JUGOPETROL A.D.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

CONTENTS

GENERAL INFORMATION

Board of Directors

From 01/01/2020 - 17/06/2020

1. Konstantinos Mademlis - President of the Board
2. Tripko Krgović - member
3. Žiga Peljko - member
4. Stamatia Psyllaki - member
5. Konstantinos Koliopoulos - member
6. Spyridon Gkikas - member
7. Efstathios Devves - member

From 18/06/2020 - 31/12/2020

1. Georgios Georgiou - President of the Board
2. Panagiotis Loukas - member
3. Tripko Krgović - member
4. Panagiotis Athanasopoulos - member
5. Theodora Papadimitriou - member
6. Konstantinos Pantazis - member
7. Dejan Bajić - member

Company headquarters
Stanka Dragojevica bb
81000 Podgorica
Montenegro

Banks
Crnogorska Komercijalna Banka
Hipotekarna Banka A.D. Podgorica
NLB Montenegro Banka
Prva banka Crne Gore
Erste Banka
Addiko Bank
Unicredit bank A.D. Banja Luka

Audit Company
Ernst & Young Montenegro d.o.o.
Stanka Dragojevica bb, street
Building Universal Capital Bank, II floor
81000 Podgorica
Montenegro

Building a better working world

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AKCIONARSKO DRUŠTVO ZA ISTRAŽIVANJE, EKSPLOATACIJU I PROMET NAFTNIH DERIVATA "JUGOPETROL", PODGORICA

Report on the audit of financial statements

Opinion

We have audited the financial statements of Jugopetrol AD Podgorica (the Company), which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with the Law on Accounting and the accounting regulations of Montenegro.

Basis for opinion

We conducted our audit in accordance with Standards on Auditing applicable in Montenegro. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Montenegro, 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters (continued)

Contingent liability for legal dispute with Montenegro Bonus doo Cetinje

As described in Note 33 Commitments and contingencies to the financial statements, as at 31 December 2020 the Company disclosed contingent liability resulting from the uncertainties related to the outcome of the lawsuits filed by Montenegro Bonus doo Cetinje.

We identified the assessment of contingent liability for legal dispute with Montenegro Bonus doo Cetinje as a key audit matter because the estimates on which this contingent liability is based involve a significant degree of management judgement supported by legal expert opinion in determining possible outcome and the amount is significant to the financial statements.

We identified controls designed and operated by the Company relating to monitoring litigation and assessing the probable outcome. In addition, we obtained a list of active litigations filed by Montenegro Bonus doo Cetinje and related (contingent) liabilities assessed by the Company as of the year end and discussed with the Company's legal team the nature of material litigation, developments across key matters and their status.

We discussed legal developments with the Company's external lawyers, read audit enquiry response letters from external legal counsel and went through determinations and judgements made by the courts. We also assessed the adequacy of the disclosures included in Notes 2.14 Significant accounting policies – Provisions and Note 33 Commitments and contingencies of the accompanying financial statements in accordance with the Law on Accounting and accounting regulations of Montenegro (IAS 37 Provisions, Contingent Liabilities and Contingent Assets).

Key audit matters (continued)

Revenue recognition

The Company recognized revenue for the year ended 31 December 2020 amounting to EUR 82 million as disclosed in the Note 23 Revenues to the financial statements. Significant management judgement is required in order to determine the transaction price for the performance obligation including any element of variable consideration (discounts, rebates and other form of customer incentives). Given the different contractual arrangements with customers and the judgement to be exercised in evaluating the expected discounts, revenue recognition of customer bonuses and rebates represents a key audit matter.

We understood and evaluated design of internal controls related to revenue recognition and tested their operation effectiveness. In addition, we performed an examination on a sample of customers with the highest annual turnover to determine whether the contractually agreed and awarded discounts, customer bonuses, and rebates, as well as payments to trading partners without identifiable counter service were taken into consideration in measuring the transaction price for the respective contract and recognizing revenue for the period.

For a sample of customers we circulated request for confirmation of trade receivables as of the balance sheet date. We tested transactions around the year–end to assess whether revenues were recognized in the correct accounting period. We performed analytical procedures for revenues to obtain further understanding of trends during the year, their relation with trade receivables and cash, as well as profit margin analysis. We also tested a sample of journal entries recognized to revenue focusing on unusual or irregular transactions. We assessed the adequacy of the disclosures included in Note 2.18 Significant accounting policies – Revenue recognition and Note 23 Revenues of the accompanying financial statements in accordance with the Law on Accounting and accounting regulations of Montenegro (IFRS 15 Revenue from Contracts with Customers).

Other information included in the Company's Annual Management Report

Other information consists of the information included in the Annual Management Report other than the financial statements and our auditor's report thereon. Management is responsible for the preparation of other information in accordance with the legal requirements of the Montenegro.

Our opinion on the financial statements does not cover the Other information. 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. In addition, we assessed whether the other information has been prepared, in all material respects, in accordance with Law on Accounting of Montenegro, in particular, whether the other information complies with the Law on Accounting of Montenegro in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgements made on the basis of the other information.

Based on the procedures undertaken, to the extent we are able to assess it, we report that:

1. the other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
2. the other information is prepared in accordance with requirements of the Law on Accounting of Montenegro.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Law on Accounting and the accounting regulations of Montenegro, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are 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 Standards on Auditing applicable in Montenegro will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Auditor’s responsibilities for the audit of the financial statements (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor’s report is Danijela Mirković.

Podgorica, 01 April 2021

DRUŠTVO ZA REVIZIJU
ERNST & YOUNG MONTENEGRO DOO
PODGORICA

Danijela Mirković
Partner

Nikola Ribar
Authorized auditor

Ernst & Young Montenegro d.o.o.
Podgorica, Montenegro

BALANCE SHEET/ASSETS
AS AT 31/12/2020

Group of accounts, Account	POSITION	No.	Note No.	Amount	
				2020	2019
1	2	3	4	5	6
	ASSETS				
00	**A. UNPAID REGISTERED CAPITAL**	001		-	-
	B. FIXED ASSETS (003+008+016)	002		**53.113.608**	**49.847.978**
01	I INTANGIBLE ASSETS (004 to 007)	003	5	6.218.292	6.262.228
010	1. Investments in development	004		-	-
011 and 014	2. Concessions, patents, licenses and similar rights and other intangible assets	005		5.347.180	5.399.535
012	3. Goodwill	006		848.942	848.942
016 and 015	4. Advances for intangible assets and intangible assets in preparation	007		22.170	13.750
	II. PROPERTY, PLANTS, EQUIPMENT AND BIOLOGICAL ASSETS (009+010+011+015)	008	6	45.166.219	41.772.527
020 and 022	1. Land and buildings	009		33.751.279	29.687.610
023, 027 (part)	2. Plant and Equipment	010		5.911.213	5.141.775
	3. Other installed equipment, tools and equipment (012+013+014)	011		1.743.387	1.748.328
024	3.1. Investment properties	012		1.743.387	1.748.328
021 and 025	3.2. Biological Assets	013		-	-
026 and 029	3.3. Other unspecified material fixed assets	014		-	-
028 and 027	4. Advances in property, plant, equipment and biological assets and property, plant, equipment and biological assets in preparation	015		3.760.339	5.194.813
	III LONG-TERM FINANCIAL INVESTMENTS AND LONG-TERM RECEIVABLES (017 through 023)	016	7	1.729.098	1.813.224
030, 039(part)	1. Shares in subsidiaries	017	7a	2.349	2.349
033(part) 039(part)	2. Long-term loans to parent and subsidiary legal entities	018		-	-
031(part) 032(part) 039(part)	3. Participation in equity with legal entities (excluding subsidiaries)	019	7b	79.315	50.581
033(part) 039(part)	4. Long-term loans to legal entities with equity participation (excluding subsidiaries)	020		-	-
031(part) 032(part)	5. Equity Capital, which are measured at equity	021		-	-
032(part) 034, 035, 036, 039(part)	6. Long-term financial investments (loans and securities given)	022		-	-
038, 039(part)	7. Other long-term investments and receivables	023		1.647.433	1.760.294
288	**C. DEFERRED TAX ASSETS**	024		-	-
	D. CURRENT ASSETS (026+031+039+043+044)	025		**52.819.710**	**59.857.073**
	I. INVENTORIES (027 to 030)	026	8	9.830.890	11.780.907
10	1. Inventory of materials (fabrication material, spare parts, small inventory and car tires)	027		142.117	137.062
11	2. Work in progress	028		-	-
12 and 13	3. Finished products and goods	029		9.458.166	11.567.958
15	4. Advances given	030		230.607	75.887
	II. SHORT-TERM RECEIVABLES (032 to 035)	031	9	14.139.848	19.168.503
202, 203, 209(part)	1. Receivables from buyers	032	9a	8.738.841	11.506.014
200, 209(part)	2. Receivables from parent companies and subsidiaries	033		-	-

Group of accounts, Account	POSITION	No.	Note No.	Amount	
				2020	2019
201, 209(part)	3. Receivables from other related parties	034		-	-
	4. Other receivables (036+037+038)	035	9b	5.401.007	7.662.489
223	4.1. Prepaid corporate income tax	036		-	-
27	4.2. Receivables on Value Added Tax	037	13	4.033.601	7.225.260
21, 22, except 223	4.3. Other unmentioned receivables	038		1.367.406	437.229
	III. SHORT-TERM FINANCIAL INVESTMENTS (040 to 042)	039	10	164.105	199.158
236(part)	1. Share in equity of subsidiaries intended for trading	040		-	-
237	2. Redeemed own shares	041		-	-
23 except 236(part), except 237	3. Other short-term financial investments	042		164.105	199.158
24	IV. CASH ON ACCOUNTS AND IN HAND	043	11	28.684.867	27.769.648
04	V. FIXED ASSETS FOR SALE AND ASSETS FROM DISCONTINUED OPERATIONS	044	6	-	938.857
28 except 288	**E. ACCRUALS**	045	12	**73.180**	**111.640**
	F. TOTAL ASSETS	046		**106.006.498**	**109.816.691**
	LIABILITIES			**-**	**-**
	A. CAPITAL (102+103+104+105+111+116)	101	14	**91.816.595**	**91.523.618**
30	I. BASIC CAPITAL	102		67.986.605	67.986.605
31	II. UNPAID SUBSCRIBED CAPITAL	103		-	-
320	III. EMISSION PREMIUM	104		-	-
	IV. RESERVES (106+107+108+109-110)	105		8.374.513	8.324.559
321	1. Legal reserves	106		-	-
322(part)	2. Statutory reserves	107		2.469.979	2.469.979
322(part)	3. Other reserves	108		6.080.719	6.080.719
330 and cb 331, 332, 333, 334, 335, 336	4. Positive revaluation reserves and unrealized gains on financial assets and other components of other comprehensive result	109		130.634	109.413
db 331, 332, 333, 334, 335, 336	5. Negative revaluation reserves and unrealized losses on financial assets and other components of other comprehensive result	110		(306.819)	(335.553)
	V. RETAINED EARNINGS OR LOSS (112+113-114-115)	111		15.455.477	15.212.454
340	1. Retained earnings from previous years	112		12.885.468	10.884.823
341	2. Retained earnings for the current year	113		2.570.008	4.327.632
350	3. Loss of previous years	114		-	-
351	4. Loss of current year	115		-	-
	VI. NON-CONTROLLING INTEREST	116		-	-
	B. LONG-TERM PROVISIONS AND LONG-TERM LIABILITIES (118+123)	117		**922.486**	**1.051.791**
	I. LONG-TERM PROVISIONS (119 to 121)	118	15	414.616	421.434
404(part)	1. Provisions for employee benefits and other benefits	119		414.616	421.434
400(part)	2. Provisions for expenses in the warranty period	120		-	-
40, except 400 and 404	3. Other long-term provisions	121		-	-
41	II. LONG - TERM LIABILITIES (122+123)	122		507.871	630.358
414, 415	1. Long-term loans	123		-	-
41 except 414, 415	2. Other long-term liabilities	124	6	507.871	630.358
498	**C. DEFERRED TAX LIABILITIES**	125	16	**85.040**	**68.908**
495(part)	**D. LONG-TERM DEFERRED INCOME AND RECEIVED DONATIONS**	126		**-**	**-**
	E. SHORT-TERM PROVISIONS AND SHORT-TERM LIABILITIES (128+129)	127		**12.193.304**	**16.581.004**

