



# JUGOPETROL AD

SHAREHOLDING COMPANY FOR EXPLORATION, EXPLOITATION AND TRADE  
OF OIL AND OIL DERIVATIVES



**JUGOPETROL AD**

**2016 ANNUAL BUSINESS REPORT**

**April 2017**



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## 1. COMPANY OVERVIEW

### 1.1 BOARD OF DIRECTORS MEMBERS

Members of the BoD are elected by the General Assembly of shareholders.  
The Board of Directors structure during the year 2016 and as of December 31<sup>st</sup> 2016 was:

01/01-07/06/2016	07/06/2016-31/12/2016
Konstantinos Mademlis*	Konstantinos Mademlis*
Stamatia Psyllaki	Stamatia Psyllaki
Dimitrios Parodos	Dimitrios Parodos
Dimitrios Gavriiliidis	Dimitrios Gavriiliidis
Efstathios Devves	Efstathios Devves
Pavle Gegaj	Tripko Krgović
Jelena Mrkobrada	Jelena Mrkobrada

\*Chairman of the Board

### 1.2 COMPANY'S SENIOR MANAGEMENT:

Last Name & Name	Title	Since	Until	% shareholding
Triantopoulos Andreas	Executive Director	1.1.2015	7.3.2017	-
Radovan Raičević	Director	20.6.2002	onwards	0,02%
Gačević Veselin	Director	1.4.2014	onwards	0,01%
Radulović Pavle	Director	15.2.2013	26.4.2016	-
Samardžić Vlado	Director	1.6.2013	onwards	0,02%
Loukas Panagiotis	Director	1.10.2015	onwards	-
Radulović Slobodanka	Director	1.11.2015	onwards	-
Dragan Nikolić	Deputy Director	1.12.2016	onwards	-
Vesna Spaić	Company Secretary	1.4.2011	onwards	-

\* Mr. Antonios Semelides became the new Executive Director on 08.03.2017.

## 1.3 STRUCTURE OF CAPITAL

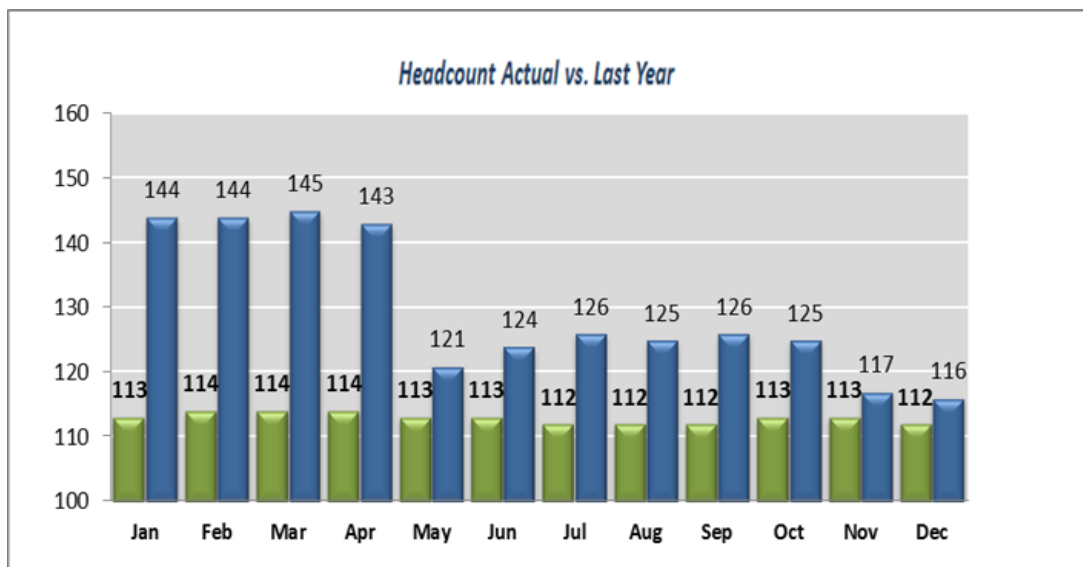
Shareholders Structure as of December 31, 2016 (nominal value/share €14,6083).

Shareholder	Number of shares	% shareholding
HELLENIC PETROLEUM INTERNATIONAL A.G.	2.529.489	54,35%
HB - Custodial account 1	439.265	9,44%
EK - Custodial account 1	226.697	4,87%
NM - Custodial account 8	154.273	3,30%
TREND investment fund	148.839	3,20%
CK - Custodial account 1	67.394	1,45%
SIG DOO	52.312	1,12%
Podravska banka DD	42.372	0,91%
Republic of Montenegro	1	0,00%
Other legal entities	173.472	4,00%
Individuals	819.857	17,62%
<b>Total</b>	<b>4.653.971</b>	<b>100%</b>

