COMPANY WITH FOREIGN INVESTMENTS
AMIC UKRAINE

SEPARATE FINANCIAL STATEMENTS
For the Year Ended 31 December 2019

Together with Independent Auditor's Report

BDO

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of the Company with Foreign Investments AMIC UKRAINE

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of the Company with Foreign Investments AMIC UKRAINE (code EDRPOU 30603572, address: 68, Verhniy Val, Kyiv, 04071; further - the Company), which comprise:

- The Separate Statement of Financial Position as at 31 December 2019;
- The Separate Statement of Comprehensive Income for 2019;
- The Separate Statement of Cash Flows for 2019;
- The Separate Statement of Changes in Equity for 2019;
- Note to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and financial performance and cash flows for the year then ended in accordance with the requirements of International Financial Reporting Standards (IFRS) and the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" dated 16.07.1999 No. 996-XIV in respect of the financial reporting preparation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements applied in Ukraine to our audit of the separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Significant uncertainty as to the going concern

Without modifying our opinion, we also draw attention to Note 3 to the separate financial statements, where the fact is disclosed that as at 31 December 2019, the Company has a negative value of equity in the amount of UAH 5 631 418 thousand (as at 31 December 2018: UAH 9 796 398 thousand), and its current liabilities exceed its current assets by UAH 340 696 thousand (as at 31 December 2018: UAH 4 942 025 thousand). The Company received a net profit of UAH 3 245 435 thousand for the year ended 31 December 2019 (for the year ended 31 December 2018, the Company received net loss in the amount of UAH 419 852 thousand). The positive cash flow from operating activities in 2019 amounted to UAH 351 378 thousand (negative cash flow from operating activities in 2018 amounted to UAH 38 482 thousand). These circumstances, together with the other issues referred to in Note 3, indicate that there is a significant uncertainty that may cast doubt on the Company's ability to operate as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the issues outlined in the Basis for Opinion section, we have identified the following issues as being key audit issues that should be reflected herein.

Key audit matters	Description of audit procedures
1 Effect of first-time adoption of IFRS 16 Leases	
The Company is a lessee of motor cars, fuel stations, office premises and areas under the fuel stations at various counterparties. Lease agreements can be concluded for different terms and on different conditions. We believe that this issue is one of the most important issues for the audit, as the application of this standard had a significant effect on the Company's financial statements, and due to the application of this standard requiring significant judgment while estimating lease terms and determining discount rates. Information on the accounting policies of IFRS 16 Leases is presented in Note 5, information on right-of-use assets is presented in Note 12, and related liabilities are presented in Note 21 hereto.	▪ We analyzed the Company's accounting policies for applying IFRS 16 Leases and reviewed the approach used by the Company to assess the effect of transition to IFRS 16 Leases; ▪ We analyzed key management assumptions and judgments, including those used in determining lease terms and discount rates; ▪ We compared on a sampling basis the input data used to calculate the amount of assets represented as the right to use and related liabilities with the data of the relevant leases and analyzed the calculation algorithms, also involving our internal IFRS experts; ▪ We performed procedures to verify the completeness of the accounting registers of lease assets and liabilities, by comparing with the register of agreements, both at the date of transition and at the end of the reporting period; ▪ We assessed the disclosures in the Company's financial statements in accordance with the requirements of IFRS 16 Leases.

2

Effects of the coronavirus disease (COVID-19) on further activities of the Company

At the end of 2019, the SARS-CoV-2 coronavirus epidemic began, having started in China, and in early 2020 having become a pandemic and spread world-wide. On 11 March 2020, the Cabinet of Ministers of Ukraine adopted a Resolution "On Prevention of COVID-19 Coronavirus Spread in Ukraine", whereby a quarantine was instituted in Ukraine from 12 March to 3 April 2020 with an option to extend. On 17 March 2020, the Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine aimed at Preventing the Emergence and Spread of Coronavirus Disease (COVID-19)" was adopted, whereby some laws of Ukraine were amended. On 25 March, the Cabinet of Ministers of Ukraine extended the quarantine until 24 April 2020 and introduced an emergency situation (ES) regime throughout Ukraine. In May 2020, the Cabinet of Ministers of Ukraine extended the quarantine until 22 June 2020; in July 2020, the Cabinet of Ministers of Ukraine extended the quarantine till 31 August 2020.

In the face of continuing Covid-19 epidemic and during the quarantine period, business conditions are significantly complicated due to significant prohibitions aimed at preventing the spread of the disease, as well as uncertainty of the duration of restrictive measures that have significant impact on the activities within the country and limit the international cooperation leading to a possible delay in fulfilling the obligations of contractors and suppliers.

In these circumstances, a break is probable in the established production cycles, supply chains and product sales, which will undoubtedly affect the current financial and economic indicators and could cast doubt on the Company's ability to continue its activities as a going concern.

The Company's management assessed the impact of the coronavirus pandemic and related restrictive measures on the Company's operations and disclosed its estimates and plans in Notes to these separate financial statements.

In the event of significant changes in the Company's operations, or a state of emergency in the country, or other events that will materially affect the Company's operations and ability to continue as a going concern, the Company's management will assess their impact on the Company's activity and decide on the necessity to adjust the separate financial statements' data and disclose such information.

- We inquired the Company's management and held meetings to discuss assessments and explanations of the Company's management in respect of the impact of the current situation on the Company's activities, implemented and planned measures to mitigate such impact on the Company's future activities;

- We analyzed the reasonableness of management's going concern assumptions, further forecasts and risks of potential deterioration of the Company's financial condition in the near future.

- We scrutinized the management's approach to the reasonableness of the assumptions underlying the clarifying budgets and plans for the current and subsequent years, taking into account the actual data for the period of 6 months from 1 January 2020 and comparing them with previous data for the same period of last year;

- We also considered the adequacy of disclosures of events after the reporting date in Note 40 hereto in accordance with the International Financial Reporting Standard IAS 10 Events after the Reporting Period.

Other matters

The Company prepared a package of consolidated financial statements for the year ended 31 December 2019, in accordance with IFRS, in respect of which we issued an unmodified Independent auditor's report dated 21 August 2020.

Other information

Management of the Company is responsible for the other information prepared as at and for the year ended 31 December 2019.

Other information consists of the Management Report for 2019, prepared in accordance with the requirements of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" dated 16.07.1999 № 996-XIV.

Our opinion on the Company's separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

The Company plans to prepare and make public the Management Report for 2019 after the date this Independent Auditor's Report is made public. After receiving and familiarizing with the Management Report, if we come to the conclusion that there is a significant misstatement, we will report this issue further to those charged with governance.

Responsibility of management and those charged with governance for the separate financial statements

Management of the Company is responsible for the preparation and fair presentation of these separate financial statements in accordance with IFRS and the requirements of the Law of Ukraine "On accounting and reporting in Ukraine" dated 16.07.1999 No. 996-XIV in respect of separate financial statements preparation, and for such internal control as management determines is necessary to enable the preparation of the separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate 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 assumptions as a 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 financial reporting process of the Company.

Auditor's responsibility for the audit of the separate financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 separate 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 separate 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 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate 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.

Report on the requirements of other laws and regulations

This information is provided in compliance with the requirements of part 4, Article 14 of the Law of Ukraine "On Audit of Financial Reporting and Audit Activity" dated 21 December 2017, No. 2258-VIII on the provision of additional information based on the results of statutory audit of a public interest entity:

1. BDO LLC was appointed to perform this statutory audit assignment by the Decision of the Company's owner dated 27 January 2019. The Report on the Audit of Separate Financial Statements section of this Independent Auditor's Report discloses information about the scope of the audit and the inherent limitations.