Group of accounts, Account	POSITION	No.	Note No.	Amount	
				2020	2019
467	I SHORT-TERM PROVISIONS	128		-	-
	II SHORT-TERM LIABILITIES 130 to 137)	129		12.193.304	16.581.004
422(part) 423(part) 424(part) 425(part) 426 and 429(part)	1. Liabilities arising from loans and borrowings from persons other than credit institutions	130		-	-
422(part) 423(part) 424(part) 425(part) 429(part)	2. Loan liabilities from credit institutions	131		-	-
430	3. Prepayments, deposits and bails	132	18	1.244.571	1.699.859
433, 434	4. Liabilities to suppliers	133	19	2.057.966	3.139.375
439(part)	5. Liabilities on bills of exchange	134		-	-
420 and 431	6. Liabilities to the parent and subsidiaries entities	135	32c	889.958	2.331.596
421 and 432	7. Liabilities to other related parties	136		-	-
	8. Other operating liabilities and other short-term liabilities (138 to 142)	137		8.000.810	9.410.174
439(part)	8.1. Other operating liabilities	138	17	237.787	286.772
45 and 46	8.2. Other short-term liabilities	139	20	532.794	615.251
47,48 except 481	8.3. Liabilities for Value Added Tax and other public revenues	140	21	6.967.698	8.100.531
481	8.4. Liabilities for corporate income taxes	141		262.530	407.620
427	8.5. Liabilities arising from assets held for sale and business that has been discontinued	142		-	-
490, 491, 494, 495(part), 496,497, 499	**F. ACCRUALS**	143	22	**989.073**	**591.371**
	G. TOTAL LIABILITIES (101+117+125+126+127+142)	144		**106.006.498**	**109.816.691**

In Podgorica,

Person responsible for preparation of the financial statement

Legal representative

L.S.

Date 31/03/2021

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JUGOPETROL akcionarsko društvo za istraživanje, eksploataciju i promet nafte i naftnih derivata, Podgorica 2 JPK

This version of our report/the accompanying documents is a translation from the original, which was prepared in Montenegrin. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

INCOME STATEMENT
FOR THE PERIOD FROM 01/01/2020 TO 31/12/2020

Group of accounts, Account	POSITION	No.	Note No.	Amount	
				2020	2019
1	2	3	4	5	6
60 and 61	**1. Sales revenue - net income**	201	23	**82.301.014**	**158.315.830**
630, 631	**2. Change in value of finished goods inventories and work in progress**	202		-	-
62	**3. Revenue from the effects and goods activation**	203		-	-
	4. Other operating income (205 to 207)	204	24	**2.355.226**	**851.048**
64, 65	a) Other operating income	205		197.141	185.199
67,691,692	b) Other operating income	206		2.158.085	665.849
68, except 683, 685	c) Income from value adjustments of assets	207		-	-
	5. Operating expenses (209+210)	208	25	**78.122.657**	**150.124.220**
50, 51	a) Cost of goods sold and the cost of materials	209		66.590.773	138.134.452
53, 54, 55	b) Other operating expenses (depreciation, provisions and other operating expenses)	210		11.531.884	11.989.768
	6. Wages expenses, wage compensation and other personal expenses (212+213)	211	26	**2.762.007**	**3.021.867**
52 (part)	a) Net wage costs, wage compensation and personal expenses	212		1.753.369	1.918.401
	b) Tax and contribution costs (214 to 216)	213		1.008.638	1.103.466
52(part)	1/ Tax costs	214		217.794	260.419
52(part)	2/ Pension contribution costs	215		458.087	480.860
52(part)	3/ Contribution costs	216		332.757	362.187
	7. Expenses on value adjustments of assets (other than financial) (218+219)	217		**111.793**	**131.998**
580,581,582, 589(part)	a) Expenses on value adjustments of fixed assets (excluding financial assets)	218		-	-
584,589(part)	b) Expenses on value adjustments of current assets (excluding financial assets)	219		111.793	131.998
57, 591, 592	**8. Other operating expenses**	220	27	**914.503**	**1.232.095**
	I. Operating Result (201+202+203+204-208-211-217-220)	221		**2.745.281**	**4.656.699**
	9. Income from share in equity (223 to 225)	222		-	-
660(part)	a) Income from share in equity of subsidiaries	223		-	-
661(part)	b) Income from share in equity of other related parties	224		-	-
669(part)	c) Income from share in equity of unrelated legal entities	225		-	-
	10. Income from other financial investments and loans (interest rates, foreign exchange differences and effects of contractual hedging) (227 to 229)	226		**-**	**-**
660(part)	a) Income from other financial investments and loans from parent and subsidiaries	227		-	-
661(part)	b) Income from other financial investments and loans from other related legal entities	228		-	-
662(part) 663(part) 664(part) 669(part)	c) Income from other financial investments and loans from unrelated legal entities	229		-	-
	11. Other income from interest, exchange rate differences and other contractual hedging effects (231 to 233)	230	28	**137.473**	**173.233**
660(part)	a) Financial income from current receivables from parent and subsidiaries	231		-	-
661(part)	b) Financial income from current receivables from other related legal entities	232		-	-
662(part) 663(part) 664(part) 669(part)	c) Financial income from current receivables from unrelated legal entities	233		137.473	173.233
	12. Value adjustment of short-term financial assets and financial investments that are part of current assets (235-236)	234		-	-

Group of accounts, Account	POSITION	No.	Note No.	Amount	
				2020	2019
683, 685	a) Income from the value adjustment of short-term financial assets and financial investments that are part of current assets	235		-	-
583, 585	b) Costs from the value adjustment of short-term financial assets and financial investments that are part of current assets	236		-	-
	13. Interest expenses, foreign exchange differences and other contractual protection effects (238 to 240)	237	29	**36.670**	**81.168**
560	a) Interest expenses, foreign exchange differences and other effects of contractual protection based on relations with the parent and subsidiaries	238		-	-
561	b) Interest expense, foreign exchange differences and other contractual hedging effects of relationships with other related parties	239		36.670	81.168
562, 563, 564, 569	c) Interest expenses, foreign exchange differences and other effects of contractual protection on relationships with unrelated parties	240		-	-
	II. Financial Result (222+226+230+234–237)	241		100.803	92.065
	III. Operating result before taxation (221+241)	242		2.846.084	4.748.764
690 - 590	IV. Net Result of operations which is suspended	243		-	-
	V. Result before taxation (242+243)	244		2.846.084	4.748.764
	14. Tax expense of the period (246+247)	245	30	**276.076**	**421.132**
721	1. Current corporate income tax	246		262.530	407.620
722	2. Deferred tax expenses or income for the period	247		13.546	13.513
	15. Profit or loss after tax (244-245)	248		**2.570.008**	**4.327.632**
	VI. Gross Result of other Result items/related to capital/ (250 to 257)	249		49.955	(1.132)
330	1. Changes in revaluation reserves on property, plant and equipment, intangible assets and biological assets	250		26.148	(3.047)
331	2. Changes in unrealized gains and losses on translation of foreign financial statements	251		-	-
332	3. Changes in unrealized gains and losses on equity investments	252		-	-
333	4. Changes in actuarial gains and losses on defined benefit plans (or losses) in connection with defined benefit plans	253		23.806	1.916
334	5. Changes in participation in other comprehensive affiliate result	254		-	-
335	6. Changes in unrealized gains and losses on instruments for hedging net investment in foreign operations	255		-	-
336	7. Changes in revaluation reserves based on cash flow hedges	256		-	-
337	8. Other changes in unrealized gains and losses	257		-	-
	VII. Deferred tax expenses or income of the period in connection with other items of Result / related to equity /	258		-	-
	VIII. Net Result of other Result items / related to capital / (249-258)	259		**49.955**	**(1.132)**
	IX. Net Comprehensive Result (248-259)	260		**2.619.963**	**4.326.500**
	X. Earnings per share	261		0,56	0,93
	1. Basic earnings per share	262	31	0,56	0,93
	2. Reduced (diluted) earnings per share	263		-	-
	XI. Net Result belonging to the owners of the parent legal entity	264		-	-
	XII. Net Result belonging to non-controlling participations	265		-	-

In Podgorica,

Person responsible for preparation of the financial statement

Legal representative

JUGOPETROL akcionarsko društvo za istraživanje i promet nafte i naftnih derivata, Podgorica

L.S.