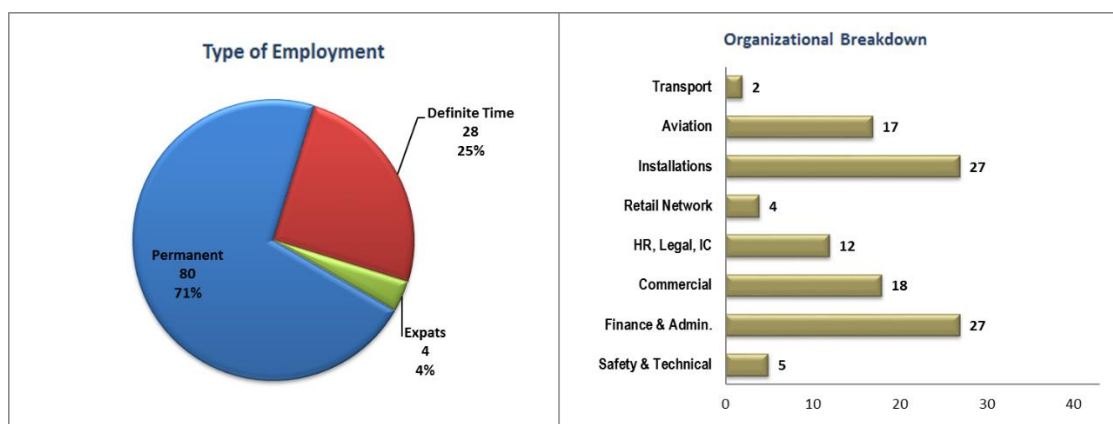
Market share price on December 31, 2016 was €12,65, thus making market capitalization of the company €58,9 million.

## 1.4 STAFF STRUCTURE

As of 31.12.2016, the number of personnel was 112. Headcount reduction throughout the year is the result of improved efficiency and organization.



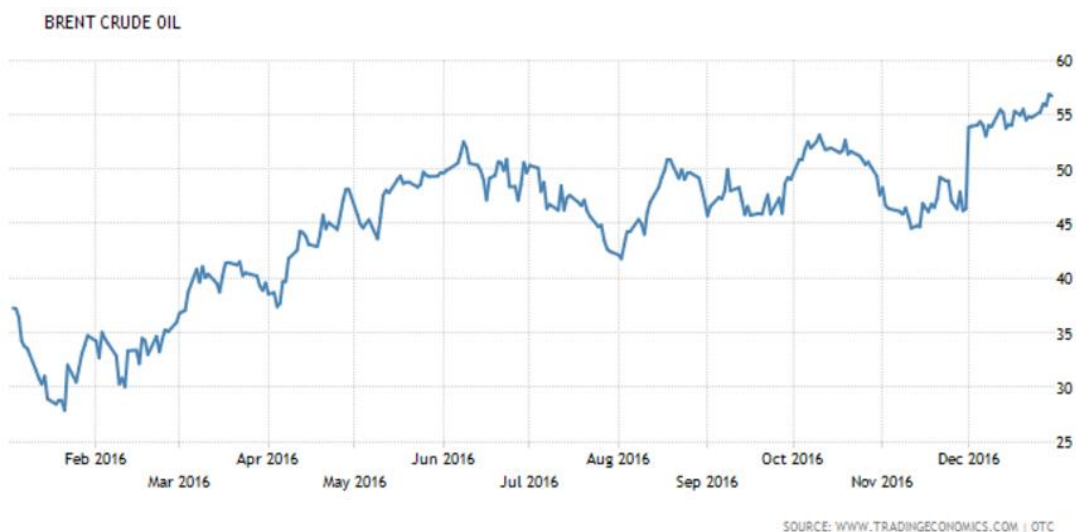
Government sponsored Internship program commenced in December for the second year in a row (10 interns joined in January for the period of 9 months).



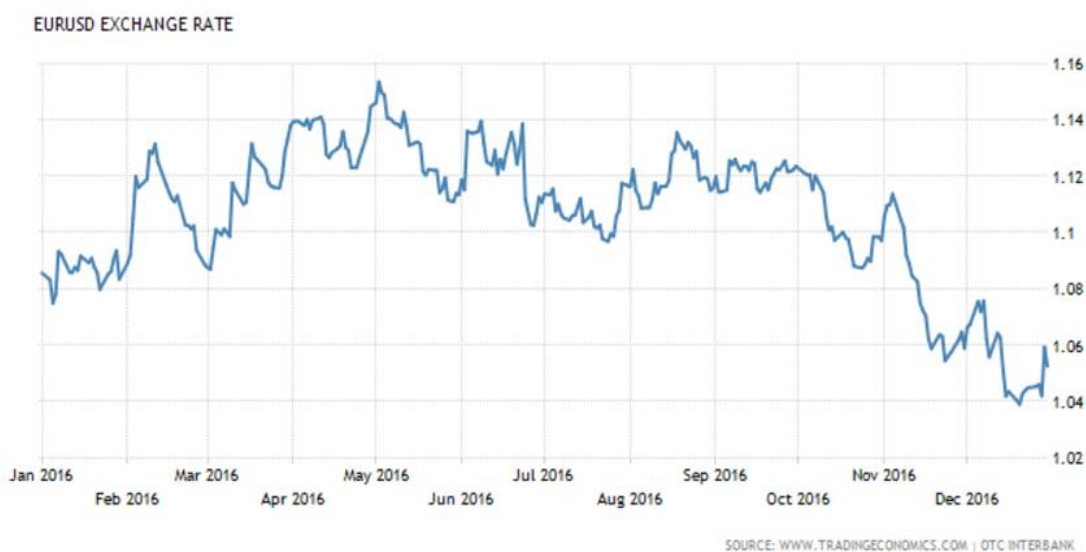
## 2. BUSINESS ENVIRONMENT

### 2.1 KEY MACROECONOMIC INDICATORS IN PETROL PRODUCT BUSINESS:

#### 2.1.1 Daily fluctuation of Brent crude oil price in 2016:



#### 2.1.2 Daily fluctuation of EUR/USD exchange rate in 2016:



## 2.2 KEY MACROECONOMIC DATA IN MONTENEGRO FOR THE YEAR 2016:

### Macroeconomic Data

%	2014A	2015A	2016P	2017P	2018P
Real GDP Growth	1,5%	3,2%	2,4%	3,2%	3,0%
Inflation Rate	-0,3%	1,4%	0,5%	2,2%	2,2%
Unemployment Rate	18,0%	17,6%	17,8%	17,8%	17,5%