2. Total duration of the statutory audit assignment in respect of the separate financial statements by BDO LLC, taking into account the prolongation of authorities that took place, and the repeated appointments, is 5 (five) years. For BDO LLC, this assignment is also the first year of the Company separate financial statements' statutory audit after the Company was recognized as a public interest entity in accordance with the requirements of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" dated 16 July 1997 No. 996-XIV.

3. In the Basis for Opinion and Key Audit Mattes sections of this report, we disclosed matters that were of greatest importance during the audit of the current period's separate financial statements and which, according to our professional judgment, should be focused towards. These matters were considered in the context of our audit of separate financial statements as a whole and taken into account when forming our opinion thereon; in doing so, we do not express a separate opinion on these matters. During this statutory audit assignment, we did not identify any other matters relating to the audit estimates other than those mentioned in the Basis for Opinion and Key Audit Matters sections of this report, the information about which we consider appropriate to disclose in accordance with the requirements of paragraph 4.3 Article 14 of the Law "On the Audit of Financial Reporting and Audit Activity" dd. 21.12.2017 No. 2258-VIII.

4. The information contained herein regarding the audit of the Company's separate financial statements was agreed with the information in the Supplementary Report for the Owner dated 14 August 2020.

5. During 2019, BDO LLC did not provide the Company with other services, except for statutory audit of separate financial statements as at 31 December 2018 and for the year then ended.

6. BDO LLC did not provide the Company with other services prohibited in accordance with the requirements of Article 6 of the Law of Ukraine "On the Audit of Financial Statements and Audit Activities" dated 21 December 2017, No. 2258-VIII for 2019 and from 1 January 2020 to the date of signing this Independent Auditor's Report. BDO LLC and a Key Audit Partner are independent to the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (further - IESBA Code) and ethical requirements applied in Ukraine to our audit of separate financial statements, and we performed other ethical responsibilities in accordance with these requirements and the IESBA Code. During the audit, we have not identified any additional facts or issues that could affect our independence and which we would like to draw your attention to.

The audit was performed under the supervision of the Key Audit Partner, Nikolaenko Olexander M.

Key Audit Partner O. M. Nikolaenko

Registration number with the Register of auditors and auditing companies 101534

Kyiv, 21 August 2020

Limited Liability Company BDO. Identification code under EDRPOU: 20197074. Number of registration in the Registry of Auditors and Audit Companies: 2868. Legal address: 4, Andriia Fabra Street, Dnipro, 49070. Tel. 044-393-26-91.

BDO LLC is included in the Register of auditors and auditing companies in section 4 «Auditing companies entitled to perform statutory audits of financial statements of public interest entities». Link to the Register: https://www.apu.com.ua/subjekty-audytorskoi-dijalnosti-jaki-majut-pravo-provodyty-obovjazkovyj-audyt-finansovoi-zvitnosti-pidpryjemstv-shho-stanovljat-suspilnyj-interes/

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE PREPARATION AND APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the Independent Auditor's Report on pages I-VI is made with a view to distinguishing the respective responsibilities of management and those of the independent auditors in relation to the separate financial statements of the CFI AMIC UKRAINE (further – the Company).

The management of the Company is responsible for the preparation of the separate financial statements that present fairly, in all material respects, the financial position of the Company as at 31 December 2019, its financial performance and cash flows and changes in equity for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

In preparing the separate financial statements, the management of the Company is responsible for:

- Selecting suitable accounting principles and applying them consistently;
- Applying reasonable estimates and assumptions;
- Compliance with relevant IFRS and disclosure of all material departures in Notes to the separate financial statements;
- Preparing the separate financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business for the foreseeable future.

The Company management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Company;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Company, and which enable them to ensure that the separate financial statements of the Company comply with IFRS;
- Taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- Preventing and detecting fraud and other irregularities.

The separate financial statements of the Company for 2019 were approved on 20 August 2020.

Signed on behalf of the Group:

General Director	______________________	Stropus Audrius
Chief Accountant	______________________	Yartseva Tetiana Volodymyrivna

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(in thousands of UAH)

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	31.12.2019	31.12.2018	01.01.2018
ASSETS				
I. Non-current assets				
Intangible assets	8	2 272	3 234	7 514
original cost		9 135	7 579	7 514
accumulated amortization		(6 863)	(4 345)	-
Construction in progress		8 784	5 180	11 203
Property, plant and equipment	9	1 563 320	1 578 022	1 675 947
original cost		1 859 977	1 735 919	1 675 947
depreciation		(296 657)	(157 897)	-
Investment property	10	14 924	23 844	28 224
original cost		22 386	28 216	28 224
depreciation		(7 462)	(4 372)	-
Long-term financial investments accounted at equity method	11	12 805	9 416	7 828
Long-term accounts receivable		4 445	6 836	9 148
Other nonOcurrent assets	12	15 299	22 031	26 246
Total in Section I		**1 621 849**	**1 648 563**	**1 766 110**
II. Current assets				
Inventories	13	510 857	414 314	385 007
Accounts receivable for products, goods, works and services	14	119 723	51 287	52 975
Accounts receivable from advances made	15	68 556	18 942	32 118
Accounts receivable on settlements with budget	16	34 222	82 150	28 643
including income tax		304	304	304
Other current accounts receivable	14	1 067	2 863	2 826
Cash and cash equivalents	17	206 734	41 978	36 420
Other current assets	18	22 695	56 403	19 054
Total in section II		**963 854**	**667 937**	**557 043**
III. Non-current assets held for sale and disposal groups		-	4 123	4 123
Balance		**2 585 703**	**2 320 623**	**2 327 276**

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SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS
As at 31 December 2019 and for the year then ended
(in thousands of UAH)

Liability	Note	31.12.2019	31.12.2018	01.01.2018
I. Equity				
Authorized capital	19	51 931	51 931	51 931
Additional capital	19	1 224 560	304 999	304 999
Retained earnings (uncovered loss)	19	(6 907 909)	(10 153 328)	(9 733 476)
Total in section I		**(5 631 418)**	**(9 796 398)**	**(9 376 546)**
II. Long-term liabilities and provisions				
Deferred tax liabilities	35	86 501	91 574	100 317
Other long-term loan liabilities	20	6 799 163	6 379 067	4 004 928
Other long-term lease liabilities	21	26 907	36 418	42 864
Total in Section II		**6 912 571**	**6 507 059**	**4 148 109**
III. Current liabilities and provisions				
Current accounts payable on:				
Long-term liabilities	20, 21	670 385	6 744	2 414 036
Goods, works, services	22	257 722	375 327	438 395
Settlements with budget	23	4 739	39 230	30 264
Insurance	23	2 675	2 561	1 342
Remuneration of labor	23	11 566	11 157	7 535
Current payables on advances received	23	96 101	68 891	82 096
Current provisions	24	46 222	31 384	10 109
Deferred income	27	26 910	19 784	1 973
Other current liabilities	25	188 230	5 054 884	4 569 963
Total in Section III		**1 304 550**	**5 609 962**	**7 555 713**
IV. Liabilities related to non-current assets held for sale and disposal groups		-	-	-
Balance		**2 585 703**	**2 320 623**	**2 327 276**

Approved by the Management of the Company and signed on its behalf:

General Director ____________ Stropus Audrius

Chief Accountant ____________ Yartseva Tetiana Volodymyrivna

Note on pages 7-45 are an integral part of these separate financial statements.