2

Date 31/03/2021

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CASH FLOW STATEMENT
FOR THE PERIOD FROM 01/01/2020 TO 31/12/2020

POSITION	No.	Amount	
		2020	2019
1	2	3	4
A. CASH FLOW FROM OPERATING ACTIVITIES			
1. Result before taxation	301	2.846.084	4.748.764
2. Depreciation	302	3.123.250	2.946.043
3. Change in inventories	303	1.950.016	9.540.004
4. Change of accounts receivable	304	1.836.996	(531.983)
5. Change of liabilities to suppliers	305	(1.536.697)	3.892.173
6. Change of reservation	306	(6.818)	26.711
7. Interest paid	307	-	-
8. Corporate Income Tax	308	(383.163)	(661.928)
9. Payments for other public revenues	309	-	-
10. Changes in deferred taxes and other non-cash items that affect the cash flow from operating activities	310	675.654	1.841.059
I. Net cash flow from operating activities (1 to 10)	311	8.505.323	21.800.843
B. CASH FLOW FROM INVESTMENT ACTIVITIES			
I. Cash inflows from investing activities (1 to 5)	312	1.911.913	40.610
1. Sale of shares and units	313	-	-
2. Sale of intangible assets, properties, plant, equipment and biological assets	314	1.879.767	7.628
3. Other financial placements	315	-	-
4. Interest received from investing activities	316	32.146	32.981
5. Dividends received	317	-	-
II. Cash outflows from investing activities (1 to 3)	318	6.915.303	6.466.337
1. Buying stocks and shares	319	-	-
2. Purchase of intangible assets, properties, plant, equipment and biological assets	320	6.915.303	6.466.337
3. Other financial placements	321	-	-
III. Net cash flow from investing activities (I-II)	322	(5.003.390)	(6.425.727)
C. CASH FLOW FROM FINANCIAL ACTIVITIES			
I. Cash inflows from financing activities (1 to 3)	323	(201.661)	(183.591)
1. Increase of basic capital	324	-	-
2. Long-term and short-term loans	325	(201.661)	(183.591)
3. Other long-term and short-term liabilities	326	-	-
II. Cash outflows from financing activities (1 to 4)	327	2.380.736	4.760.484
1. Acquisition of own shares and shares	328	-	-
2. Long-term and short-term loans and other liabilities	329	53.747	246.128
3. Financial leasing	330	-	-
4. Dividends paid	331	2.326.989	4.514.356
III. Net cash flow from financing activities (I-II)	332	(2.582.397)	(4.944.074)
D. NET CASH FLOW (311+322+332)	333	919.536	10.431.041
E. CASH AT THE BEGINNING OF THE REPORTING PERIOD	334	27.769.648	17.363.530
F. FOREIGN EXCHANGE RATE GAINS ON CASH TRANSFER	335	8.594	24.142
G. FOREIGN EXCHANGE RATE LOSS ON CASH TRANSFER	336	12.911	49.065
H. CASH AT THE END OF THE REPORTING PERIOD (333+334+335-336)	337	28.684.867	27.769.648

In Podgorica,

Person responsible for preparation of the financial statement

Legal representative

L.S.

Date 31/03/2021

JUGOPETROL Akcionarsko društvo za istraživanje, proizvodnju i promet nafte i naftnih derivata, Podgorica 2

This version of our report/the accompanying documents is a translation from the original, which was prepared in Montenegrin. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 01/01/2020 TO 31/12/2020

Items	Description	Nr	Share capital (Group 30 less 309)	Nr	Other capital (Acc 309)	Nr.	Unpaid subscribed capital (Group 31)	Nr	Share premiu (Acc 320)	Nr	Reserves (Acc. 321, 322)	Nr	Revaluation reserves (Acc 33)	Nr	Retained earnings (Group 34)	Nr	Loss (Group 35)	Nr	Treasury shares and stakes (Acc. 237)	Nr	Total (col. 2+3+4+5+6+7+8-9-10)
	1		2		3		4		5		6		7		8		9		10		11
1.	**Balance as at 01.01.2019**	401	**67.986.605**	410		419		428		437	**8.550.698**	446	**(225.008)**	455	**15.399.175**	464		473		482	**91.711.470**
2.	Adjustments of material errors and changes in accounting policies in previous year	402		411		420		429		438		447		456		465		474		483	
3.	**Adjusted opening balance as at 01.01.2019.(no. 1+2)**	403	**67.986.605**	412		421		430		439	**8.550.698**	448	**(225.008)**	457	**15.399.175**	466		475		484	**91.711.470**
4.	Net changes in 2019.	404		413		422		431		440		449	(1.132)	458	(186.720)	467		476		485	(187.852)
5.	**Balance as at 31.12. 2019. (no. 3+4)**	405	**67.986.605**	414		423		432		441	**8.550.698**	450	**(226.139)**	459	**15.212.454**	468		477		486	**91.523.618**
6.	Adjustments of material errors and changes in accounting policies in previous year	406		415		424		433		442		451		460		469		478		487	
7.	**Adjusted opening balance as at 01.01.2020. (no. 5+6)**	407	**67.986.605**	416		425		434		443	**8.550.698**	452	**(226.139)**	461	**15.212.454**	470		479		488	**91.523.618**
8.	Net changes in 2019.	408		417		426		435		444		453	49.955	462	243.022	471		480		489	292.977
9.	**Balance as at 31.12.2020. (no. 7+8)**	409	**67.986.605**	418		427		436		445	**8.550.698**	454	**(176.185)**	463	**15.455.477**	472		481		490	**91.816.595**

In Podgorica, Person responsible for preparation of the financial statement Legal representative

L.S.

Date 31/03/2021 ....

This version of our report/the accompanying documents is a translation from the original, which was prepared in Montenegrin. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

(All amounts expressed in EUR, unless otherwise stated)

1. Corporate information

Jugopetrol A.D. (hereinafter also referred to as "the Company") was established in 1947 as a state-owned company based on the decision of the Government of the Socialist Federal Republic of Yugoslavia. On January 1, 1996, following the Company's ownership transformation, the Company was re-registered as a shareholding company under Jugopetrol A.D. Kotor name. In October 2002, Hellenic Petroleum International S.A. acquired 54.4% of the Company's share capital from the Government and certain government agencies of Montenegro. The registered Company's address up to December 10, 2014 was Trg Mata Petrovica number 2, Kotor. Due to business reasons, the Company decided to change its headquarters and from December 10, 2014 the Company's registered address is Stanka Dragojevica bb, Podgorica.

The Company is presently the main supplier of oil products in Montenegro. Its main activities include wholesale of oil products through the operation of storage facilities in Bar and two airport fuelling depots in Tivat and Podgorica, as well as retail and distribution of oil products through the operation of forty-three petrol stations and three yachting petrol stations.

The average number of employees during the reporting period was 98 (2019: 100 employees). Below is an overview of the number of employees based on situation at the end of each month.

	2020	**2019**
January	97	100
February	97	100
March	97	101
April	96	101
May	98	101
June	99	101
July	97	101
August	97	100
September	97	99
October	98	99
November	99	99
December	99	97
Average number of employees	**98**	**100**

The Company's shares are traded on Montenegroberza Stock Exchange.

2. Summary of significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for changes describes in 2.1.a which have been adopted by the Company as of 1 January 2020.

2.1 Basis of preparation

These financial statements have been prepared in accordance with the requirements of the Law on accounting ("Official Gazette of Montenegro", no. 052/16 of 08.09.2016.) and the Decision on the application of International Accounting Standards ("IAS") in Montenegro ("Off. Gazette of Montenegro", no. 69 /2002) and accounting regulation effective in Montenegro.

The Company has prepared these financial statements in accordance with the Rules on the content and form of financial statements ("Official Gazette of Montenegro", no. 011/20 of 06.03.2020) issued by the Institute of Certified Accountants of Montenegro on the basis of Article 1 of the Regulation amending the Regulation on the assignation of affairs of state administration in charge of accounting and auditing ("Official Gazette of Montenegro", 44/07 and "Official Gazette of Montenegro", 33/10).

Changes to the IAS and IFRS issued after January 1, 2003, were not published and officially adopted in Montenegro. In accordance with the Accounting Law of Montenegro, IAS and IFRS issued by International Accounting Standards Board, have to be translated by the appropriate competent authority of Montenegro that owns the right of the translation and publication thereof, approved by the International Federation of Accountants (IFAC).

2. Summary of significant accounting policies (continued)

2. 1. Basis of preparation (continued)

The last official translation was published for IAS that have been in force since 1st January 2009. i.e. part of IFRS in force since 1st January 2013. and includes only basic text and interpretations and does not include basis for conclusions, illustrative examples, application guidance, comments, opinions and other explanatory material. Also, the above translation does not contain translation of the Conceptual Framework for Financial Reporting.

During 2020. translations of IFRS 9 - Financial instruments, IFRS - 16 Leasing and IFRS - 15 Operating revenue from contracts with customers were officially published. The first application of IFRS 16 - Leasing is scheduled for annual periods beginning on 1 January 2021, while the application of IFRS 9 - Financial instruments and IFRS 15 - Operating revenue from contracts with customers is deferred.

These financial statements are prepared on the historical cost basis, unless accounting policies requires otherwise.

a) *Changes in accounting policy and disclosures*

The accounting policies adopted are consistent with those of the previous financial year except for the following changes IFRS which have been adopted by the Company as of 1 January 2020:

- Conceptual Framework in IFRS standards

The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

- IFRS 3: Business Combinations (Amendments)

The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The Amendments are effective for business combinations for which the acquisition date is in the first annual reporting period beginning on or after 1 January 2020. and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted. Management has assessed that the adoption of these amendments has no material impact on the Company's financial statements.

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material' (Amendments)

The Amendments are effective for annual periods beginning on or after 1 January 2020. with earlier application permitted. The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards. Management has assessed that the adoption of these amendments has no material impact on the Company's financial statements.

- Interest Rate Benchmark Reform - IFRS 9, IAS 39 and IFRS 7 (Amendments)

In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The amendments published, deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement, which require forward-looking analysis. The amendments provide temporary reliefs, applicable to all hedging relationships that are directly affected by the interest rate benchmark reform, which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate.

2. Summary of significant accounting policies (continued)

2. 1. Basis of preparation (continued)

a) Changes in accounting policy and disclosures (continued)

There are also amendments to IFRS 7 Financial Instruments: Disclosures regarding additional disclosures around uncertainty arising from the interest rate benchmark reform. The amendments are effective for annual periods beginning on or after 1 January 2020 and must be applied retrospectively. Phase two (ED) focuses on issues that could affect financial reporting when an existing interest rate benchmark is replaced with a risk-free interest rate (an RFR). Management has assessed that the adoption of these amendments has no material impact on the Company's financial statements.

b) Standards issued but not yet effective and not early adopted

- IFRS 17: Insurance Contracts

The standard is effective for annual periods beginning on or after 1 January 2021 with earlier application permitted if both IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have also been applied. In its March 2020 meeting the Board decided to defer the effective date to 2023. IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity. The standard has not been yet endorsed by the EU. Management has not made use of this assessment.

- IFRS 17: Insurance Contracts (Amendments), IFRS 4: Insurance Contracts (Amendments)

The amendments to IFRS 17 are effective, retrospectively, for annual periods beginning on or after January 1, 2023, with earlier application permitted. The amendments aim at helping companies implement the Standard. In particular, the amendments are designed to reduce costs by simplifying some requirements in the Standard, make financial performance easier to explain and ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying IFRS 17 for the first time. The amendments to IFRS 4 change the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after January 1, 2023. The Amendments to IFRS 17 have not yet been endorsed by the EU. Management has not made use of this assessment.

- Amendment in IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures: sale or contribution of assets between an investor and its associate or joint venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. Management has not made use of this assessment.

- IAS 1 Presentation of financial statements: classification of liabilities as current or non-current (Amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. However, in response to the covid-19 pandemic, the Board has deferred the effective date by one year, i.e. 1 January 2023, to provide companies with more time to implement any classification changes resulting from the amendments. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments. These Amendments have not yet been endorsed by the EU. Management has not made use of this assessment.