Sources: World Bank Report, September 2016; IMF Statement, February 2017

## 2.3 ECONOMIC AND POLITICAL ENVIRONMENT IN MONTENEGRO

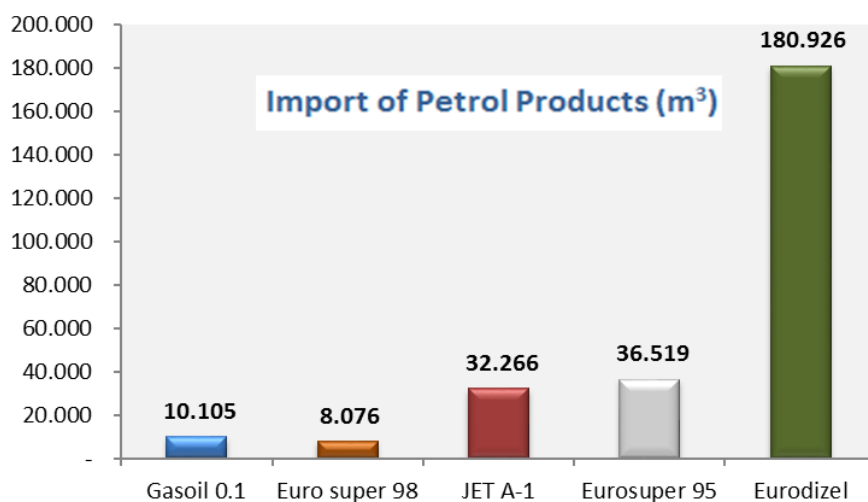
The main political and economic developments in Montenegro in 2016 were the following:

- Real economic growth in 2016 is estimated at a lower-than-expected 2.4%, partly due to a delay in the highway project. Tourism enjoyed another strong season, while energy and mining grew. Construction strengthened as tourism, infrastructure, and energy projects were implemented.
- The estimated fiscal deficit of 5.25% of GDP was substantially smaller than expected, but the underlying fiscal position deteriorated. General government debt increased to 71% of GDP, (79% of GDP including guarantees).
- The economy is projected to expand by 3,2% in 2017, which reflects the positive demand effect from the highway and other private investments, but also some negative impulse from the adjustment in the non-highway budget. Growth would be driven by investment and to a smaller extent by private consumption, with an expected negative contribution from the external sector.
- Economic growth over the medium term is affected by the highway project through immediate demand and subsequent supply effects. With an estimated cost of €1.0 billion (higher than initially expected due to exchange rate effects), it is projected to increase 2023 GDP by about €150 million. Economic growth is expected to average 3 percent over the next five years.
- While the highway will bring with it some economic benefits, its costs may limit the government's ability to undertake other important investments and expose the economy to risks. General government debt is projected to increase to 82% of GDP by 2019 (89% of GDP including guarantees).
- Nato has invited Montenegro to join the alliance, in its first expansion for six years.
- Elections were held on October 16th after a turbulent year. No party obtained majority but a coalition government was formed, led by the incumbent party and the new prime minister Dusko Markovic.

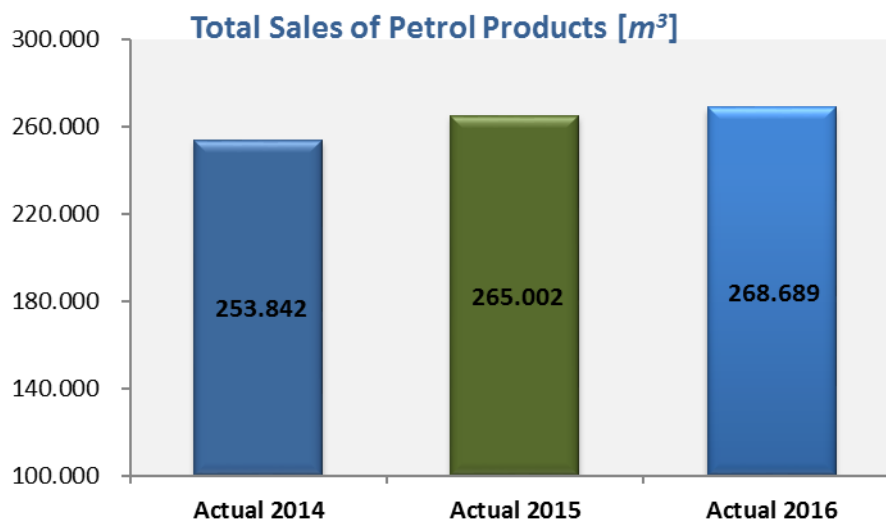
## 3. BUSINESS ANALYSIS

### 3.1 PURCHASE AND SALE OF PETROL PRODUCTS

During the 2016 Jugopetrol AD imported 267.892 m<sup>3</sup> of petrol products:



Total sales volumes of petrol products, for the 2016, were 268.689 m<sup>3</sup>.