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(in thousands of UAH)

SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR 2019

	Note	2019	2018
Net income from sales of products (works, goods, services)	28	8 133 612	7 156 379
Cost of sold products (works, goods, services)	29	(6 876 524)	(6 348 174)
Gross profit		**1 257 088**	**808 205**
Other operating income	32	132 640	30 839
Administrative expenses	30	(125 010)	(108 529)
Distribution costs	31	(890 340)	(769 032)
Other operating expenses	32	(24 776)	(37 031)
Financial result from operating activity		**349 602**	**(75 548)**
Equity income	12	3 482	4 269
Other financial income	33	5 046	259
Other income	34	3 433 987	152 534
Financial expenses	33	(551 473)	(507 084)
Equity loss	12	(92)	(2 682)
Other expenses	34	(190)	(343)
Financial result before tax		**3 240 362**	**(428 595)**
Income tax gain/(expenses)	33	**5 073**	**8 743**
Net profit/(loss)		**3 245 435**	**(419 852)**
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		**3 245 435**	**(419 852)**

Approved by the Management of the Company and signed on its behalf:

General Director _______________ Stropus Audrius

Chief Accountant _______________ Yartseva Tetiana Volodymyrivna

Note on pages 7-45 are an integral part of these separate financial statements.

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(in thousands of UAH)

SEPARATE STATEMENT OF CASH FLOWS FOR 2019

	Note	2019	2018
I. Cash flows from operating activity			
Inflows from:			
Sale of products (goods, works, services)		9 416 783	8 285 558
Return of taxes and levies		132	131
Target financing		23	32
Inflows from advances from buyers and customers		226 489	182 657
Inflows from return of advances		73 335	24 198
Inflows from interest on cash balances on current accounts		5 046	259
Inflows from borrowers of forfeits (fines, penalties)		6 158	3 494
Inflows from operating leases		28 399	30 901
Other inflows		13 643	6 790
Expenses to pay:			
Goods (works, services)		(8 788 114)	(8 072 563)
Remuneration of labor		(269 232)	(204 084)
Social charges		(67 252)	(50 950)
Tax and duties payable		(123 370)	(97 441)
Payment of advances		(139 993)	(30 892)
Return of advances		(9 109)	(69 461)
Other expenses		(21 560)	(47 111)
Net cash flows from operating activities		**351 378**	**(38 482)**
II. Cash flow from investment activity			
Inflows from sales of:			
Financial investment		-	-
Non-current assets		6 248	7 152
Expenses to purchase:		-	-
Financial investment		-	-
Non-current assets	9	(174 955)	(68 185)
Net cash flow from investment activity		**(168 707)**	**(61 033)**
Cash flow from financing activities			
Inflows from:			
Equity		-	-
Receipt of loans	24	-	111 083
Expenses to repay interest for using a leased property	26	(5 176)	(6 139)
Net cash flow from financing activities		(5 176)	104 944
Net cash flow for the reporting period		**177 495**	**5 429**
Opening cash balance	15	41 978	36 420
Effect of changes in exchange rates on cash balances		(12 739)	**129**
Closing cash balance	15	**206 734**	**41 978**

Approved by the Management of the Company and signed on its behalf:

General Director Stropus Audrius

Chief Accountant Yartseva Tetiana Volodymyrivna

Note on pages 7-45 are an integral part of these separate financial statements.

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(in thousands of UAH)

SEPARATE STATEMENT OF CHANGES IN EQUITY FOR 2019

	Registered capital	Additional capital	Uncovered loss	Total
Balance as at 01.01.2018	**51 931**	**304 999**	**(9 733 476)**	**(9 376 546)**
Net loss for the year and comprehensive loss for the year	-	-	(419 852)	(419 852)
Total changes in equity	-	-	**(419 852)**	**(419 852)**
Balance as at 31.12.2018	**51 931**	**304 999**	**(10 153 328)**	**(9 796 398)**
Net profit for the year and comprehensive profit for the year	-	-	**3 245 435**	**3 245 435**
Other changes (Note 20)	-	**919 561**	**(16)**	**919 545**
Total changes in equity	-	**919 561**	**3 245 419**	**4 164 980**
Balance as at 31.12.2019	**51 931**	**1 224 560**	**(6 907 909)**	**(5 631 418)**

Approved by the Management of the Company and signed on its behalf:

General Director Stropus Audrius

Chief Accountant Yartseva Tetiana Volodymyrivna

Note on pages 7-45 are an integral part of these separate financial statements.

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(in thousands of UAH)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. INFORMATION ABOUT THE COMPANY

The Company with Foreign Investments AMIC UKRAINE (hereinafter – "the Company") has been established and performs operations on the basis of the Charter registered by the Shevchenkivskyi District State Administration in Kyiv on 16 November 1999, and has one owner as of 31 December 2019:

	2019	2018	2017
AMIC ENERGY MANAGEMENT GmbH (Austria)	100%	100%	100%

The beneficial owners (controllers) of the Company are individuals Mr. Günter Maier, Austria, Mr. Johannes Klezl-Norberg, Austria, Mr. Heinz Sernetz, Austria, and Gillen Philipp Andrew, United Kingdom.

The Company is the successor of property, rights and obligations of CFI "LUKOIL-Ukraine".

Legal and actual address of the Company is 68, Verhniy Val, Kyiv.

The principal activities of CFI AMIC Ukraine are sale of oil products on the domestic market of Ukraine:

- Wholesale (gasoline, diesel fuel),
- Retail through its own and leased network of gas stations,
- Sale of jet fuel (refueling of aircraft),
- Sale of related products through the network of gas stations.

The Company purchases oil products from foreign suppliers, as well as in the domestic market of Ukraine.

During 2019, the average number of employees was 2 117 persons (2018: 2 228 persons).

The separate financial statements of the Company for the year ended 31 December 2019 were approved by the Company's management on 20 August 2020.

2. OPERATING ENVIRONMENT IN UKRAINE

In the second half of 2019, Ukraine's legislative and executive branches were completely rebooted. As a result of the election, a new President was elected, a new composition of parliament, and a new composition of the government was approved. However, this did not have a significant impact on the political and economic situation in the state, since last year the new government paid considerable attention to ensuring macroeconomic stability, increasing investment attractiveness and improving the business environment.

At the end of 2019, Ukraine has a 3.2% GDP growth (compared with 3.3% in 2018) and development continues to accelerate. The National Bank of Ukraine (hereinafter – the NBU) achieved the goal of controlling inflation, which in 2019 was 4.1% (compared to 9.8% in 2018). According to the NBU forecasts, in the future inflation will be below the target range, economic development will accelerate, and the balance of payments will be up to 4%. In addition, monetary policy has every reason to maintain a softening trend; at the end of 2020, the discount rate may be at 7%. At the same time, shifts in mortgage lending are planned, and currency liberalization will continue; it is planned to remove restrictions on foreign currency purchase without obligations (now businesses purchase currency under contracts).

At the end of 2019, there was the hryvnia revaluation. The determining fundamental factors were that the productivity of the Ukrainian economy was increasing (this was reflected in agriculture; IT services export grew and last year it amounted to more than USD 4 billion). In addition, the entry of non-residents into the government securities market has an impact. At the same time, in 2019, the law on currency and currency liberalization was implemented, and there were a number of currency easing measures during the year.

In the first quarter of 2020, almost all productive sectors of the economy in Ukraine showed a decline. But there are exceptions – domestic trade, in particular retail, which has effectively established its activities through online delivery and online sales and has shown growing dynamics.

This is primarily the impact of the coronavirus pandemic (quarantine measures in the country's trading partners), which has affected the global decline in business activity, logistical problems and reduced demand and prices, particularly in ferrous metals markets. This has led to a reduction in demand for domestic exports.

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Another factor is the initial negative impact of quarantine measures (introduced in March) in Ukraine on the internally oriented part of the country's production. Transport, catering, shopping and entertainment centers, trade and consumer services suffered the most.

However, quarantine mitigation from mid-May and their further removal from June will boost economic activity and expect growth to resume in late 2020.

In respect of possible risks for the Ukrainian economy, and, consequently, for the Company, these are possible global economic shocks associated with the coronavirus, Ukraine's failure to fulfill obligations to repay a significant amount of public debt, uncertainty about the end of the conflict in Donbas, disappointment and a decline of confidence in branches of government.