2. Summary of significant accounting policies (continued)

2. 1 Basis of preparation (continued)

b) Standards issued but not yet effective and not early adopted (continued)

- IFRS 3 Business combinations; IAS 16 Property, plant and equipment; IAS 37 Provisions, contingent liabilities and contingent assets as well as Annual improvements 2018-2020 (Amendments)

The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:

- IFRS 3 Business Combinations (Amendments) update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- IAS 16 Property, Plant and Equipment (Amendments) prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments) specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.
- Annual Improvements 2018-2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

The amendments have not yet been endorsed by the EU. Management has not made use of this assessment.

- IFRS 16 Leases-Covid 19 Related Rent Concessions (Amendment)

The amendment applies, retrospectively, to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorized for issue at 28 May 2020. IASB amended the standard to provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment provides a practical expedient for the lessee to account for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change was not a lease modification, only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021.
- There is no substantive change to other terms and conditions of the lease.

- Interest Rate Benchmark Reform - Phase 2 - IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments)

In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, completing its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). In particular, the amendments provide for a practical expedient when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, to require the effective interest rate to be adjusted, equivalent to a movement in a market rate of interest. Also, the amendments introduce reliefs from discontinuing hedge relationships including a temporary relief from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. Furthermore, the amendments to IFRS 4 are designed to allow insurers who are still applying IAS 39 to obtain the same reliefs as those provided by the amendments made to IFRS 9. There are also amendments to IFRS 7 Financial Instruments: Disclosures to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods. The amendments have not yet been endorsed by the EU. Management has not made use of this assessment.

(All amounts expressed in EUR, unless otherwise stated)

2. Summary of significant accounting policies (continued)

2.2 Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue its operations in foreseeable future.
Given the declared pandemic caused of the COVID 19 virus, the Company has taken all measures prescribed by the World Health Organization, the Institute of Public Health of Montenegro and have aligned its internal procedures with the procedures of the Hellenic Petroleum Group on prevention of the spread of the pandemic. The management does not expect significant impact of the pandemic on the Company's ability to continue as a going concern.

2.3 Comparative figures

The Company's comparative figures are its 2019. audited financial statements. The Company has prepared these financial statements in accordance with the Rules on the content and form of financial statements ("Official Gazette of Montenegro", no. 011/20 of 06.03.2020) and in this regard, the reclassification of balance sheet items and income statement for 2019. is presented below.

	2019	**Reclassification**	**Corrected 2019.**
ASSETS			
INTANGIBLE ASSETS*(I) i (I)**	5.413.285	-	6.262.228
Goodwill**(I)	848.942	-	-
LONG-TERM FINANCIAL INVESTMENTS			
Shares in subsidiaries*(II)	-	2.349	2.349
Participation in equity with legal entities (excluding subsidiaries)II)	-	50.581	50.581
Investments in equity**(II)	52.930	(52.930)	-
SHORT-TERM RECEIVABLES			
Receivables from buyers * (II)	-	11.506.014	11.506.014
Receivables on Value Added Tax * (II)	-	7.225.260	7.225.260
Other unmentioned receivables * (II)	-	437.229	437.229
Receivables **(II)	11.943.243	(11.943.243)	-
Value Added Tax and accruals **(II)	7.336.900	(7.336.900)	-
ACCRUALS *(II)	-	111.640	111.640
Total assets	**109.816.691**	**-**	**109.816.691**
EQUITY & LIABILITIES			
RESERVES **(II)	8.550.698	(8.550.698)	-
Statutory reserves *(III)	-	2.469.979	2.469.979
Other reserves *(III)	-	6.080.719	6.080.719
SHORT-TERM PROVISIONS AND LIABILITIES			
Loan liabilites from credit institutions *(IV)	-	286.772	286.772
Prepayments, deposits and bails *(IV)	-	1.699.859	1.699.859
Liabilities to suppliers *(IV)	-	3.139.375	3.139.375
Liabilities to the parent and subsidiaries entities *(IV)	-	2.331.596	2.331.596
Short term financial liabilities **(IV)	286.772	(286.772)	-
Trade payables **(IV)	7.170.830	(7.170.830)	-
Other short term liabilities and accruals **(IV)	1.206.621	(1.206.621)	-
Other short term liabilities*(IV)	-	615.251	615.251
ACCRUALS *(IV)	-	591.371	591.371
Total equity & liabilities	**109.816.691**	**-**	**109.816.691**

(All amounts expressed in EUR, unless otherwise stated)

2. Summary of significant accounting policies (continued)

2.3 Comparative figures (continued)

* Financial statements have been prepared in accordance with the Rulebook on chart of accounts and contents of accounts in the chart of accounts for legal entities registered for business activities and other legal entities and rulebook on contents and forms of financial statements for companies and other legal entities ("Official Gazette of Montenegro", no. 011/20 of 06.03.2020), which will refer to the financial reporting for 2020. and the following year.

**Financial statements have been prepared in accordance with the Rulebook on the content and form of forms of financial statements for companies and other legal entities ("Official Gazette of Montenegro", no. 5/11 of 21.01.2011).

(I) The Goodwill position in the amount of EUR 848.942 was reclassified to Intangible assets.

(II) The position of the Investments in equity in the amount of EUR 52.930 was reclassified to the position Shares in subsidiaries in the amount of EUR 2.349 and to the position Participation in equity with legal entities (excluding subsidiaries) in the amount of EUR 50.581.

(III) The Reserve position in the amount of EUR 8.550.698 was reclassified to the position Statutory reserve in the amount of EUR 2.469.979 and to the position Other reserve in the amount of EUR 6.080.719.

(IV) The position Short-term financial liabilities was reclassified to the position Liabilities based on loans from credit institutions in the amount of EUR 286.772. Trade payables in the amount of EUR 7.170.830 were reclassified to Prepayments, deposits and bails in the amount of EUR 1.699.859. Liabilities to suppliers in the amount of EUR 3.139.375 and Liabilities to the parent and subsidiary legal entities in the amount of EUR 2.331.596. Other short term liabilities and accruals in the amount of EUR 1.206.621 were reclassified to Other short-term liabilities in the amount of EUR 615.251 and Accruals in the amount of EUR 591.371.

	2019.	**Reclassification**	**Corrected 2019.**
OTHER OPERATING REVENUES			
Other revenue from ordinary activities * (I)	-	185.199	185.199
Other revenues * (I)	-	665.849	665.849
Other operating revenues **(I)	185.199	(185.199)	-
OPERATING EXPENSES			
Cost of goods sold and the cost of materials*(II)	-	138.134.452	138.134.452
Cost of goods sold **(II)	137.477.829	(137.477.829)	-
Cost of materials**(II)	656.623	(656.623)	-
Cost of goods sold and the cost of materials, total	**138.134.452**	**-**	**138.134.452**
Other operating expenses (depreciation, provisions and other operating expenses)*(III)	-	11.989.768	11.989.768
Cost of depreciation and provisions **(III)	2.946.043	(2.946.043)	-
Other operating expenses **(III)	9.043.725	(9.043.725)	-
Other operating expenses (depreciation, provisions and other operating expenses), total	**11.989.768**	**-**	**11.989.768**
Expenses on value adjustments of current assets (excluding financial assets)*(IV)	-	131.998	131.998
Other operating expenses*(V)	-	1.232.095	1.232.095
OPERATING RESULT			
Interest expenses, foreign exchange differences and other contractual protection effects*(VI)	-	81.168	81.168
Financial expenses**(VI)	81.168	(81.168)	-
Other income** (I) (other business activities in old postitions)	665.849	(665.849)	-
Other expenses** (IV) i (V)	1.364.093	(1.364.093)	
NET RESULT BEFORE TAX	**4.748.764**	**-**	**4.748.764**
NET RESULT AFTER TAX	**4.326.500**	**-**	**4.326.500**

2. Summary of significant accounting policies (continued)

2.3 Comparative figures (continued)

* Financial statements have been prepared in accordance with the Rulebook on chart of accounts and contents of accounts in the chart of accounts for legal entities registered for business activities and other legal entities and rulebook on contents and forms of financial statements for companies and other legal entities ("Official Gazette of Montenegro", no. 011/20 of 06.03.2020), which will refer to the financial reporting for 2020. and the following year.

**Financial statements have been prepared in accordance with the Rulebook on the content and form of forms of financial statements for companies and other legal entities ("Official Gazette of Montenegro", no. 5/11 of 21.01.2011).

(I) Other income (other business activities in old postitions) position in the amount of EUR 665.849 was reclassified to the position Other revenues in the amount of EUR 665.849. The position Other operating revenue in the amount of EUR 185.199 was reclassified to the position Other revenue from ordinary activities in the amount of EUR 185.199.

(II) Cost of goods sold in the amount of EUR 137.477.829 and cost of materials in the amount of EUR 656.623 was reclassified in the position Cost of goods sold and the cost of materials in the amount of EUR 138.134.452.

(III) Cost of depreciation and provisions in the amount of EUR 2.946.043 and Other operating expenses in the amount of EUR 9.043.725 were reclassified to Other operating expenses (depreciation, provisions and other operating expenses)in the amount of EUR 11.989.768.

(IV i V) Other expenses in the amount of EUR 1.364.093 were reclassified to the position Expenses on value adjustments of current assets (excluding financial assets) in the amount of EUR 131.998 and to Other operating expenses in the amount of EUR 1.232.095.

(VI) Financial expenses position in the amount of EUR 81.168 was advertised in the position Interest expenses, foreign exchange differences and other contractual protection effects in the amount of EUR 81.168.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

The BoD considers the business from a distribution channel perspective. The Company operates in one segment with two revenue streams (retail and wholesale).

2.5 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (“the functional currency”). The financial statements are presented in EUR, which is the Company’s functional and presentational currency.

b) Transactions and balances

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

2.6 Intangible assets

a) Licenses

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (do not exceed 5 years).

2. Summary of significant accounting policies (continued)

2.6 Intangible assets (continued)

b) Computer software

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets.

Costs include the software development employee costs and an appropriate portion of relevant overheads.

Other development costs that do not meet these criteria are recognized as an expense as incurred. Development costs initially recognized as an expense cannot be recognized as an asset in future.

Computer software development costs recognized as an asset are amortized over their estimated useful lives (do not exceed 3 years).

c) Right of use of land

Right of use of land is accounted for at cost and is not amortised as the Company expects ownership to be eventually transferred.

The linear method is used to calculate depreciation on intangible assets.

2.7 Property, plant, and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and provision for impairment, where required.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement under operating expenses during the financial period in which they are incurred. If an investment property becomes owner occupied, it is reclassified to property, plant and equipment, and its carrying amount at the date of reclassification becomes its deemed cost to be subsequently depreciated.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost to residual values over their estimated useful lives, as follows:

Buildings and structures	5%
Machinery and equipment	5-15%
Office furniture and fittings	20-30%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.8).

2.8 Impairment of non-financial assets

Assets with indefinite useful service life are not subject to depreciation and are tested for impairment annually. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any indication exists and where the carrying values exceed recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price 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), being the individual petrol stations and installations. Impairment losses are recognized in the income statement. If the circumstances that caused the impairments have been changed, previously recognized impairment losses are cancelled for previous years.