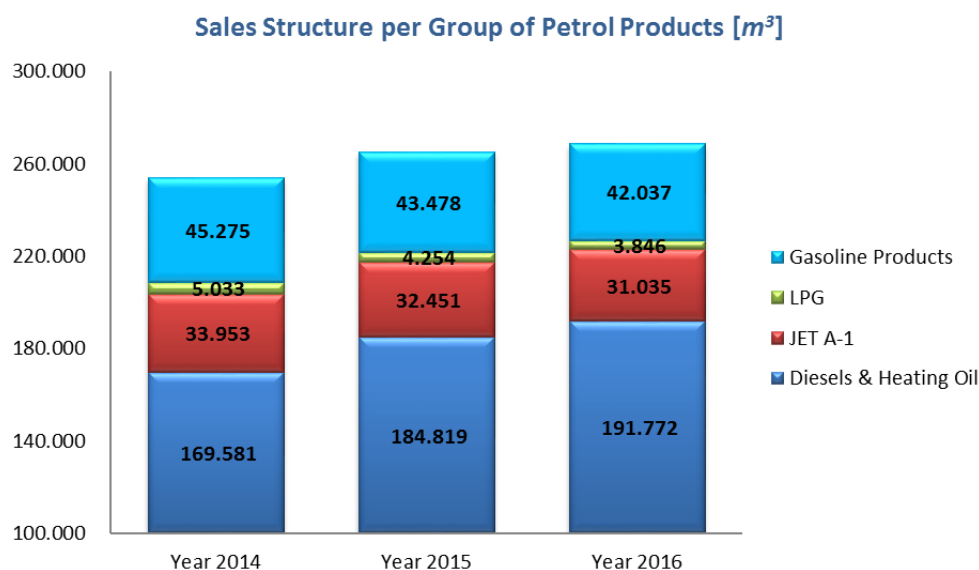




## 3.2 VOLUMES PER DISTRIBUTION CHANNEL

Jugopetrol sold fuel through the following distribution channels: Retail, Private Petrol Stations (PPS), Commercial & Industry, Aviation and Marine Bunkering.

Overall fuel sales for the FY 2016 were 268.689 m<sup>3</sup>, which is 1% higher than in the previous year. This increase in sales volume is a result of increased volumes in Retail and PPS.



## 3.3 RETAIL SEGMENT OVERVIEW

### Retail Segment

Petrol Products [m <sup>3</sup> ]	Year 2014	Year 2015	Year 2016	Δ% 16/15
Gasoline Products	30.742	28.218	27.828	-1%
Diesel Fuels	82.189	85.080	92.546	9%
LPG	5.033	4.254	3.846	-10%
<b>Total »</b>	<b>117.964</b>	<b>117.552</b>	<b>124.220</b>	<b>6%</b>

Retail volumes were 6% higher than previous year. The main reason for increased sales:

- low prices of fuel driven by international oil prices which have boosted demand
- Increased taxes on fuel in Albania creating a favourable differential for Montenegro
- good weather.

Jugopetrol network was increased by 2 new petrol stations. Bijelo Polje new petrol station was built and started in March 2016, while new petrol station in Podgorica was acquired from DAK Petrol and started in August 2016.

## 3.4 WHOLESALE SEGMENT OVERVIEW

### Wholesale Segment

Petrol Products [ $m^3$ ]	Year 2014	Year 2015	Year 2016	$\Delta\%$ 16/15
Gasoline Products	14.533	15.260	14.209	-7%
Diesels & Heating Oil	87.392	99.739	99.226	-1%
Jet A-1	33.953	32.451	31.035	-4%
<b>Total »</b>	<b>135.878</b>	<b>147.450</b>	<b>144.470</b>	<b>-2%</b>

### 3.4.1 Domestic Wholesale Segment

**Private Petrol Station** volumes were 11% higher than last year, as a result of higher overall demand in retail.

**Commercial & Industry** volumes were -12% lower than last year, as a result of lower industrial demand.

### 3.4.2 International Wholesale Segment

**Aviation:** Annual sales volumes were down by -4% despite higher number of flights in the country. The reason is that we are more expensive than most of the alternative supply points due to limited economies of scale, so customers buy in other airports whenever they have the option.

**Bunkering:** Annual sales volumes were down by -38%. Our main competitor Porto Montenegro became active in June 2015 and that is the main reason for underperformance versus last year. Bunkering market is erratic and very difficult to predict. Unlike in 2015, there were no mega yachts in Montenegro last year.

**Exports:** During 2016 we didn't have any sales in this channel. Export volumes are expected to remain weak in the foreseeable future.