The Company's management monitors development of the current situation and takes measures, if necessary, to minimize any negative consequences as far as possible. Further negative developments in political, macroeconomic and/or foreign trade conditions may continue to affect the financial condition and performance of the Company in such a way that cannot be determined yet.

3. BASIS FOR PREPARATION OF THE SEPARATE FINANCIAL STATEMENTS

Statement of compliance

The separate financial statements of the Company were prepared in accordance with International Financial Reporting Standards (IFRS). This is the first complete set of IFRS financial statements prepared by the Company.

The Company adopted International Financial Reporting Standards (IFRS) from 1 January 2018 in accordance with the provisions of IFRS 1 "First-time Adoption of International Financial Reporting Standards" (IFRS 1). The opening IFRS balance sheet has been prepared for this date. Information on the first application of IFRSs is disclosed in Note 7.

Basis of preparation

The separate financial statements were prepared on the historical cost basis, except for the accounting policies set out below.

Reporting period

The separate financial statements were prepared as at 31 December 2019 and cover the period from 1 January to 31 December 2019. These separate financial statements include comparative information for the period preceding the reporting period and the opening balance sheet as at 1 January 2018.

Functional and presentation currency

The functional currency of the Company is the national currency of Ukraine, Hryvnia (UAH). Transactions in other currencies are treated as foreign currency transactions. The separate financial statements are presented in Ukrainian Hryvnia ("UAH"). All amounts are rounded to the nearest thousand unless otherwise stated.

Preparation of the consolidated financial statements

The Company also prepared the consolidated financial statements that include the financial statements of subsidiaries (the "Group") in accordance with IFRS. Detailed information on subsidiaries is disclosed in Note 11.

Users of these separate financial statements of the Company should consider them together with the consolidated financial statements of the Group as at 31 December 2019 and for the year then ended to obtain a proper understanding of the financial condition, financial performance, cash flows of the Company and its subsidiaries.

Going concern assumptions of the Company

These separate financial statements were prepared on a going concern basis, which provides for the realization of assets and the settlement of liabilities in the ordinary operating activities.

The Company's management cannot foresee all the changes that may have an impact on the economy as a whole, as well as the consequences they may have on the Company's financial position in the future. Management believes that it is taking all measures necessary to maintain the stable operation and development of the Company.

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As of 31 December 2019, the Company has a negative value of equity in the amount of UAH 5,631,418 thousand (as of 31 December 2018: UAH 9,796,398 thousand, as of 1 January 2018: UAH 9,376,546 thousand), and its current liabilities exceed its current assets by UAH 340,696 thousand (as of 31 December 2018: UAH 4,942,025 thousand, as of 1 January 2018: UAH 6,998,670 thousand). The Company received a net profit of UAH 3,245,435 thousand for the year ended 31 December 2019 (net loss for the year ended 31 December 2018 amounted to UAH 419,852 thousand). The positive cash flow from operating activities for 2019 amounted to UAH 351,378 thousand (negative cash flow from operating activities in 2018 amounted to UAH 38,482 thousand).

These separate financial statements do not contain any adjustments that may occur due to such uncertainty. Such adjustments will be notified if they become known and estimable.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Preparation of the separate financial statements requires the management to make judgments, estimates and assumptions that affect the amounts presented in the separate financial statements. These assumptions are based on information known at the date of approval of the separate financial statements. Actual results may differ from such estimates. The main estimates for the separate financial statements relate to the assessment of the value and useful life of fixed assets, intangible assets, credit risk assessment.

The following are the main assumptions for future developments and other major sources of inaccuracy of estimates at the reporting date, which carry a significant risk that the carrying amounts of assets and liabilities will be materially adjusted over the next financial year.

The useful life of fixed assets

The Company estimates the remaining useful lives of property, plant and equipment at the end of each financial year (Note 9). The estimate of the useful life of an item of property, plant and equipment depends on management's judgment based on experience with similar assets. In determining the useful life of an asset, management takes into account the conditions of the expected use of the asset, the expected period of obsolescence, physical depreciation and operating conditions in which the asset will be operated. If expectations differ from previous estimates, changes are accounted for as changes in accounting estimates in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Such estimates may have a material effect on the carrying amount of property, plant and equipment and on the amount of depreciation recognized in the statement of comprehensive income.

Impairment of fixed assets and incomplete capital investments

At each reporting date, the Company assesses whether there is any indication as to whether the recoverable amount of property, plant and equipment has decreased below its carrying amount. Non-financial assets are reviewed for impairment whenever there is an indication that the carrying amount of such an asset may not be recoverable. In determining the value in use of assets, management should estimate the expected future cash flows or the cash-generating unit and select the appropriate discount rate to determine the present value of those cash flows.

Assessment of expected credit losses

The Company charges provisions for impairment of financial assets based on the probability of default and expected loss ratios. The Company uses professional judgment in making these assumptions and selecting source data to calculate impairment based on the Company's past experience, current market conditions and future estimates at the end of each reporting period.

Current taxes

Ukrainian tax, currency and customs legislation is constantly interpreted and changed. In addition, the interpretation of tax legislation by the tax administration, which is applied to the operating activities of the Company, may not coincide with the interpretation of management. As a result, the tax administration may question the transactions, and the Company may receive additional tax liabilities, penalties and interest that may be material. The customs and tax services have the right to review tax liabilities for the three calendar years preceding the year of the audit. Under certain circumstances, the inspection may cover longer periods. Management believes that as at 31 December 2019, its interpretation of the relevant legislation is appropriate, and it is likely that the tax, currency and customs positions of the Company can be approved. In addition, in 2019, no significant penalties were imposed on the Company by the controlling bodies for non-compliance with the current norms of Ukrainian legislation.

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(in thousands of UAH)

5. Basic accounting policies

Foreign currency translation

Foreign currency transactions are initially recognized in the functional currency at the exchange rate in effect on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. All differences are reflected in the statement of comprehensive income. Non-monetary assets and liabilities denominated in other currencies are stated at historical cost at the exchange rate in effect at the date of the original transaction.

The hryvnia is not a convertible currency outside Ukraine. In Ukraine, official exchange rates are set daily by the National Bank of Ukraine (NBU). Market rates may differ from the official ones, but within a narrow corridor controlled by the NBU.

Official exchange rates set by the NBU and in which the Company conducts its main operations:

Official NBU rate	USD	EUR
1 January 2018	28.067223	33.495424
31 December 2018	27.688264	31.714138
31 December 2019	23.686200	26.422000

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Historical cost of PPE includes:

(a) the purchase price, including non-refundable import duties and taxes, net sales and other discounts;

(b) any costs that are directly related to bringing the asset to the location and condition allowing operation in the manner intended by the Company's management;

(c) the initial estimate of the costs of dismantling and removing an item of property and the restoration of the territory occupied at the site.

The value of internally created assets includes the cost of materials, direct labor costs and an appropriate proportion of production overheads.

Capitalized costs include significant costs of upgrading and replacing parts of assets that increase their useful lives or improve their ability to generate revenue. Expenses for repairs and maintenance of fixed assets that do not meet the above capitalization criteria are reflected in the statement of comprehensive income for the period in which they were incurred.

Borrowing costs that are directly attributable to the acquisition, construction or creation of property, plant and equipment, provided that their preparation for use or sale takes a long time, are capitalized as part of the value of the relevant property, plant and equipment.

As information on the historical cost of property, plant and equipment was not available, the Company decided to use fair value as a deemed cost as at the date of adoption IFRS, on 1 January 2018. Management used estimates made by independent professional valuers to determine fair value at the date of IFRSs adoption. The fair value of marketable assets was determined by their market value. If there are no fair value market indicators for an item of property, plant and equipment due to its specialized purpose, and the item is rarely sold, except when sold as part of an existing business, the fair value method is used to measure fair value or the amortized replacement cost method.