2. Summary of significant accounting policies (continued)

2.9 Financial assets

2.9.1 Initial recognition and measurement

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.
With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section 2.17 Revenue from contracts with customers. 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. 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.

2. Summary of significant accounting policies (continued)

2.9 Financial assets (continued)

2.9.1 Initial recognition and measurement (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.

The Company elected to classify irrevocably its listed equity investments under this category.

2.9.2 Derecognition and impairment

Derecognition

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method.

The cost of oil and oil derivatives comprises purchase value, transportation and insurance cost, import duties and other direct costs.

Carrying value of inventories is adjusted for surpluses/losses identified at stock counts organized at petrol stations and reservoirs on a monthly basis (installations) and quarterly (petrol stations). Inventory surpluses/losses are recognized in within "Other income/expense" in the income statement.

Inventories include advances to the suppliers for goods.

2. Summary of significant accounting policies (continued)

2.11 Receivables

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

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the recoverable amount. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'Other expenses' (note 25). When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amount previously written off are credited to 'Other income' in the income statement (note 24).

2.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand and current accounts with commercial banks.

2.13 Basic capital

a) *Share Capital*

Ordinary shares are classified as equity.

b) *Reserves*

Statutory reserves are recognized as 5% of the Company's profit after tax based on decisions of the Board of Directors and the Shareholders' Assembly. This distribution was done in the period from 2001 to 2003, based on Company's law from 1996 which is not enforce anymore and it does not prescribe obligation to the companies to have legal reserves any more.

In accordance with the Collective Agreement portion of retained earnings was allocated to the housing fund based on the decisions of the Shareholders' Assembly. The purpose of this fund is to finance housing needs of the employees and accompanying expenses.

c) *Revaluation reserves*

Revaluation reserves arise from an increase in fair value measurement of available-for-sale assets.

2.14 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 measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year.

2.16 Employee benefits

a) *Pension obligations*

The Company pays contributions to publicly administered pension insurance plans on a mandatory basis. The Company has no further payment obligations once the contributions have been paid.

2. Summary of significant accounting policies (continued)

2.16 Employee benefit (continued)

a) Pension obligations (continued)

The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available (refer to the Note 24).

The Company provides jubilee awards and retirement employee benefit schemes. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and/or the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. The defined benefit obligation is valued annually by independent qualified actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Actuarial gains and losses arising from experience adjustments are charged or credited to the income statement in the period in which they arise. (Note 14)

b) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity, in which case, it is also recognized in equity.

Income taxes currently due are calculated and paid in accordance with the Montenegrin Tax Law ("Official Gazette of Montenegro", 65/01, 12/02, 80/04, 40/08, 86/09, 40/11, 14/12, 61/13 i 55/16), by applying the tax rate of 9%. The calculated income tax is paid no later than three months after the expiration of the period for which tax is being assessed as determined by the tax authorities.

Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for, if it, on condition that it has not previously been accounted for, arises from an initial recognition of an asset or liability in a transaction other than a business combination which at the time of the 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 balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are offset when there is a legal basis to offset current tax assets against current tax liabilities, when deferred tax assets and liabilities relate to the income tax established by tax authorities to one or a number of taxpayers, and in case of an intention to settle accounts on net basis.

2. Summary of significant accounting policies (continued)

2.18 Revenue recognition

Revenue from contracts with customers

Revenue comprises the fair value of the sale of goods and services, net of value-added tax and any excise duties, rebates and discounts. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Control over goods sold and services rendered is transferred to the customer upon delivery of the respective products or service respectively.

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

When goods are exchanged or swapped for goods which are of a similar nature and value the exchange is not regarded as a transaction which generates revenue. The net result of such transactions is recognized within Cost of sales.

Revenue is recognised as follows:

Sales of goods – wholesale & retail

Revenue is recognized when a contractual promise to a customer (performance obligation) is fulfilled by transferring the promised goods (which is when the customer obtains control over the promised goods). 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.

Provision of services

For sales of services, revenue is recognised in the accounting period in which the services are rendered, as the customer obtains control over the promised services, by reference to stage of completion of each specific performance obligation and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Variable consideration

If the consideration in a contract includes a variable amount, the Company recognizes this amount as revenue only to the extent that it is highly probable that a significant reversal will not occur in the future.

Volume discounts

The Company provides volume discounts to customers based on thresholds specified in the respective contracts. Options for volume related discounts are assessed by the Company to determine whether they constitute a material right that the customer would not receive without entering into that contract. For all such options that are considered as material rights, the Company assesses the likelihood of its exercise and then the portion of the transaction price allocated to the option is deferred and recognized when it is either exercised or lapsed.

Under the new requirements, the Company concluded that volume discounts constitute a material right which should be recognized over time up to the point it is either exercised or lapsed. All such discounts are accrued within the financial year.

Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

2. Summary of significant accounting policies (continued)

2.18 Leases

Transition to IFRS 16

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of "low-value" assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 month or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

The Group elected to use the exemptions proposed by the standard on lease contracts for which the lease terms ends 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

The following categories of leases were identified and entirely relate to land, cars, real estate, where as a consequence of the change to IFRS 16 as of 1 January 2019. contracts that previously had been recognized as operating leases, now qualify as leases as defined by the new standard (Note 6).

During the first-time application of IFRS 16, the right to use the leased asset was generally measured at the amount of lease liability, using the average incremental borrowing rate of 3%.

2.20 Distribution of dividends

The distribution of dividends to the shareholders of the company is recognized in the period when the dividends were approved by the shareholders.

2.21 Non-current assets held for sale and discontinued operations

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

2. Summary of significant accounting policies (continued)

2.21 Non-current assets held for sale and discontinued operations (continued)

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

a) represents a separate major line of business or geographical area of operations
b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical are of operations or
c) is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

2.22 Investment property

Investment properties are initially measured at cost, including transaction costs. After initial recognition, investment properties are recognized at cost less accumulated depreciation and impairment.

Investment properties are derecognized when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the income statement in the year of retirement or disposal.

Method of depreciation and impairment of investment property is the same as of tangible fixed assets. Assessment of impairment is performed annually.

3. Financial risk management

3.1 Financial risk factors

The Company's activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's overall risk management program focuses on individual risk areas by addressing each class of risk individually.

Risk management is carried out by the Company's management under policies approved by the parent company. The management identifies and evaluates financial risks in close co-operation with the Company's operating units. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, credit risk and investment of excess liquidity.

a) *Market risk*

i. *Foreign exchange risk*

The Company operates and sells mainly in Montenegro and neighbouring countries. Due to the fact that the functional currency of the Company is EUR and sales and purchases are denominated in EUR, management assessed exposure to foreign currency fluctuations as immaterial.

ii. *Price risk*

The Company has exposure to the risk of commodity prices of oil. However, taken into consideration the fact that selling prices follow market prices of oil, exposure to price risk is not material.

iii. *Cash flow and fair value interest rate risk*

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's short-term deposits included within cash and cash equivalents. Given current market interest rates cash flow risk is assessed as not material.

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

b) Credit risk

The Company has no significant concentrations of credit risk. It has policies in place to ensure that wholesale sales of products are made to customers with an appropriate credit history.

Sales to retail customers are made in cash or via major credit cards. The Company has policies that limit the amount of credit exposure to any financial institution.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the possibility of settling of the market position.

3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. In 2020. the Company did not use any borrowings from the banks. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

3.3. Fair value estimation

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the balance sheet date. The carrying value less impairment provision of receivables and liabilities is assumed to approximate their fair values.

4. Critical accounting estimates and judgments

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

4.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below.

a) Useful lives of property, plant and equipment

The Company's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. Management will amend the depreciation charge where useful lives are changed from previous estimates or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

4. Critical accounting estimates and judgments (continued)

4.1 Critical accounting estimates and assumptions (continued)

b) Employee benefit schemes

The present value of the obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for other employee benefits include the expected discount rate. Any changes in these assumptions will impact the carrying amount of these obligations.

The Company determines the appropriate discount rate at the end of each year. This is the difference between market interest rate applicable for that year and contracted interest rate and is used to determine the present value of estimated future cash outflows expected to be required to settle the obligations for other employee benefits. Other key assumptions for obligations for other employee benefits are based partially on the current market conditions.

c) Tax legislation

Value added tax

The Company assumes that all VAT reclaimable from the Tax authorities will be received within one year, unless specific impairment provision is created.

d) Litigations

As disclosed in note 31, the Company is involved in several litigation proceedings, the ultimate outcome of which could not be determined. Based on external legal advice, the Company raises provisions where an outflow of resources is expected.

4.2 Critical accounting judgments

a) Impairment of fixed assets

The Company tests fixed assets for impairment if there are any impairment indicators. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates which are determined based on a historical data corrected for the projected changes in the market conditions.

b) Impairment of available - for sale financial assets

The Company follows the guidance of IFRS 9 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

c) Deterioration of the economy

Deteriorating operating conditions for customers may also have an impact on management's cash flow forecasts and assessment of the impairment of financial and non-financial assets. To the extent that information is available, management has properly reflected revised estimates of expected future cash flows in their impairment assessments.

(All amounts expressed in EUR, unless otherwise stated)

5. Intangible assets

	Software and licences	Right of use of land	Goodwill	Construction in progress	Total
Year ended 31 December 2019					
Opening net book amount	**500.490**	**4.852.604**	**848.942**	**67.540**	**6.269.576**
Additions	-	-	-	13.750	**13.750**
Transfer from CIP	67.540	-	-	(67.540)	**-**
Transfer from CIP tangibles	79.463	-	-	-	**79.463**
Disposals	(15.261)	-	-	-	**(15.261)**
Depreciation charge	(85.301)	-	-	-	**(85.301)**
Closing net book amount	**546.931**	**4.852.604**	**848.942**	**13.750**	**6.262.227**
Year ended 31 December 2019					
Cost	**1.563.610**	**4.852.604**	**848.942**	**13.750**	**7.278.906**
Accumulated depreciation	(1.016.679)	-	-	-	**(1.016.679)**
Net book amount	**546.931**	**4.852.604**	**848.942**	**13.750**	**6.262.227**
Year ended 31 December 2020					
Opening net book amount	**546.931**	**4.852.604**	**848.942**	**13.750**	**6.262.227**
Additions	-	-	-	46.020	**-**
Transfer from CIP	37.600	-	-	(37.600)	**-**
Transfer from CIP tangibles	720	-	-	-	**720**
Depreciation charge	(90.676)	-	-	-	**(90.676)**
Closing net book amount	**494.576**	**4.852.604**	**848.942**	**22.170**	**6.218.292**
Year ended 31 December 2020					
Cost	**1.601.931**	**4.852.604**	**848.942**	**22.170**	**7.325.646**
Accumulated depreciation	(1.107.355)	-	-	-	**(1.107.355)**
Net book amount	**494.576**	**4.852.604**	**848.942**	**22.170**	**6.218.292**

The right of use of land at Installation Bar, Kotor, and Air depot in Tivat is regulated by "Law on Coastal Zone Protection Area" from 1992. These land lots were acquired via purchase in the late 1960s and early 1970s, and due to the then legal framework (the case of public ownership), the Company could not be registered as an owner of the land. Instead, these land plots were registered as in public property with the right of use of land lots held by the Company. The right of use of land is treated as an intangible asset and recognized at cost. No amortization is charged as the Company expects the ownership to be eventually transferred.

