	4,9%

The bank overdraft as at 31 December 2019 amounts to €96.172 and it is included in the balance of cash and cash equivalents (2018: nil) (Note 19).

The Company's bank overdraft are arranged at the floating rate of 3 months Euribor plus a margin of 3,25% (2018: 4,90%) per annum. For borrowings at floating rates the interest rate is subject to repricing exposing the Company to cash flow interest rate risk. The bank overdraft facility amounts to €1.000.000.

The Company has undrawn borrowing facilities of €903.828 as at 31 December 2019 (2018: €1.000.000).

22. Trade and other payables

	2019	2018
	€	€
Trade payables	**710.871**	1.386.820
Other creditors	**871.408**	190.315
Payables to related companies (Note 24.3)	**2.659**	1.633.342
	1.584.938	3.210.477

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

23. Refundable taxes

	2019	2018
	€	€
Corporation tax	**8.082**	7.145
	8.082	7.145

24. Related party transactions

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

The ultimate parent entity which prepares the consolidated financial statements of the largest group of companies of which the Company forms part as a subsidiary, is Hellenic Petroleum S.A. Copies of Hellenic Petroleum S.A. financial statements can be obtained from the Company Secretary at 8A Chimarras street, 15125, Marousi, Greece.

The following transactions were carried out with related parties:

24.1 Purchases of goods and services

	Nature of transactions	2019 €	2018 €
Hellenic Petroleum Cyprus Limited (net of Excise Duty and CSO tax)	Purchase of goods	**119.488.908**	119.050.279
Hellenic Petroleum Cyprus Limited	Management services	**346.509**	346.509
EKO ABEE	Management services	**112.179**	113.735
		119.947.596	119.510.523

24.2 Receivables from related parties (Note 18)

Name	Nature of transactions	2019 €	2018 €
Hellenic Petroleum Cyprus Limited	Trade	**436.056**	-
		436.056	-

The receivables from related parties are of trading nature, interest-fee, unsecured and repayable on demand.

24.3 Payables to related parties (Note 22)

Name	Nature of transactions	2019 €	2018 €
Hellenic Petroleum Cyprus Limited	Trade	-	1.628.354
EKO ABEE	Management services	2.659	3.988
Yugen Limited	Finance	-	1.000
		2.659	1.633.342

The payables to related parties are of trading nature, interest-fee, unsecured and repayable on demand

25. Contingent liabilities

At 31 December 2019, the Company holds letters of guarantee of €45.650 (2018: €45.650) for trading purposes.

The Company had no other contingent liabilities as at 31 December 2019 (2018: Nil).

26. Commitments

The Company had no capital or other commitments as at 31 December 2019 (2018: Nil).

27. Events after the reporting period

With the recent and rapid development of the Coronavirus disease (COVID-19) outbreak the world economy entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments, including the Republic of Cyprus, have implemented restrictions on travelling as well as strict quarantine measures.

Industries such as tourism, hospitality and entertainment are expected to be directly disrupted significantly by these measures. Other industries such as manufacturing and financial services are expected to be indirectly affected and their results to also be negatively affected.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome.

The event is considered as a non-adjusting event and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2019.

In Cyprus, on 15 March 2020, the Council of Ministers in an extraordinary meeting, announced that it considers that Cyprus is entering a state of emergency considering the uncertain situation as it unfolds daily, the growing spread of COVID-19 outbreak and the World Health Organization's data on the situation.

To this end, certain measures have been taken with a view to safeguarding public health and ensuring the economic survival of working people, businesses, vulnerable groups and the economy at large.

New entry regulations have been announced with regard to protecting the population from a further spread of the disease which tightens the entry of individuals to the Republic of Cyprus. Additionally, it was decided that a considerable number of private businesses operating in various sectors of the economy would remain closed from Monday, 16th of March 2020 and for a period of four weeks. Entities which trade with oil and gas products through petrol stations, were not affected by the decision. Furthermore, on 23rd of March 2020 lockdown measures were announced effective from 06:00 p.m. of the 24th of March and up to 06:00 a.m. of the 13th of April 2020. These measures include:

• prohibition of all unnecessary movements (subject to certain exceptions such as those connected with work, the purchase of essential supplies, doctor and pharmacy visits),

• prohibition of access to parks, children's play areas, open sport facilities, squares, dams, excursion sites, marinas and beaches,
• suspension of the operations of all retail companies (subject to certain exceptions),
• suspension of the operations of open-air markets,
• suspension of works in all construction sites with the exception of those related to public works for which a relevant license will be issued
• prohibition of citizens' visits to places of worship such as churches and mosques.

The objective of these public policy measures is to contain the spread of COVID-19 outbreak and are expected to result in significant operational disruption for the Company.

Management has considered the unique circumstances that could have a material impact on the business operations and the risk exposures of the Company and has concluded that the main impacts 0n the Company's profitability position may arise from:
• supply chain disruptions,
• unavailability of personnel,
• reduction in sales due to closure of operations of various customers,
• delays in planned business expansion,
• reduced tourism,
• disruption in travel and other leisure activities,
• increase in expected credit losses from trade receivables

Management has considered that the impact from Coronavirus COVID-19 will negatively affect the Company's financial performance, but sales are expected to rise to normal levels (prior to measures) once the measures are lifted.

The Company is financially supported by the Group, with no external financing in place, hence its ability to continue as a going concern is not considered at stake. Management will continue to monitor the situation closely and will assess any potential further impact on the Company's financial position and performance, in case the period of disruption becomes prolonged.

There were no other material events after the reporting period, which have a bearing on the understanding of the financial statements.

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ADDITIONAL INFORMATION TO THE STATEMENT OF COMPREHENSIVE INCOME

CONTENTS

SELLING AND DISTRIBUTION EXPENSES
Year ended 31 December 2019

	2019	2018
	€	€
Selling, marketing and administrative expenses		
Depreciation and amortisation expense	**24.510**	17.609
Auditors' remuneration	**19.000**	19.000
Provision for expected credit losses	**49.034**	350.999
Repairs and maintenance	**54.921**	74.493
Security services	**168.174**	185.682
Insurance	**40.220**	34.638
Entertaining expenses	**34.706**	40.541
Travelling local expenses	**3.203**	2.169
Other expenses	**502.707**	486.432
Electricity	**367.066**	314.248
Management services	**346.509**	346.509
Petrol stations managing costs	**4.719.839**	4.170.387
Printing and stationery	**18.859**	24.185
Professional fees	**18.010**	27.341
	6.366.758	6.095.033