The amount to be depreciated is the original cost or the carrying amount of the item of property, plant and equipment less its residual value. Depreciation of property, plant and equipment is accrued using the straight-line method based on the following expected useful lives of the related assets:

Group	Depreciation period
Land	Not depreciated
Buildings and structures	10-30 years
Machinery and equipment	5-25 years
Vehicles	10 years
Other fixed assets	3-15 years
Furniture, instruments and fixtures	5 years

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The useful life may differ from those stated above, because for fixed assets that were on the balance sheet of the Company as at 01.01.2018, the residual useful lives specified in the report of the independent professional appraiser were applied.

An item of property, plant and equipment is derecognized when the asset is disposed of or when no future economic benefits are expected from its use or sale. Gains or losses on write-offs of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are included in the statement of comprehensive income in the year in which the asset is derecognized.

The residual value of fixed assets, useful lives and depreciation methods are reviewed and adjusted as necessary at the end of each financial year.

Construction in progress is stated at cost, and includes unfinished structures and new equipment to be installed during the completion of construction. Depreciation is not charged until the completion of construction of such assets and their commissioning.

Investment property

Investment property is a real estate (land or a building, or a part of a building, or combination thereof) held by an owner or a lessee as a right-of-use asset to earn rentals or for capital appreciation or both. An investment property generates cash flows largely independently of the other assets held by an entity. This distinguishes investment property from owner-occupied property. IAS 16 Property, Plant and Equipment applies to owner-occupied property.

The investment property is assessed initially at cost. Subsequently, investment property is stated at cost less accumulated depreciation and accumulated impairment losses.

When charging depreciation, the straight-line method is used. The depreciation charged is included in distribution costs. The useful life of investment property is the same as the useful life of fixed assets and right-of-use assets.

Intangible assets

Intangible assets acquired separately are initially recognized at cost. After initial recognition, intangible assets are carried at cost less accumulated depreciation and accumulated impairment losses. When intangible assets are sold or disposed of, their value and accumulated amortization are removed from the financial statements, and the gain or loss resulting from their disposal is recognized in the statement of comprehensive income. Amortization of intangible assets is accrued using the straight-line method over 3-5 years.

The carrying amount of an intangible asset is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an intangible asset may not be recoverable.

Investments in subsidiaries

Investments in subsidiaries are recognized in these separate financial statements using the equity method. Under this method, investments are initially recognized at cost and subsequently adjusted to recognize the Company's share of profit or loss and other comprehensive income of subsidiaries.

In cases where the Company carries out transactions with a subsidiary, gains and losses arising from such transactions are recognized only in the amount of the Company's shares in that subsidiary.

After applying the equity method, including loss recognition, an entity shall determine whether there is any objective evidence that the investment is impaired. If any such indication exists, the carrying amount of the investment is reviewed for impairment in accordance with IFRS 36 Impairment of Assets.

Impairment of non-financial assets

At each reporting date, the Company determines whether there is any indication that the asset may be impaired. If any such indication exists, or if annual testing is required the Company assesses the asset’s estimated recoverable amount. The estimated recoverable amount of the asset is the higher of the fair value of the asset or cash-generating unit less costs to sell or the value in use of the asset. The estimated recoverable amount of the asset is determined for each individual asset if that asset generates cash inflows independently of other assets or groups of assets. If the carrying amount of an asset exceeds its recoverable amount, the asset is considered to have impaired and is written off to the recoverable amount. In determining the value in use, future cash flows are discounted at the pre-tax discount rate

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that reflects current market assessments of the time value of money and the risks specific to the asset. Different valuation techniques are used in determining fair value less costs to sell.

Management recognized separate units of the Company – gas stations and oil depots – as a cash generating unit to assess impairment.

An impairment loss for current activities is recognized in the statement of comprehensive income as part of those expense categories that correspond to the functions of the impaired asset.

At each reporting date, there is an assessment that a previously recognized impairment loss on an asset no longer exists or has impaired. If any such indication exists, the Company estimates the asset's recoverable amount. An impairment loss recognized in prior periods is adjusted only if the estimates used to determine the recoverable amount for the asset have changed since the last impairment loss was recognized. In this case, the carrying amount of the asset is increased to its recoverable amount. The increased carrying amount of an asset shall not exceed the carrying amount (net of depreciation) that would have been received if the impairment loss had not been recognized in prior years. The reversal of an impairment loss is recognized in the statement of comprehensive income.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement assumes that the sale of an assets or transfer of a liability is made:

- whether on a principal market for such assets or liabilities;
- or when there is no principal market, at the most advantageous market for such assets and liabilities.

The Company should have an access to the principal or the most advantageous market.

Fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interests. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which data are available, sufficient for measuring fair value.

All assets and liabilities whose fair value is estimated or disclosed in the financial statements are classified as described below under the fair value hierarchy based on the lowest level inputs that are significant to the fair value measurement in general:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques, in which significant inputs for fair value measurement are inputs relating to lowest level hierarchy observable either directly or indirectly at the market;
- Level 3 – Valuation methods that use unobservable inputs that are relating to the lowest level of the hierarchy are not observable at the market.

In the case of assets and liabilities that are recognized in the financial statements on a periodic basis, the Company determines the transfer between levels of the hierarchy, re-analyzing the classification (based on the lowest level inputs that are significant for estimating fair value as a whole) at the end of each reporting period.

Financial instruments

Classification of financial assets

During the initial recognition of financial instruments, the Company classifies them and determines the model for further valuation.

Financial assets are classified as follows:

- financial assets at amortized cost;
- financial assets at fair value through other comprehensive income;
- financial assets at fair value through profit or loss.

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A financial asset is measured at amortized cost only if it meets both of the following conditions and is not classified as at fair value through profit or loss:

- it is held within the framework of a business model aimed to hold assets for contractual cash flows, and
- its contractual terms provide for the occurrence of cash flows within the set time limits, which represent the payment of exclusively principal and interest (SPPI criterion) for the unpaid part of the principal amount.

The Company evaluates the purpose of the asset holding business model at the level of the financial instruments portfolio as it best reflects the way business is managed and information provided to management staff.

In assessing whether the contractual cash flows are exclusively payments of principal and interest on the outstanding part of the principal ("SPPI" criterion), the Company analyzes the contractual terms of a financial instrument, namely whether a financial asset contains a contractual clause that may change the timing or amount of contractual cash flows so that the financial asset will not meet the relative requirement.

In 2019, the Company had no financial assets measured at fair value.

Financial assets are reclassified prospectively only in case of changing the business model within which they are held.

Classification of financial liabilities

Financial liabilities are measured at amortized cost, except for:

1) financial liabilities measured at fair value through profit/loss;

2) financial liabilities resulting when transfer of a financial asset is not in compliance with derecognition criteria or when the continuing involvement principle is applied;

3) financial guarantee contracts, aval, security.

Initial recognition and subsequent measurement of financial instruments

When the Company recognizes a financial instrument, it classifies it as subsequently measured at amortized cost and measures it, other than trade receivables, at its fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

Transaction costs and commission income that are an integral part of the return on a financial instrument are recognized in the financial instrument and accounted for when calculating the effective interest rate for such a financial instrument.

At initial recognition, the Company assesses trade receivables at transaction price, which is the consideration to which the Company expects to be entitled in exchange for the transfer of promised goods or services to the buyer, excluding amounts received on behalf of third parties, if the trade receivable does not contain a significant financing component (when the contract payment dates give the buyer or seller significant benefits from the sale of products).

Impairment

The Company applies the impairment requirements of IFRS 9 to financial assets carried at amortized cost. The Company recognizes an allowance for expected credit losses on a financial asset carried at amortized cost for lease receivables under a contractual asset.

Allowances for expected credit losses are to be recognized in an amount equal to either expected credit losses for 12 months or expected credit losses over the lifetime of the instrument.