Notwithstanding the above, the Company in 1999 entered into a lease agreement with the public company "Morsko Dobro" (Maritime Domain Authority) for the aforementioned land lots. This contract was by annex signed in 2002 extended until 2027. For the lease of land, the Company pays a monthly fee of 6.133 EUR. Until 31.12.2018, the lease paid to "Morsko Dobro" was accounted for as an expense. From 1.1.2019, the lease agreement is accounted for under the provisions of IFRS16.

Goodwill represents the intangible assets consisting of cash surplus value which is transmitted through the participation i.e. Company's share in the net fair value of identifiable assets (land, building, tanks, etc.) purchased from Dak petrol. It consists of established network, regular customers, etc.

Valuation of goodwill after initial recognition is done annually or more frequently if events or changes in circumstances indicate the possible existence of impairment in accordance with IAS 36. The net book value of goodwill is compared with its recoverable value, which is the higher of value in use and fair value reduced for costs.
Any impairment is recognized immediately as an expense and is not subsequently reversed.

The balance of position "Transfer from CIP tangibles" (720 EUR) is in correlation with the balance on the same position in the table of Property, plant, equipment and biological assets (-720 EUR note 6). When placing the asset into use its right and concessions part has been transferred from tangible assets to intangibles.

(All amounts expressed in EUR, unless otherwise stated)

6. Property, plant, equipment and biological assets

	Land	Land held for sale	Buildings	Buildings held for sale	RoU and effect under IFRS 16	Machinery and equipment	Investment property	Construction in progress (CIP)	Total
Year ended 31 December 2019.									
Opening net book amount	14.119.736	-	13.222.335	-	884.584	4.081.066	2.761.002	3.487.930	**38.556.653**
Additions	24.643	-	-	-	646.232	-	-	7.021.878	**7.692.754**
Transfer from CIP	39.189	-	3.158.978	-	-	2.042.139	-	(5.240.305)	-
Transfer from CIP to intangibles	-	-	(4.772)	-	-	-	-	(74.690)	**(79.463)**
Disposals	(11.910)	-	(558.684)	-	-	(27.224)	-	-	**(597.818)**
Transfer between the group	-	867.000	-	71.857	-	-	(938.857)	-	-
Depreciation charge	-	-	(1.518.462)	-	(314.258)	(954.205)	(73.817)	-	**(2.860.743)**
Net book amount	**14.171.659**	**867.000**	**14.299.394**	**71.857**	**1.216.558**	**5.141.775**	**1.748.328**	**5.194.813**	**42.711.384**
Year ended 31 December 2019.									
Cost	14.171.659	867.000	50.692.622	71.857	1.216.558	24.090.120	1.827.125	5.194.813	**98.121.754**
Accumulated depreciation	-	-	(36.393.228)	-	-	(18.948.345)	(78.797)		**(55.420.370)**
Net book amount	**14.171.659**	**867.000**	**14.299.394**	71.857	**1.216.558**	**5.141.775**	**1.748.328**	**5.194.813**	**42.711.384**
Year ended 31 December 2020									
Opening net book amount	14.171.659	867.000	14.299.394	71.857	1.216.558	5.141.775	1.748.328	5.194.813	**42.711.384**
Additions	-	-	-	-	3.151	-	-	6.864.642	**6.867.794**
Transfer from CIP	-	-	6.327.561	-	-	1.915.361	-	(8.242.922)	-
Transfer from CIP to intangibles	-	-	(4.772)	-	-	-	-	(720)	**(720)**
Disposals	(185.515)	(867.000)	(168.596)	(71.857)	-	(31.223)	-	(15.700)	**(1.339.891)**
Impairment	-	-	-	-	-	-	-	(39.774)	**(39.774)**
Depreciation charge	-	-	(1.588.084)	-	(324.849)	(1.114.700)	(4.941)		**(3.032.574)**
Net book amount	**13.986.144**	-	**18.870.275**	-	**894.860**	**5.911.213**	**1.743.387**	**3.760.339**	**45.166.219**
Year ended 31 December 2020									
Cost	13.986.144	-	52.773.735	-	894.860	25.006.968	1.827.125	3.760.339	**98.249.172**
Accumulated depreciation	-	-	(33.903.460)	-		(19.095.755)	(83.738)		**(53.082.953)**
Net book amount	**13.986.144**	-	**18.870.275**	-	**894.860**	**5.911.213**	**1.743.387**	**3.760.339**	**45.166.219**

Depreciation expense from notes 5 and 6 is of EUR 2.798.401 (2019: EUR 2.946.044) .

(All amounts expressed in EUR, unless otherwise stated)

6. Property, plant, equipment and biological assets (continued)

	Right of use				Lease liabilities
	Land	**Cars**	**Other property**	**Total**	
Balance as of 1 January 2020.	**473.197**	**209.472**	**533.889**	**1.216.558**	**917.129**
Additions	-	-	3.151	**3.151**	**53.201**
Depreciation expense	(65.269)	(101.284)	(158.296)	**(324.849)**	-
Interest expense	-	-	-	-	**23.739**
Payments	-	-	-	-	**(248.411)**
Balance as of 31 December 2020.	**407.929**	**108.187**	**378.744**	**894.860**	**745.658**

	2020.	**2019.**
Depreciation expense of right-of-use assets	324.849	314.258
Interest expense on lease liabilites	23.739	31.870
Rent expenses short term leases	186.409	200.631
Total amounts recognised in profit and loss	**534.997**	**546.759**

Depreciation expense under IFRS 16 is of EUR 324.849 (2019: EUR 314.258).

7. Long term financial investments and long term receivables

	31. December 2020.	**31. December 2019.**
Investment in subsidiary and joint venture*	2.349	2.349
Available for sale financial assets	79.315	50.581
Total	**81.664**	**52.930**

a) Investments

Investment in joint ventures mainly relates to 49% of stake owned in Starmonte Ltd. Kotor, the company for exploration and distribution of oil or/and gas, founded in Kotor on 3 February 2000. As at 31 December 2020 and year that ended, Starmonte's activities were limited to administrative operations. No other business operations were recorded in 2020.

b) Available for sale financial assets

The changes in the fair value of available for sale financial assets are as follows:

	2020.	**2019.**
Balance as at 1 January	50.581	53.960
Fair value adjustment	28.734	(3.379)
Balance as at 31 December	**79.315**	**50.581**

Available for sale financial assets are listed on Montenegroberza and valued at the market price of share as at 31 December 2020.

(All amounts expressed in EUR, unless otherwise stated)

7. Long term financial investments and long-term receivables (continued)

c) Other long-term investments and receivables

Other long-term investments include:

	31. December 2020.	31. December 2019.
Prepaid employee benefits	241.305	271.463
Housing loans to employees	1.406.129	1.488.831
Housing loans, total	**1.647.433**	**1.760.294**

Movements in the Other long-term investments are as follows:

	2020.	2019.
As at 1 January	1.760.294	1.741.800
New loans granted	53.747	246.128
Repayments	(201.661)	(183.591)
Loans directly written off	-	-
Transferred from short-term part of housing loans	35.053	(44.043)
As at 31 December	**1.647.433**	**1.760.294**

Housing loans are issued for the period from 5 to 20 years with interest rate defined as EURIBOR less 2% and cannot be lower than 2%. The Company in most cases holds property title as collateral and payment is secured via payroll deductions. EURIBOR is yearly rate calculated and like that represents floating rate.

Maturity of total long-term and short-term receivables from housing loans and prepaid employee benefits is as follows:

	31. December 2020.	31. December 2019.
More than 1 year	1.647.433	1.760.294
Up to 1 year (note 10)	164.105	199.158
Total	**1.811.539**	**1.959.452**

8. Inventories

	31. December 2020.	31. December 2019.
Goods for resale - wholesale	5.797.451	7.772.216
Goods for resale - retail	3.652.477	3.794.888
Spare parts	142.117	137.062
Advances to suppliers	230.607	75.887
Goods in transit	8.239	854
Inventories, total	**9.830.890**	**11.780.907**

9. Receivables

a) Trade receivables

	31. December 2020.	31. December 2019.
Domestic trade receivables	9.665.608	12.474.908
Foreign trade receivables	10.285	19.457
Trade receivables, total	**9.675.892**	**12.494.364**

Trade receivables	9.675.892	12.494.364
Less: provision for impairment of trade receivables	(937.051)	(988.350)
Less: Provision for impairment foreign	-	-
Trade receivables - net	**8.738.841**	**11.506.014**

9. Receivables (continued)

a) Trade receivables (continued)

Movements in the provision for impairment of trade receivables are as follows:

	2020.	2019.
As at 1 January	988.350	1.083.196
Provision for receivables impairment (note 25)	-	-
Written off as uncollectable	(42.471)	(66.890)
Reversal of provision (note 22)	(8.828)	(27.956)
As at 31 December	**937.051**	**988.350**

Provision for impaired receivables is included within other expenses, and reversal of provision is included in other income (notes 22 and 25). There is EUR 21.024 that represent direct write off of receivables (note 25). Part of the income from reversal of provision in amount of EUR 8.828 has been presented as other income (note 22).

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. All receivables are denominated in EUR as at 31 December 2020 and 2019.

Credit quality of receivables

The credit quality of trade receivables that are neither past due nor impaired can be assessed by historical information about counterparty default rates:

	31. December 2020.	31. December 2019.
Trade receivables		
Group 1	4.287.717	7.124.238
Group 2	4.451.123	4.381.776
Total	**8.738.841**	**11.506.014**

In the Group 1, the Company classifies customers for which Bank guarantees, promissory notes or other collaterals have been received.

In the Group 2, the Company classifies customers for which no collateral has been received.

Ageing of trade receivables is as follows:

	31. December 2020.	31. December 2019.
Trade receivables		
Up to 3 months	8.749.898	11.533.330
3 to 6 months	11.165	6.719
More than 6 months	914.829	954.315
Total	**9.675.892**	**12.494.364**

Structure of receivables over 6 months is as follows:

	31. December 2020.	31. December 2019.
Trade receivables over 6 months		
State - owned companies	8.173	22.857
Private Petrol Stations	265.364	281.553
Other	641.292	649.905
Total	**914.830**	**954.316**

The amount of EUR 937.051 of receivables has been impaired. The rest is secured by bank guarantee.