## 4. OPERATING EXPENSES

The breakdown of operating expenses is presented in the following table:

JUGOPETROL	Operating expenses (in €000)			
	Year 2016	Year 2015	Year 2014	Index % 2016 / 2015
Expense categories				
Gross salaries and other personal expenses	3.662	4.998	7.124	-27%
Petrol station management fees & transport cost	4.327	4.192	3.866	3%
Materials and maintenance expenses & utilities	1.840	1.604	1.670	15%
Third party's services	722	761	812	-5%
Indirect taxes and contributions	650	606	579	7%
Banking fees	242	262	315	-8%
Marketing expenses & cost of licences	585	501	576	17%
Donations and sponsorships	144	42	47	246%
Other opex	513	381	336	35%
<b>TOTAL</b>	<b>12.685</b>	<b>13.346</b>	<b>15.326</b>	<b>-5%</b>

During 2016, the Company recorded a decrease in operating expenses by -5%, mainly due to:

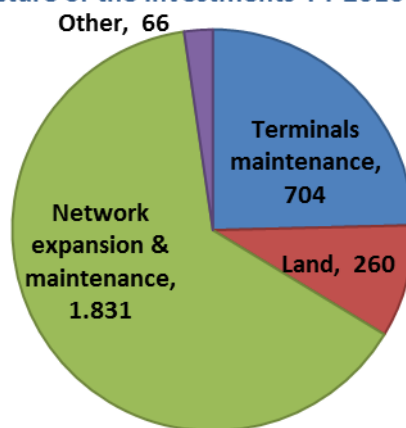
- Decreased amount spent on Gross salaries and other personnel expenses (amount includes Retirement indemnities and jubilee awards) by €1.336K (one-off costs of Voluntary retirement scheme were higher in 2015 because of reorganization). The management made a major effort in transforming JPK into a modern, leaner and more efficient company.
- Lower amount (-€39K) spent on third party's services.
- Lower amount (-€20K) spent on banking fees.
- Higher amount spent on petrol station management fees & transport costs because of higher sales volumes.
- Increased amount spent on marketing, donations and sponsorships in line with higher marketing budget.

## 5. INVESTMENT PROGRAM

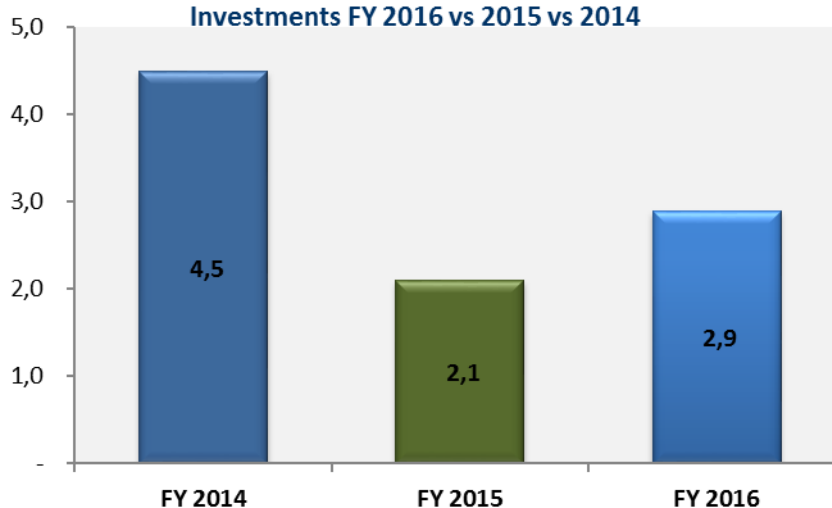
### General notes

During 2016 the total capital expenditure was €2.9M, which is higher than LY when we invested €2.1M. The majority of the amount spent in 2016 relates to network expansion and maintenance of existing stations.

Structure of the Investments FY 2016 [€'000]



Investments FY 2016 vs 2015 vs 2014



For the next 4 years, the Company is planning a major project which includes reconstruction and improvement of most of the retail network (31 petrol stations) in order to achieve compliance with increasing regulatory requirements. Total investment will reach cca. €20m over this period.

## 6. EXPLORATION ACTIVITIES

Jugopetrol AD, as a concessionaire (licensee) in the offshore of Montenegro, Blocks 1 and 2 (Prevlaka), has not realized its planned work program in 2011. In this area, Jugopetrol has a Joint Venture Contract with Medusa Montenegro Limited and Hellenic Petroleum International. Government of Montenegro states that “the permission for conducting exploration on the subject blocks expired on 31 March 2007”.

Jugopetrol and all of its partners disagree with this statement and reserve their rights on this issue.

It is noted that Jugopetrol had submitted to the Government a revised exploration proposal before March 31 2007, without receiving any reply.

The Government by a decision published in July 2012 has designated areas which are included in the upcoming oil and gas exploration licensing round. Those areas include the area of the Block 3 (Ulcinj) but also include areas that belong to Prevlaka blocks.

Jugopetrol filed an injunction claim against this decision and against a case at the Constitutional Court which have both been dismissed and is currently considering next steps. With regard to the exploration of oil and gas in the Area of the Block 3 (Ulcinj), as it is known, the Government has terminated the Contract about Concession with Jugopetrol in this area in 2006.

The Ministry of Economy, Government of Montenegro, has published on 7th of August, 2013 the First Round for the Production Concession Contract, under the Law on Exploration and Production of Hydrocarbons, at the Official Gazette of Montenegro, no. 39/2013. The First Round includes 13 blocks in the Adriatic Sea covering area of 3.191 square km.

## 7. FOCUSING ON THE ENVIRONMENT

Jugopetrol AD as the member of the Hellenic Petroleum Group fully applies the proclaimed Group Policy for all kind of protection, safety and accidents prevention.