The Company applies a simplified approach and recognizes allowances for expected credit losses on receivables, contractual assets and receivables under lease agreements in an amount equal to expected credit losses over the lifetime of the instrument, regardless of whether there is a significant financing component.

The estimation of expected credit losses reflects the difference between contractual cash flows in accordance with the contract terms and all cash flows that the Company expects to receive. Afterwards, the loss is discounted to the original effective interest rate of the asset.

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The Company divided financial assets on the basis of general credit risk characteristics such as: type of a financial instrument, credit risk rating, type of debtor or issuer, dates of initial recognition of a financial asset, and applied historical interest on credit losses based on the Company's experience in respect of such losses adjusted for specific factors for debtors and general economic conditions.

Derecognition and contract modification

Financial assets are derecognized whenever:

a) the rights to contractual cash flows of the financial asset contract expire;

b) the transfer of a financial asset meets the derecognition criteria;

c) the financial asset is written off against the provision.

The control of the transferred asset is not available if a party to whom the asset is transferred has the real ability to sell it to an unrelated third party and may sell it unilaterally without the need to impose additional restrictions on such transfer. If the control over a financial asset is not retained, such an asset is derecognized; otherwise, if the control over the financial asset is retained, it is recognized to an extent of the continuing involvement therein.

The difference between the carrying amount of a financial asset measured at derecognition date and the amount of consideration received (including the value of the new asset received less the liability amount) is recognized as income or expense from derecognition.

The financial liability or part thereof is derecognized if such liability is settled, canceled or expired. The difference between the carrying amount of repaid or transferred to another party financial liability (or part thereof) and the amount of the consideration paid is income/expense from derecognition.

Offsetting financial assets and liabilities

Financial assets and financial liabilities are offset and a related net amount is recognized in the statement of financial position if, and only when, the Company has a legally enforceable right to set off and intends to settle on a net basis, or to sell the asset and settle the liability simultaneously. The Company has a legal right to set off, if this right does not depend on a future event and can be exercised in the ordinary course of business and in the event of default, insolvency or bankruptcy of an entity and all counterparties.

Write-off

The gross carrying amount of a financial instrument is written off against the provision charged after it's recognized as bad, the existence of the allowance for expected credit losses, and simultaneous fulfillment of other prerequisites defined by the requirements of the current legislation of Ukraine and the internal regulations of the Company.

Cash and cash equivalents

Cash and cash equivalents include current bank accounts, cash on hand, cash in transit, short-term deposits with a contractual maturity of up to three months.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents, as defined above, less unpaid bank overdrafts.

Inventories

Inventories are valued at the lower of cost or net realizable value. The cost of inventories includes the cost of purchasing raw materials, direct labor costs and part of other fixed and variable overheads incurred in bringing the inventories to their present location and condition.

The transportation costs for each type of goods to the first place of storage and bringing to current state are included in the cost.

The Company uses the FIFO method (first in - first out) to estimate the disposal of all stocks.

Net realizable value is based on the estimated selling price in the ordinary course of business, less all expected costs to sell.

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Equity

Equity reflects the amount of excess of the Company's assets over its liabilities. It represents the total amount of assets that could potentially be distributed among the founders.

The main components of the Company's capital are:

- Equity,
- Additional capital,
- Retained earnings.

The authorized capital gives the right to a residual share in the Company's assets after deducting all its liabilities. Equity instruments issued by the Company are stated at the amount of receipts received, except for direct costs of issue.

Additional capital includes the amount of the discount on debt on loans from related parties.

Retained earnings are the profits received by the Company from the beginning of business activities less losses, dividends.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where all or part of the costs necessary to repay the obligation can be expected to be reimbursed by the other party, the reimbursement is not recognized until they are received.

Where the effect of the value of money over time is significant, the amount of collateral is determined by including projected cash flows using a discount rate that reflects the pre-tax rate and the current market value of money over time, as well as the risks associated with a particular liability. When discounting, an increase in the amount of collateral that reflects the effect of time is recognized as an interest expense.

Contingent assets and liabilities

Contingent liabilities are not recognized in the separate financial statements, but information about them is provided in the notes, except when the probability of outflow of resources that contain economic benefits is insignificant.

Contingent assets are not recognized in the financial statements, but information about them is provided when economic benefits are probable.

Lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identifiable asset for a period of time in exchange for consideration.

For a contract that is, or contains, a lease, each lease component within the contract is accounted for as a lease separately from non-lease components of the contract, unless the practical expedient described below is used. As a practical expedient, the Company decided, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

Company as a lessee

The Company does not apply the requirements for the recognition and measurement of lease to:

a) short-term lease (for up to 12 months); and

b) leases for which the underlying asset is of little value (the value of the new asset is less than the equivalent of EUR 5 thousand).

The Company recognizes lease payments associated with the lease as straight-line costs over the lease term.

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Initial measurement of the right-of-use asset

At the commencement date, the Company measures the right-of-use asset at cost.

The cost of the right-of-use asset shall comprise:

a) the amount of the initial measurement of the lease liability;

b) any lease payments made at or before the commencement date, less any lease incentives received;

c) any initial direct costs incurred by the lessee; and

d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lease conditions.

Initial measurement of the lease liability

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are unpaid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee uses the Company's incremental borrowing rate.

The incremental borrowing rate is the interest rate that the Company would have paid to borrow for a similar term and with similar provisioning of funds necessary to obtain an asset at a cost similar to the right-of-use asset in similar economic conditions.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

a) fixed payments (including in-substance fixed payments), less any lease incentives receivable.

b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

c) amounts expected to be payable by the lessee under residual value guarantees;

d) the price of the purchase option, if the lessee has reasonable assurance to use it; and

e) payments at the expense of fines for the lease termination, if the lease term reflects the lessor's feasibility to terminate the lease.

Variable lease payments that depend on an index or a rate include, for example, payments linked to a consumer price index, payments linked to a benchmark interest rate (such as LIBOR) or payments that vary to reflect changes in market rental rates.

Subsequent measurement of the right-of-use asset

After the commencement date, the Company measures the right-of-use asset applying a cost model:

a) less any accumulated depreciation and any accumulated impairment losses; and

b) adjusted for any remeasurement of the lease liability.

Depreciation is charged applying the requirements in IAS 16 Property, Plant and Equipment. The lessee shall depreciate the asset from the right to use from the lease commencement date to the earlier of the following two dates: the end of the useful life of the asset and the end of the lease.

Subsequent measurement of the lease liability

After the date of commencement of the lease, the Company shall revalue the carrying amount of the liability to reflect any revaluation or modification of the lease, or to reflect revised fixed lease payments.

After the date of commencement of the lease, the Company recognizes in profit or loss, unless these costs are included in the carrying amount of another asset, applying other relevant standards:

a) interest on the lease liability; and

b) variable lease payments not included in the measurement of the lease liability in the period in which the event or condition that triggers those payments occurs.

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Reassessment of the lease liability

After the commencement date, the Company recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, then the Company shall recognize any remaining amount of the remeasurement in profit or loss.

A lessee remeasures the lease liability by discounting the revised lease payments using a revised discount rate, if either:

a) there is a change in the lease term. The Company determines the revised lease payments on the basis of the revised lease term; or

b) there is a change in the assessment of an option to purchase the underlying asset. The Company determines the revised lease payments to reflect the change in amounts payable under the purchase option.

Company as a lessor

A lessor classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership of the underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards of ownership of the underlying asset.

The lessor adds the initial direct costs incurred in concluding the operating lease to the carrying amount of the underlying asset and recognizes them as costs over the lease term on the same basis as the lease income.

The lessor recognizes lease payments under operating leases as income on a straight-line basis or on any other systematic basis. A lessor applies a different systematic basis if such a basis better reflects a model that reduces the benefits of using the underlying asset.