(All amounts expressed in EUR, unless otherwise stated)

9. Receivables (continued)

b) Other receivables

	31. December 2020.	31. December 2019.
Receivables on Value Added Tax	4.033.601	7.225.260
Other unmentioned receivables	1.367.406	437.229
Total	**5.401.007**	**7.662.489**
Prepaid VAT	291.251	91.205
Receivables from government agencies	16.250	22.965
Interest receivables	1.279	1.419
Receivables from employees	5	360
Receivables from insurance companies	-	107
Other receivables	1.058.621	321.172
Total	**1.367.406**	**437.229**

10. Short-term financial investments

	31. December 2020.	31. December 2019.
Short-term financial investments		
Short-term portion of housing loans (note 7)	164.105	199.158
Total	**164.105**	**199.158**

11. Cash on accounts and in hand

	31. December 2020.	31. December 2019.
Treasury and cash registers of retail outlets	135.986	183.034
Bank account	28.548.881	27.586.615
Total	**28.684.867**	**27.769.648**

	31. December 2020.	31. December 2019.
Cash at bank account		
Crnogorska Komercijalna banka	52.523	894.279
Prva banka Crne Gore	982	81.034
Hipotekarna banka	21.484	42.322
NLB	12.103	40.236
Erste banka	28.317.666	26.380.251
Addiko banka	144.124	148.362
Unicredit banka	-	130
Total	**28.548.881**	**27.586.615**

Current accounts with commercial banks earn interest at weighted average deposit interest rate which was from 0% to 0,1% per annum in 2020 (from 0% to 0,1% per annum in 2019).

12. Accruals

	31. December 2020.	31. December 2019.
Prepaid insurance policy	20.247	51.568
Other prepaid expenses	52.933	60.072
Total	**73.180**	**111.640**

(All amounts expressed in EUR, unless otherwise stated)

13. Receivables on Value Added Tax

	31. December 2020.	31. December 2019.
Claims for overpaid VAT	3.990.520	7.165.907
VAT on prepaid expenses	43.081	59.353
Total	**4.033.601**	**7.225.260**

On 13 October 2015, the Company filed the request for VAT credit return to the tax authorities of Montenegro for the amount of EUR 4.848.675. The VAT credit relates to the period between October 2012 to August 2015.

On 03 February 2017, the Company filed another request for VAT credit return to the tax authorities of Montenegro for the amount of EUR 2.072.048. The VAT credit relates to the period between September 2015 to December 2016.

After audit performed by the Tax Administration for the period between January 2014 and December 2016 the Company received two Decisions for VAT credit return in total amount of EUR 5.540.531. Total amount from these Decisions was collected during 2017. The rest of requested VAT credit return in total amount of EUR 1.380.192 relates to period between October 2012 to December 2013 and is a subject of ongoing audit for period 2011-2013.

During 2017, the Company filed the request for Tax credit return to the tax authorities of Montenegro for the amount of EUR 4.126.257. The VAT credit relates to the period between January to August 2017.

On 31 January 2018, the Company filed another request for VAT credit return to the tax authorities of Montenegro for the amount of EUR 766.663. The VAT credit relates to the period between September to December 2017.

After audit performed by the Tax Administration for the period between January 2017 and December 2017 the Company received two Decisions for VAT credit return in total amount of EUR 4.892.920. Total amount from these Decisions was collected during 2018.

On 14 November 2018, the Company filed request for VAT credit return to the tax authorities of Montenegro for the amount of EUR 7.322.018. The VAT credit relates to the period between January to October 2018.

After audit performed by the Tax Administration for the period between January 2018 to October 2018 the Company received Decision for VAT credit return in total amount of EUR 7.322.018. Total amount from these Decisions was collected during 2019.

On 25 October 2019, the Company filed request for VAT credit return to the tax authorities of Montenegro for the amount of EUR 5.883.985. The VAT credit relates to the period between November 2018 to September 2019.

After audit performed by the Tax Administration for the period between November 2018 to September 2019 the Company received Decision for VAT credit return in total amount of EUR 5.883.985. The payment of these funds in 2019 was EUR 1.050.000, while the rest of the funds were paid in 2020.

On 24 November 2020, the Company filed request for VAT credit return to the tax authorities of Montenegro for the amount of EUR 1.959.098. Total VAT recoverable on 31 December 2020. amounts to EUR 3.990.520.

(All amounts expressed in EUR, unless otherwise stated)

14. Equity

	Share capital	Statutory reserves	Other reserves	Revaluation reserves	Retained earnings	Total
As at 01.01.2019	**67.986.605**	**2.469.979**	**6.080.719**	**(225.008)**	**15.399.175**	**91.711.470**
Change in fair value of financial assets available for sale	-	-	-	(3.379)	-	**(3.379)**
Deferred tax	-	-	-	332	-	**332**
Actuarial gains	-	-	-	1.916	-	**1.916**
Profit for the year	-	-	-	-	4.327.632	**4.327.632**
Transfer to other reserves	-	-	-	-	-	**-**
Paid dividends	-	-	-	-	(4.514.352)	**(4.514.352)**
Balance as at 31.12.2019	**67.986.605**	**2.469.979**	**6.080.719**	**(226.139)**	**15.212.455**	**91.523.618**
Change in fair value of financial assets available for sale	-	-	-	28.734	-	**28.734**
Deferred tax	-	-	-	(2.586)	-	**(2.586)**
Actuarial gains	-	-	-	23.806	-	**23.806**
Profit for the year	-	-	-	-	2.570.008	**2.570.008**
Transfer to other reserves	-	-	-	-	-	**-**
Paid dividends	-	-	-	-	(2.326.986)	**(2.326.986)**
Balance as at 31.12.2020	**67.986.605**	**2.469.979**	**6.080.719**	**(176.185)**	**15.455.477**	**91.816.595**

14.1 Share capital

The structure of the Company's share capital and shareholders as of 31 December 2020. is as follows:

	No. of shares	Percentage	31 December 2020.
Hellenic Petroleum International A.G.	2.529.489	54,35%	36.951.534
EK - NLB Ljubljana for clients 2	430.346	9,25%	6.286.623
EK - Custody account 1	409.327	8,80%	5.979.572
CK - Custody account 1	166.855	3,59%	2.437.468
NM - Custody account 8	97.386	2,09%	1.422.644
EK - Custody account 2	52.409	1,13%	765.606
HB - Custody account 1	24.541	0,53%	358.502
Open investment fund Moneta	22.072	0,47%	322.434
CK - Custody account 5	18.868	0,41%	275.629
EK - NLB Ljubljana for clients 3	15.866	0,34%	231.775
Other legal entities	57.274	1,23%	836.676
Individuals	829.538	17,82%	12.118.140
Total	**4.653.971**	**100%**	**67.986.605**

Each share has a nominal value of EUR 14.6083 per share and equal voting rights.

14.2 Reserves

	31. December 2020.	31. December 2019.
Housing fund	6.080.719	6.080.719
Statutory reserves	2.469.979	2.469.979
Reserves	**8.550.698**	**8.550.698**

Statutory reserves of EUR 2.469.979 (2019: EUR 2.469.979) were formed based on the decision of the Board of Directors and the Shareholders' Assembly and represent 5% of the Company's statutory after tax profit for the period up to 2003 based on the previous Company's Law that prescribed obligation on allocating portion of after tax profit to legal reserves. In the meantime, the Company Law changed and obligation for legal reserves is removed.

(All amounts expressed in EUR, unless otherwise stated)

14. Equity (continued)

14.2 Reserves (continued)

Housing funds

Based on the decision of the General Assembly, the Company allocates, as necessary, according to the Collective Agreement, a portion of its retained earnings to the housing fund. This fund is used for financing housing needs of the Company's employees and/or covers other expenses in relation to residential needs.

15. Long term provisions

Long term provisions include:

	31. December 2020.	31. December 2019.
Provision for retirement indemnities	334.366	341.273
Provision for jubilee awards	80.249	80.160
Total	**414.616**	**421.434**

The movement on long term provision account was as follows:

	Other benefits to the employees
As at 01/01/2019	**394.722**
Remeasurement charged to P&L	37.134
Used during the year	(8.508)
Actuarial (gains)/losses	(1.916)
As at 31/12/2019	**421.433**
As at 01/01/2020	**421.434**
Charged to P&L	37.097
Used during the year	(20.109)
Actuarial (gains)/losses	(23.806)
As at 31/12/2020	**414.616**

In accordance with the Collective Agreement, the Company is obliged to pay the staff leaving indemnities on retirement and jubilee awards (jubilee awards upon completion of 10, 20 and 30 years of service, for which provision is made).

Movement in the accounts is as follows:

	Retirement benefits		Jubilee awards	
	2020.	**2019.**	**2020.**	**2019.**
Current service cost	21.407	20.483	4.760	5.879
Interest cost	8.935	8.534	1.994	2.237
Past service cost	-	-	-	-
Used during the year	(13.443)	-	(6.666)	(8.508)
Actuarial gains/(losses)	(23.806)	(1.916)	-	-
Total	**(6.907)**	**27.102**	**89**	**(391)**

The principal actuarial assumptions used for the retirement benefits calculations were as follows:

Main assumptions

	31. December 2020.	31. December 2019.
Discount rate	3,2%	2,6%
Increase of average salary	0,5%	0,5%

(All amounts expressed in EUR, unless otherwise stated)

16. Deferred tax liability

Deferred tax liabilities	Accelerated tax depreciation	Fair value gains	Total
At 1 January 2019	**(75.252)**	**19.524**	**(55.728)**
(Charged)/credited to the income statement	(13.513)	-	(13.513)
Charged directly to equity	-	332	332
At 31 December 2019	**(88.765)**	**19.856**	**(68.908)**
(Charged)/credited to the income statement	(13.546)	-	(13.546)
Charged directly to equity	-	(2.586)	(2.586)
At 31 December 2020	**(102.310)**	**17.270**	**(85.040)**

17. Other operating liabilities

	31. December 2020.	31. December 2019.
Short term lease liability - IFRS 16	237.787	286.772
Total	**237.787**	**286.772**

18. Prepayments, deposits and bails

	31. December 2020.	31. December 2019.
Domestic customer advances	972.325	1.065.919
Foreign customer advances	272.246	633.940
Total	**1.244.571**	**1.699.859**

19. Trade payables

	31. December 2020.	31. December 2019.
Domestic trade payables	1.863.533	1.885.875
Foreign trade payables	194.433	1.253.500
Total	**2.057.966**	**3.139.375**

20. Other short term liabilities

	31. December 2020.	31. December 2019.
Liabilities for dividends from the previous period	532.173	613.972
Liabilities for other compensations	621	1.279
Total	**532.794**	**615.251**

21. Liabilities for VAT and other public revenues

	31. December 2020.	31. December 2019.
Liabilities for value added tax	169.392	162.661
Liabilities for excise	6.798.306	7.937.871
Total	**6.967.698**	**8.100.531**

22. Accruals

	31. December 2020.	31. December 2019.
Liabilities for other personnel expenses	279.671	263.340
Other short term liabilities and accruals	709.402	328.031
Total	**989.073**	**591.371**

(All amounts expressed in EUR, unless otherwise stated)

23. Sales revenue – net income

The Management considers the business from a product and distribution channel perspective. Product channel perspective includes revenue from sales of fuel products and revenue from sales of non-fuel merchandise sold at petrol stations. From distribution channel perspective, the management reviews retail and wholesale revenue streams.