Our Company has assured all prerequisites and has adjusted its work processes in order to achieve the overall safety and protection at every level, as well as the Environmental protection and quality of life of all citizens.

Jugopetrol AD not only fully complies with the legislation and standards applied in Montenegro, but follows the processes of designing and adjusting the national regulations with the European standards by using international knowledge and experience applied in Hellenic Petroleum Group, by implementing new technologies and by applying the newest technical solutions.

Organizational and functional structure of the company is adjusted to the needs of preventing, monitoring and eliminating possible causes for the occurrence of any kind of accidents in every business segment.

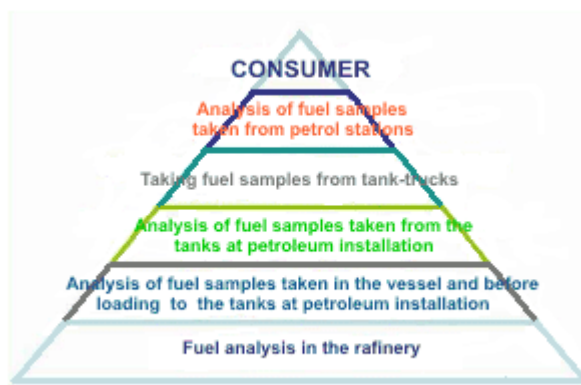
The continuous and permanent training of the employees has been done according to the specified plan that complies with the Legal regulations. We maintain periodical training and adjustments of our procedures so as to mitigate the unlikely event of personal injury and property damage.

## 8. FUEL QUALITY CONTROL

Jugopetrol AD is mainly supplied from the refineries of Hellenic Petroleum and the fuels are transported by environment friendly double-bottom and panel vessels where the possibility of ecological accidents is minimal. In order to assure that the same high quality fuels are delivered to Jugopetrol installations and to consumers, every received fuel quantity is labelled with the unique batch number providing better fuel control.

The distribution and trade of fuel can start only after quality analysis in the laboratory is finished. Based on the fuel analysis the Quality Certificate is issued, which states that our fuel conforms to the national and international standards.

Fuel quality monitoring continues with the fuel sampling in tank trucks before being unloaded to the tanks at petrol stations or delivered to the industry. Regular periodical analyses of the samples from petrol stations are made. In this way the overall fuel quality control is done in all distribution phases.



The following fuel features are determined in the laboratory:

- Density,
- Sulphur,
- Possible presence of water,
- Ignition point,
- Filtering point,
- Atmospheric distillation.

## 9. BUSINESS ACHIEVEMENTS IN THE 2016

Despite stagnant market in Montenegro, JUGOPETROL is continuing to realize its strategic vision of being the leading petroleum company in Montenegro.

Main achievements for the year include:

- Achievement of 2016 Business Plan despite difficult start of the year, characterized by weak UMs.
- Defending market share despite increased competition through loyalty/lottery program and targeted sales activities.
- Increased network by 2 new PSs (Bijelo Polje 2 and Podgorica 10).
- Initiated major investment program aiming to ensure compliance of our network to increased legal requirements by 2020.
- Marked improvement in Trade Receivables with Overdues reduced to record low levels.



## 10. FINANCIAL STATEMENTS

### 10.1 PROFIT & LOSS STATEMENT

Profit & Loss Statement	YEAR 2016	YEAR 2015
<b>REVENUES</b>	<b>115.973.048</b>	<b>137.525.368</b>
Revenue	115.715.158	137.185.505
Other operating income	257.890	339.863
<b>EXPENSES</b>	<b>108.767.196</b>	<b>131.985.259</b>
Cost of goods sold	93.544.435	116.003.019
Cost of materials	557.862	586.127
Cost of salaries and other personal expenses	3.662.250	4.997.791
Cost of depreciation and provisions	2.538.095	2.635.894
Other operating expenses	8.464.554	7.762.428
<b>OPERATING PROFIT</b>	<b>7.205.852</b>	<b>5.540.109</b>
Financial income	234.280	149.988
Financial expenses	66.776	76.937
<b>FINANCIAL RESULT</b>	<b>167.504</b>	<b>73.051</b>
Other income	1.220.774	567.533
Other expenses	3.087.785	758.380
<b>RESULT FROM OTHER BUSINESS ACTIVITIES</b>	<b>-1.867.011</b>	<b>-190.847</b>
<b>NET RESULT BEFORE TAX</b>	<b>5.506.345</b>	<b>5.422.313</b>
<b>OTHER COMPREHENSIVE INCOME</b>	<b>25.864</b>	<b>0</b>
Fair value of AFS financial assets	-10.111	-
Revaluation reserves from actuarial gains (losses)	35.976	-
<b>INCOME TAX EXPENSE</b>	<b>503.834</b>	<b>496.243</b>
Current income tax	503.546	498.389
Deferred income tax	287	-2.146
<b>PROFIT FOR THE YEAR</b>	<b>5.028.376</b>	<b>4.926.070</b>
<b>EARNINGS PER SHARE</b>		
Basic earning per share	1,08	1,06