The lessor recognizes the costs, including depreciation, incurred in obtaining rental income as an expense.

Revenues

Revenue from contracts with customers

The Company recognizes revenue when (or as) it satisfies performance obligations by transferring the promised product or service (i.e., an asset) to the customer. The asset is transferred when (or as) the customer obtains control of such an asset.

Control over the asset means the ability to control its use and receive virtually all other associated benefits. Control includes the ability to prohibit other business entities from managing the use of the asset and receiving associated benefits. Benefits from the asset are potential cash flows (cash inflows or outflow of cash savings) that can be obtained directly or indirectly.

Sale of goods and services

Revenue from sale of goods and services is recognized when the Company sells the goods or services to the customer.

The Company considers whether there are other promises during the sale that are separate performance obligations for which part of the transaction price must be allocated (such as warranties, loyalty award credits of customers). In determining the price of a sales transaction, the Company takes into account the effects of a variable cost, the existence of significant financing components, non-cash compensations and consideration payable to the customer (if any).

Variable consideration

If the consideration promised in a contract includes a variable amount, the Company estimates the amount of consideration to which the entity is entitled in exchange for transferring the promised goods or services to a customer.

An amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items. The promised consideration can also vary if the Company's entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event. For example, an amount of consideration would be variable if either a

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product was sold with a right of return or a fixed amount is promised as a performance bonus on achievement of a specified milestone.

The Company includes in the transaction price some or all of the variable consideration only if it is highly probable that when the uncertainty associated with the variable consideration is basically resolved, there will be no significant reversal of the amount of recognized cumulative income.

Significant financing component

As a practical expedient, the Company needs not adjust the promised amount of consideration for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Adjusting the promised amount of consideration to account for a significant financing component, the Company uses the discount rate that would be applied in a separate financing operation between an entity and its customer at contract inception. This rate will reflect the credit characteristics of a party receiving financing under the contract, as well as any collateral or security provided by the customer or the Company, including contractual assets transferred.

Loyalty program

A loyalty program is an opportunity for a customer to purchase additional goods or services for free or at reduced prices as a result of concluding a certain contract, buying a certain product or buying for a certain amount. In doing so, the buyer pays in advance for goods or services that will be received in the future. Accordingly, the seller recognizes revenue only after the transfer of these additional goods or services or after the expiration of the marketing promotion/offer. According to the Loyalty Program, bonus units (points) are accrued to the buyer for a certain amount of purchases. Bonus units provided under customer loyalty programs should be accounted for as a separate component of the sales transaction that results in them and should be separately identified and reflected in the separate financial statements.

Presentation

A contractual asset is the entity’s right to compensation in exchange for goods or services that the entity has transferred to the customer. If the Company transfers goods and services to a customer before the customer pays the consideration or before the due date, the amount of the contractual asset is recognized in the amount of the consideration received, which is contingent.

Accounts receivable are the Group's right to consideration, which is unconditional (for example, if only time is required for such compensation to be due).

Presentation

A contractual asset is the entity’s right to compensation in exchange for goods or services that the entity has transferred to the customer. If the Company transfers goods and services to a customer before the customer pays the consideration or before the due date, the amount of the contractual asset is recognized in the amount of the consideration received, which is contingent.

Accounts receivable are the Company's right to consideration, which is unconditional (for example, if only time is required for such compensation to be due).

A contractual obligation is an obligation to transfer goods or services to a customer for which the entity has received compensation (or is due) from the customer. If the customer pays compensation before the Company transfers the goods or services to the customer, the contractual obligation is recognized on due date or the date on which payment is due (whichever is earlier). A contractual obligation is recognized as income when the Company meets its contractual obligations.

Interest

Income is recognized when interest is accrued (taking into account the effective interest method).

Borrowing costs

The Company capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets as part of the value of the asset. Other borrowing costs are recognized as an expense as incurred.

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Employee benefits

The Company makes current contributions to the State Pension Fund. Contributions are calculated as a certain percentage of the total amount of salary established by law. The Company has neither a legal nor a constructive obligation to make further contributions on wages. The liability for contributions arises together with the liability for wages. These contribution costs relate to the same period as the corresponding amount of wages.

The Company recognizes current provision for vacation in accordance with accruals that are required by law. The source of uncertainty regarding the amount of benefits may be further changes in employees' salaries before the vacation, as they affect the amount of future benefits. The Company measures a provision based on information available at the reporting date.

Income tax

Current income tax

Current tax assets and liabilities for the current and previous periods are measured at the value expected to be reimbursed by the tax authorities or paid to the tax authorities in accordance with Ukrainian tax law. The tax rates and tax laws used to calculate this amount are those that were enacted or substantively enacted at the reporting date. The income tax rate of 18% is used to calculate income tax.

Deferred income tax

Deferred income tax is determined using the balance sheet liability method applied to all temporary differences existing at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where a deferred tax liability arises as a result of the initial recognition of goodwill or an asset or liability in a business transaction that is not a business combination and which at the time of the transaction affects neither accounting profit nor taxable profit or loss;
- taxable temporary differences related to investments in subsidiaries and associates, if the parent company can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the near future.

Deferred tax assets are recognized for all non-taxable temporary differences and unused tax credits and tax losses carried forward if there is a possibility to obtain taxable profit for which a non-taxable temporary difference can be applied, as well as tax credit and unused tax losses, except when:

- a deferred tax asset relating to non-taxable temporary differences arises from the initial recognition of an asset or liability in a business transaction that is not a business combination and which at the time of the transaction affects neither accounting profit nor taxable profit or loss;
- taxable temporary differences related to investments in subsidiaries and associates, deferred tax assets are recognized only if it is probable that the temporary differences will be reversed in the near future and a taxable profit will be recognized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized previously deferred tax assets are revalued at the reporting date and are recognized when it is probable that future taxable profits will be available against which the deferred tax asset can be utilized.

Deferred tax assets and liabilities are determined at the tax rates that are expected to apply when the asset is realized or the liability is settled, based on the tax rates (and tax laws) in effect at the reporting date. Deferred income tax relating to items of other comprehensive income or those recognized directly in equity is recognized in other comprehensive income or directly in equity, rather than in profit or loss.

Deferred tax assets and deferred tax liabilities are offset when there is a full legal right to credit current tax assets to current tax liabilities if they relate to income taxes charged by the same tax authority to the same entity.

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Value added tax

Sales revenue, expenses and assets are recognized net of VAT. The net amount of VAT that can be reimbursed by the tax authorities or paid to the tax authorities is included in receivables or payables in the statement of financial position.

6. STANDARDS ISSUED, BUT NOT YET EFFECTIVE

The Company did not apply the following IFRS and Interpretations to IFRS and IAS issued, but not yet effective:

IFRS 17 *Insurance Contracts*. IFRS 17 is a new financial reporting standard for insurance contracts that addresses the recognition and measurement, presentation and disclosure. IFRS 17 will replace IFRS 4 *Insurance Contracts*, which was issued in 2005. IFRS 17 applies to all types of insurance contracts (life insurance and insurance other than life insurance, direct insurance and reinsurance) regardless of a type of an issuing entity, as well as to certain guarantees and financial instruments with discretionary conditions. There are a few exceptions to the scope.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, and requires comparative information. Early application is permitted, provided that an entity also applies IFRS 9 and IFRS 15 on or before the date of first-time adoption of IFRS 17. This standard is not applicable to the Company.

Amendments to 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 the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however is recognized only to the extent of unrelated investors' interest in the associate or joint venture.

The IASB has deferred the effective date of these amendments indefinitely, but early adoption is permitted prospectively.

Changes to the conceptual framework of financial statements. A new edition of the reporting conceptual framework contains a new section on evaluation, guidance on presentation of financial performance, improved definitions and recommendations (in particular, the definition of a liability) and clarification of such important issues as management functions, prudence and uncertainty of evaluation during the preparation of the financial statements. The amendments shall enter into force for annual periods beginning on or after 1 January 2020.