	2020.	2019.
Retail	47.817.161	77.327.413
Wholesale	34.483.853	80.988.417
Total	**82.301.014**	**158.315.830**

In addition, the Management monitors sale on domestic market and export markets:

	2020.	2019.
Revenues from domestic sales	**77.720.093**	**137.612.127**
Sale of fuel	66.341.600	126.739.439
Sale of LPG	1.025.624	1.805.022
Sale of lubricants and LPG in bottles	799.116	1.017.020
Sale of merchandise	9.550.880	8.034.442
Sale of services	2.874	16.205
Revenues from export sales	**4.580.921**	**20.703.703**
Sale of fuel	4.580.316	20.669.749
Sale of services	605	33.954
Total	**82.301.014**	**158.315.830**

24. Other operating revenue

	2020.	2019.
Reversal of bad debt provision	8.828	27.956
Revenues from decrease of liabilities	-	6.135
Other - VAT	5.306	8.081
Income from insurance	2.703	2.817
Gains on sale of PPE	1.720.322	6.305
Inventory surpluses	378.126	613.088
Other	42.799	1.468
Total	**2.158.085**	**665.849**
Rental income	53.975	52.873
Other income	143.166	132.326
Total	**197.141**	**185.199**

(All amounts expressed in EUR, unless otherwise stated)

25. Operating expenses

	2020.	2019.
Cost of goods sold	65.946.639	137.477.829
Cost of materials	644.134	656.623
Total	**66.590.773**	**138.134.452**
Depreciation and provision	3.123.250	2.946.043
Petrol station management fees (COMO)	3.430.532	3.360.095
Transportation cost	940.999	1.366.964
Telecommunications and postal expenses	156.068	158.760
Maintenance	1.226.852	1.207.122
Rental expense	159.461	163.669
Marketing expense	207.707	340.337
Third party's services	814.719	849.135
Training and seminars	5.373	8.458
Donations and sponsorships	179.845	148.903
Hospitality expenses	15.074	38.563
Insurance	194.644	114.069
Bank commissions and fees	205.198	294.678
Indirect taxes and contributions	472.403	603.451
Scholarships	8.600	9.800
Licenses	187.048	169.957
Other items	204.111	209.765
Total	**11.531.884**	**11.989.768**

In COMO operations system (Company owned/Management operated), the provider of the service is managing the petrol station and using the services of the petrol station including the accompanying equipment, which are in the ownership of the Company and under its brand name and trademark, with the sole purpose of selling products and services as an independent legal entity. Service provider is compensated for its services on a monthly basis based on achieved turnover in accordance with the contract signed with the Company. Third party services mostly refer to the consulting and professional services (EUR 592.555) and lawyers' fees (EUR 116.555). The fee for the statutory audit of the annual financial statements in 2020. was EUR 31.000 (2019: EUR 31.650).

26. Wages expenses, wage compensation and other personal expenses

	2020.	2019.
Gross salaries and wages	2.124.578	2.221.375
Social security contributions – on behalf of employer	248.246	274.309
Transportation allowances	7.920	6.350
Winter food allowances	72.077	74.615
Humanitarian aid to employees	6.200	13.603
Retirement indemnities and jubilee awards	37.097	37.133
Temporary staff costs	22.170	48.075
Travel expenses	5.607	43.805
Board of Directors' compensation	85.031	77.745
Personnel expense from discounting of housing loans	34.932	38.274
Other personnel expenses	118.148	186.583
Total	**2.762.007**	**3.021.867**

Retirement indemnities and jubilee awards consist of actual amount paid for VRS and provisions for retirement indemnities and jubilee award posted as per Actuarial report.

(All amounts expressed in EUR, unless otherwise stated)

27. Other expenses

	2020.	2019.
Provision for impaired receivables (note 9)	-	-
Direct write off of receivables	21.024	198
Direct write off of housing loans	-	-
Loss on sale and disposal of fixed assets	381.769	622.503
Loss of PPE (legal case)	-	-
Inventory shortages	471.350	594.657
Other	40.360	14.737
Total	**914.503**	**1.232.095**

28. Other income from interest, exchange rate differences and other contractual hedging effects

	2020.	2019.
Interest income	69.491	68.566
Foreign exchange gains	8.594	24.142
Interest income on discounting of housing loans	34.932	76.548
Other financial income	24.457	3.977
Total	**137.473**	**173.233**

29. Interest expenses, foreign exchange differences and other contractual protection effects

	2020.	2019.
Interest expense	23.759	32.102
Foreign exchange losses	12.911	49.065
Other financial expenses	-	-
Total	**36.670**	**81.168**

30. Tax expense of the period

	2020.	2019.
Current tax on profit for the year	262.530	407.620
Current corporate income tax	**262.530**	**407.620**
Deferred tax expenses or income for the period	13.546	13.513
Deferred tax expenses or income for the period	**13.546**	**13.513**
Total	**276.076**	**421.132**

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the Company's profits as follows:

	2020.	2019.
Profit before income taxes	2.846.084	4.748.764
Tax calculated at statutory tax rate - 9%	256.148	427.389
Tax effect from:		
Expenses not deductible for tax purposes	19.928	(6.256)
Utilisation of deferred tax assets	-	-
Tax expense	**276.076**	**421.132**

(All amounts expressed in EUR, unless otherwise stated)

31. Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company (the parent entity) by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares.

Dividends per share are calculated as dividends paid during the year divided by the weighted average number of ordinary shares.

	2020.	**2019.**
Profit attributable to equity holders of the Company	2.619.963	4.326.500
Weighted average number of ordinary shares in issue	4.653.971	4.653.971
Basic and diluted earnings per share	**0,56**	**0,93**
Dividends paid	2.326.989	4.514.356
Weighted average number of ordinary shares in issue	4.653.971	4.653.971
Dividends per share	**0,50**	**0,97**

32. Related party transactions

The Company is ultimately controlled by Hellenic Petroleum S.A., a company incorporated in Greece, which owns 54.4% of the Company's share capital through Hellenic Petroleum International S.A., a company incorporated in Austria. 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 following transactions were carried out with related parties:

a) *Purchases of goods and services:*

Purchases of goods and services	**Relationship**	**Nature of transaction**	**2020.**	**2019.**
Hellenic Petroleum S.A.	Parent company	Purchases of oil products	54.186.271	123.485.079
Hellenic Petroleum S.A.	Parent company	IT services	267.588	253.685
EKO ABEE	Group company	Purchases of lubricants	119.291	176.729
HELPE International Consulting	Group company	Consulting services	270.000	270.000
Asprofos Engineering S.A.	Group company	Maintenance services	20.000	85.000
Okta Crude Oil Refinery AD	Group company	Consulting and analyses services	1.134	8.837
EKO Bulgaria EAD	Group company	Program EKO guarantee	-	872
Total			**54.864.283**	**124.280.201**

b) *Sales to related parties:*

Sales of goods and services	**Relationship**	**Nature of transaction**	**2020.**	**2019.**
Hellenic Petroleum S.A.	Parent company	Retail champion ship	-	25.769
EKO Serbia	Group company	Team building	-	7.377
Hellenic Petroleum Cyprus	Group company	Retail champion ship	-	480
EKO Bulgaria EAD	Group company	Retail champion ship	-	240
Total			**-**	**33.865**

Purchase of goods and services with related parties are made based on normal commercial terms in force with non-related parties (on arm-length basis).

(All amounts expressed in EUR, unless otherwise stated)

32. Related party transactions (continued)

c) Payables to related parties:

Payables to related parties	**Relationship**	**Nature of transaction**	**2020.**	**2019.**
Hellenic Petroleum S.A.	Parent company	Purchases of oil products	315.345	1.966.954
Hellenic Petroleum S.A.	Group company	IT services	267.588	253.685
HELPE International Consulting	Group company	Consulting services	270.000	67.500
EKO ABEE	Group company	Purchases of lubricants	37.025	42.333
Okta Crude Oil Refinery AD	Group company	Consulting and analyses services	-	1.124
Total			**889.958**	**2.331.596**

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

d) Key management compensation

	2020.	**2019.**
Salaries and other short-term benefits	481.011	541.203
Total	**481.011**	**541.203**

Salaries and other short-term benefits include key management salaries and other personal income. Members of the key management are Chief Executive Officer and Directors of departments.

The management team is treated in accordance with regulation (Labour Law, Personal Income Tax, General and Individual Collective Agreement, other regulations) which is applied to all other employees.

33. Commitments and contingencies

As of 31 December 2020, the Company has main groups of litigations still ongoing, hence unresolved. The management believes that in all below listed cases there is no need for additional provision to be made based to requirements of IAS 37. The progress of litigations is monitored on day to day basis. Summary of litigations is as follows:

a) Montenegrobonus doo Cetinje vs the Company

The plaintiff initiated two claims against the Company:

- One, in the amount of EUR 11.024.960 where the Company according to the plaintiff's claim denied use of storage facilities to the plaintiff, contrary to temporary measure of the Commercial Court of Podgorica dated 2004. In 2009, the Municipal Court of Kotor reached a resolution to suspend the proceedings in this legal matter, until the effective resolution of the lawsuit between the Company and the Montenegro Government over the eventual ownership rights on the petrol installations described above.

- The second one in the amount of EUR 7.560.000 claimed lost ability to earn rental income from lease of disputed storage facilities to third parties. As of 2010, this dispute is also suspended until the resolution of ownership rights over the disputed storage facilities.

(All amounts expressed in EUR, unless otherwise stated)

33. Commitments and contingencies (continued)

b) Tax risks

Tax laws are subject to different interpretations and frequent amendments. Tax authorities' interpretation of Tax laws may differ to those made by the Company's management. As result, some transactions may be disputed by tax authorities and the Company may have to pay additional taxes, penalties and interests. Tax liability due date is five years. Tax authorities have rights to determine unpaid liabilities within five years since the transaction date. Management has assessed that the Company has paid all tax liabilities as of 31 December 2020.

Tax audits for Jugopetrol AD have been completed by the Tax Authorities for all types of taxes for the period up to September 2011 and for VAT and Excise up to January 2012.

In 2014 the Tax Authorities initiated an audit for the period between 2011 up to 2014 based on all types of taxes administered by the Tax Authority. This procedure is ongoing and no decision is currently submitted given that the first four decisions of the inspector have been annulled by the Ministry of Finance Appeal Committee.

Based on internal reviews and on the assessment of external lawyers/experts, the management does not believe there will be any exposure due to this case.

34. Events after the balance sheet date

There were no materially significant events that could have affected the accuracy of the financial statements after the closure of the books.

In Podgorica,

Person responsible for preparation of financial statements

Responsible person

JUGOPETROL akcionarsko društvo za istraživanje, eksploataciju i promet nafte i naftnih derivata, Podgorica

JPK

As at 31/03/2021 ....