## 10.2 BALANCE SHEET

Balance Sheet	YEAR 2016	YEAR 2015
<b>NON CURRENT ASSETS</b>	<b>44.277.135</b>	<b>46.109.553</b>
<b>INTANGIBLE ASSETS</b>	<b>6.232.585</b>	<b>5.347.700</b>
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>36.275.533</b>	<b>39.235.053</b>
Property, Plant & Equipment	34.629.074	37.562.445
Investment properties	1.646.460	1.672.608
<b>LONG TERM FINANCIAL ASSETS</b>	<b>1.769.016</b>	<b>1.526.800</b>
Investments in equity	78.124	89.236
Other long term financial assets	1.690.892	1.437.564
<b>DEFERRED TAX ASSETS</b>		
<b>CURRENT ASSETS</b>	<b>57.520.094</b>	<b>55.903.703</b>
<b>INVENTORIES</b>	<b>24.586.385</b>	<b>28.315.597</b>
<b>RECEIVABLES, SHORT TERM DEPOSITS AND CASH</b>	<b>32.933.710</b>	<b>27.588.106</b>
Receivables	10.997.165	12.055.977
Short term deposits	319.037	157.545
Cash and cash equivalents	14.581.969	10.237.384
Value added tax and accruals	7.035.539	5.137.200
<b>TOTAL ASSETS</b>	<b>101.797.229</b>	<b>102.013.256</b>
<b>EQUITY</b>	<b>89.515.264</b>	<b>90.490.513</b>
Share capital	67.986.605	67.986.605
Reserves	8.550.698	8.367.365
Revaluation reserves	-162.903	-188.768
Retained earnings	13.140.864	14.325.311
<b>PROVISIONS AND LONG TERM LIABILITIES</b>	<b>388.704</b>	<b>435.443</b>
<b>PROVISIONS</b>	<b>388.704</b>	<b>435.443</b>
<b>LONG TERM LIABILITIES</b>	<b>0</b>	<b>0</b>
Other long term liabilities	-	-
<b>DEFERRED TAX LIABILITIES</b>	<b>57.601</b>	<b>58.314</b>
<b>SHORT TERM PROVISIONS AND LIABILITIES</b>	<b>11.835.660</b>	<b>11.028.987</b>
<b>SHORT TERM LIABILITIES</b>	<b>11.835.660</b>	<b>11.028.987</b>
Trade payables	3.202.250	3.603.393
Other short term liabilities and accruals	687.518	350.593
Value added tax and other tax payables	7.442.345	6.576.612
Income tax payables	503.546	498.389
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>101.797.229</b>	<b>102.013.256</b>

## 10.3 CASH FLOW STATEMENT

Cash Flow Statement	YEAR 2016	YEAR 2015
<b>Cash flows from operating activities</b>		
Net income before income taxes	5.506.345	5.422.313
Depreciation and amortization	2.538.095	2.635.894
(Increase)/decrease in inventories	3.729.212	-1.259.506
Decrease/(increase) in trade and other	1.058.812	651.460
Change in payables to suppliers	-401.143	495.873
Change in accruals	1.639.629	-178.323
Interest paid		
Income tax paid	-468.486	-465.907
Changes in deferred tax and other non listed items	-344.768	-1.577.651
<b>Net cash generated from operating activities</b>	<b>13.257.697</b>	<b>5.724.153</b>
<b>Cash flows from investing activities</b>		
<b>Inflows from investing activities</b>	<b>641.374</b>	<b>790.958</b>
Sale of shares/stakes (net inflow)		746.966
Proceeds from disposal of PP&E and materials	601.195	20.407
Other financial investments (net inflow)	-	-
Interest received	40.179	23.584
<b>Outflows from investing activities</b>	<b>3.224.613</b>	<b>2.182.262</b>
Purchase of property, plant and equipment	3.084.613	2.182.262
Other financial investments (net outflow)	140.000	
<b>Net cash used in investing activities</b>	<b>-2.583.239</b>	<b>-1.391.304</b>
<b>Cash flows from financing activities</b>		
<b>Proceeds from financing activities</b>	<b>170.788</b>	<b>195.066</b>
Proceeds from long term and short term loans	170.788	195.066
<b>Cash outflows from financing activities</b>	<b>6.476.173</b>	<b>6.003.627</b>
Long term ,short term and other liabilities	472.550	
Dividends paid	6.003.623	6.003.627
<b>Net cash used in financing activities</b>	<b>-6.305.385</b>	<b>-5.808.561</b>
<b>Net increase in cash and cash equivalents</b>	<b>4.369.073</b>	<b>-1.475.712</b>
Cash and cash equivalents at 1 January	10.237.384	11.771.616
Foreign exchange gains/(losses)	-24.488	-58.520
<b>Cash and cash equivalents at 31 December</b>	<b>14.581.969</b>	<b>10.237.384</b>

## 11. ONGOING LEGAL DISPUTES

Jugopetrol has an ongoing litigation with State of Montenegro regarding certain fixed assets, as following:

- Final judgment of the Basic Court of Bar no. 281/13 of 27th June, 2013 adopted the claim of the State of Montenegro. Jugopetrol submitted an Appeal to the Supreme Court of Montenegro which was rejected under the judgement no. 1081/15 of 16th December 2015. Under the Decision of the Real Estate Administration no. 954-2754/1-016 from 16th August 2016, registration of property rights was changed. By acting in accordance with the judgment of the Basic Court of Bar and in accordance with the Decision of the Real Estate Administration, the Company wrote off from its books the assets valued at EUR 91.424, which was according to the said judgment awarded to the State of Montenegro.
- Final judgment of the Basic Court Bijelo Polje No. 500/15-05 from 13th April.2016 adopted the claim of the State of Montenegro. Jugopetrol submitted an Appeal to the Supreme Court of Montenegro which was rejected under the judgment Rev. no. 1093/16 of 20th December 2016. By acting in line with the above judgment of the Basic Court of Bijelo Polje, the Company made a provision in the amount of EUR 539.000, which was by the said judgment awarded to the State of Montenegro.
- Final judgment of the Basic Court of Kotor no. 1033 / 15-05 of 24th May 2016 adopted the claim of the State of Montenegro. Jugopetrol submitted an Appeal to the Supreme Court of Montenegro which was rejected under the judgment Rev. no. 1182/16 of 14th February 2017, which was submitted to the Company on 13th March 2017. In accordance with the IAS 10 and IAS 37, this event is a post balance sheet adjusting event and therefore the Company made a provision in the amount of EUR1.686.368 in the 2016 Financial Statements.

Jugopetrol has filled appeals to the Constitutional Court in relation to the cases of Bar installation and Bijelo Polje. The appeal for Lipci installation is planned to be filled in the near future.

## 12. RELATED PARTY TRANSACTIONS

The Company is ultimately controlled by Hellenic Petroleum S.A. Since the acquisition date, Hellenic Petroleum has been the Company's exclusive supplier of oil products. EKO ABEE, a wholly-owned subsidiary of Hellenic Petroleum S.A., supplies the Company with lubricants. Furthermore, two other Group companies, Asprofos and HELPE International Consulting, both of which are wholly owned subsidiaries of Hellenic Petroleum S.A., provide the Company with various technical and consulting services. The company provided consulting services to EKO Serbia, Group company ultimately owned by Hellenic Petroleum S.A., during 2016.

The following transactions were carried out with related parties:

### a) Purchases of goods and services:

Purchases of goods and services	Relationship	Nature of transaction	2016	2015
Hellenic Petroleum S.A.	Parent company	Purchases of oil products	90.473.841	102.233.673
Hellenic Petroleum S.A.	Parent company	IT services	203.514	0
EKO ABEE	Group company	Purchases of lubricants	206.156	223.327
HELPE International Consulting	Group company	Consulting services	270.000	300.000
Asprofos Engineering S.A.	Group company	Maintenance services	10.146	51.700
Okta Crude Oil Refinery AD	Group company	Consulting and analyses	50.739	126.978
Global Petroleum SH.A	Group company	Purchases of goods	2.060	75.630
<b>Total</b>			<b>91.216.456</b>	<b>103.011.308</b>

### b) Sales to related parties:

Sales of goods and services	Relationship	Nature of transaction	2016	2015
EKO Serbia	Group company	Consulting services	23.583	0
<b>Total</b>			<b>23.583</b>	<b>0</b>

### c) Receivables from related parties:

Receivables from related parties	Relationship	Nature of transaction	2016	2015
Hellenic Petroleum S.A.	Parent company	Purchases of oil products	9.343.342	18.817.183
Global Petroleum SH.A	Group company	Purchases of goods	3.110	-5.170
<b>Total</b>			<b>9.346.452</b>	<b>18.812.013</b>

### d) Payables to related parties:

Payables to related parties	Relationship	Nature of transaction	2016	2015
EKO ABEE	Group company	Purchases of lubricants	0	76.410
HELPE International Consulting	Group company	Consulting services	67.500	75.000
Asprofos Engineering S.A.	Group company	Maintenance services	0	31.020
Okta Crude Oil Refinery AD	Group company	Consulting and analyses	548	3.969
<b>Total</b>			<b>68.048</b>	<b>186.399</b>

Receivables and payables from transactions with related parties are unsecured and bear no interest. There were no provisions on receivables from related parties.

## 13. KEY PERFORMANCE INDICATORS

KPIs	YEAR 2016	YEAR 2015
ROACE	6,9%	6,7%
EBITDA Margin %	6,8%	5,8%
Net Profit Margin %	4,3%	3,6%
Gross Profit Margin %	19,3%	15,6%
Debt / Equity %	0,0%	0,0%
Net Debt	-14.581.969	-10.237.384

## 14. CSR

Jugopetrol AD and Hellenic Petroleum Group make great efforts to contribute to the development of each country they operate in. They acknowledge and promote values of knowledge, creativity, culture and humanity.

Following that mission, Jugopetrol participated in various socially responsible projects of benefit to Montenegrin society, as follows:

Organization	Type	Purpose
Volleyball sponsorship	Sponsorship	League of mini volleyball of Montenegro
Convention "She is here"	Sponsorship	Sponsorship of a convention against women abuse
Skouras camp for Bijela	Donations	Children from the orphanage of Bijela trip to Skouras camp
Pamark	Donations	Donation to the institution for children with special needs
NGO Pčelica	Donations	Project Smile for Smile children supported by the NGO





# JUGOPETROL AD

SHAREHOLDING COMPANY FOR EXPLORATION, EXPLOITATION AND TRADE  
OF OIL AND OIL DERIVATIVES



Note: The report is prepared in accordance with the legislation of the State of Montenegro.

**Executive director**

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Antonios Semelides