Amendments to IAS 1 *Presentation of Financial Statements and IAS 8 Accounting Estimates, Changes in Accounting Estimates and Errors* regarding materiality definition

The IFRS Board decided to clarify the definition of materiality by making it more consistent and compliant with all standards. The former definition in IAS 1 emphasized the fact that the omission or incorrect reflection of significant items affects the economic decisions made by users based on financial statements. In the new definition, information is considered essential if its omission, incorrect reflection or concealment of other information in the reporting can, according to reasonable expectations, affect the decisions of the main users of general-purpose financial statements, who take them on the basis of financial statements containing financial information about a specific reporting entity.

The amendments apply to periods beginning on or after 1 January 2020; early application is permitted. The amendment will have no impact on the separate financial statements of the Company.

Amendments to IAS 1 *Presentation of Financial Statements*. In January 2020, the IFRS Board amended IAS 1 to clarify issues related to the classification of current and non-current liabilities. The amendments shall enter into force for the periods beginning on or after 1 January 2022. The amendments apply retrospectively; early application is permitted. The amendments may affect the classification of liabilities in the Company's separate statement of financial position.

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Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures — Interest Rate Benchmark Reform*

The amendments shall enter into force for periods beginning on or after 1 January 2020. The amendments apply retrospectively; early application is permitted. The amendment will have no impact on the Company's separate financial statements.

Annual IFRS Improvements (2015-2017 cycle)

Amendments to IFRS 3 *Business Combinations*

The amendments clarify the key definition of business.

Former definition of business implied a set of activities/assets that can be performed/managed in order to provide income in the form of dividends, lower costs or other economic benefits directly to investors or other owners, participants or members.

According to the new definition, a business is an integrated set of processes and assets capable of implementation and management in order to provide goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities.

The amendments apply to periods beginning on or after 1 January 2020; early adoption is permitted. The amendment will have no impact on the separate financial statements of the Company.

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7. FIRST-TIME ADOPTION OF IFRS

Reconciliation between the capital of the Company as of 1 January 2018 in the reporting in accordance with NAS with its capital in accordance with IFRS, is presented as follows:

Asset	Note	NAS as at 01 January 2018	Adjustments	IFRS as at 01 January 2018
I. Non-current assets				
Intangible assets	a)	7 258	256	7 514
Construction in progress	a)	13 823	(2 620)	11 203
Property, plant and equipment	a)	564 418	1 111 529	1 675 947
Investment property	b), e)	-	28 224	28 224
Long-term investments accounted for under equity method		7 828	-	7 828
Long-term accounts receivable	c)	-	9 148	9 148
Goodwill	d)	863	(863)	-
Other non-current assets	e)	-	26 246	26 246
Total in Section I		**594 190**	**1 171 920**	**1 766 110**
II. Current assets				
Inventories	a)	384 321	686	385 007
Accounts receivable for products, goods, works and services	f)	48 225	4 750	52 975
Accounts receivable on settlements:				
From advances received	c)	28 978	3 140	32 118
With budget	f)	28 645	(2)	28 643
Other current accounts receivable	f)	7 577	(4 751)	2 826
Cash and cash equivalents		36 420	-	36 420
Deferred expenses	c)	13 250	(13 250)	-
Other current assets	f)	35 938	(16 884)	19 054
Total in Section II		**583 354**	(26 311)	**557 043**
III. Non-current assets held for sale	a)	**-**	4 123	**4 123**
BALANCE		**1 177 544**	**1 149 732**	**2 327 276**
LIABILITY				
I. Equity				
Authorized capital		51 931	-	51 931
Additional capital	g), h)	167	304 832	304 999
Retained earnings	a), d), j),ii), k)	(10 750 302)	1 016 826	(9 733 476)
Total in Section I		**(10 698 204)**	**1 321 658**	**(9 376 546)**
II. Long-term liabilities and provisions				
Deferred tax liabilities	k)	-	100 317	100 317
Other long-term loan liabilities	h)	4 309 927	(304 999)	4 004 928
Other long-term lease obligations	e)	-	42 864	42 864
Total in Section II		**4 309 927**	**(161 818)**	**4 148 109**
III. Current liabilities and provisions				
Current accounts payable on:				
Long-term liabilities	e)	2 408 268	5 768	2 414 036
Goods, works, services	f)	438 393	2	438 395
Settlements with budget	f)	31 228	(964)	30 264
Insurance		1 342	-	1 342
Remuneration of labor		7 535	-	7 535
Current payables on advances received	f)	78 025	4 071	82 096
Current provisions		10 109	-	10 109
Deferred income	i), f)	20 958	(18 985)	1 973
Other current liabilities		4 569 963	-	4 569 963
Total in Section III		**7 565 821**	**(10 108)**	**7 555 713**
BALANCE		**1 177 544**	**1 149 732**	**2 327 276**

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Reconciliation between the capital of the Company as at 31 December 2018 in the NAS reporting with its capital in accordance with IFRS, is presented as follows:

Asset	Note	NAS as at 31 December 2018	Adjustments	IFRS as at 31 December 2018
I. Non-current assets				
Intangible assets	a)	4 624	(1 390)	3 234
Construction in progress	a)	6 033	(853)	5 180
Property, plant and equipment	a)	551 427	1 026 595	1 578 022
Investment property	b), e)	-	23 844	23 844
Long-term investments accounted for under equity method		9 416	-	9 416
Long-term accounts receivable	c)	-	6 836	6 836
Goodwill	d)	604	(604)	-
Other non-current assets	e)	-	22 031	22 031
Total in Section I		572 104	1 076 459	1 648 563
II. Current assets				
Inventories	a)	414 074	240	414 314
Accounts receivable for products, goods, works, services	f)	46 537	4 750	51 287
Accounts receivable on settlements:				
From advances received	c)	15 958	2 984	18 942
With budget	f)	82 150	-	82 150
Other current accounts receivable	f)	7 614	(4 751)	2 863
Bank accounts		2 346	-	2 346
Deferred expenses	c)	12 295	(12 295)	-
Other current assets	f)	71 188	(14 785)	56 403
Total in Section II		691 794	(23 857)	667 937
III. Non-current assets held for sale	a)	-	4 123	4 123
BALANCE		1 263 898	1 056 725	2 320 623
I. Equity				
Authorized capital		51 931	-	51 931
Additional capital	g), h)	167	304 832	304 999
Retained earnings	a), d), e), g), h), i), j), k)	(11 016 382)	863 054	(10 153 328)
Total in Section I		(10 964 284)	1 167 886	(9 796 398)
II. Long-term liabilities and provisions				
Deferred tax liabilities	k)		91 574	91 574
Other long-term loan liabilities	h)	6 627 487	(248 420)	6 379 067
Other long-term lease obligations	e)		36 418	36 418
Total in Section II		6 627 487	(120 428)	6 507 059
III. Current liabilities and provisions				
Current accounts payable on:				
Long-term liabilities	e)	-	6 744	6 744
Goods, works, services	f)	375 327	-	375 327
Settlements with budget	f)	41 706	(2 476)	39 230
Insurance		2 561	-	2 561
Remuneration of labor		11 157	-	11 157
Current payables on advances received	f)	62 313	6 578	68 891
Current provisions		31 384	-	31 384
Deferred income	i), f)	21 363	(1 579)	19 784
Other current liabilities		5 054 884	-	5 054 884
Total in Section III		5 600 695	9 267	5 609 962
BALANCE		1 263 898	1 056 725	2 320 623

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Reconciliation between the comprehensive income of the Company for 2018 in the NAS reporting with the comprehensive income under IFRS, is presented as follows:

	Note	2018 NAS	Adjustments	2018 IFRS
Net income from sales of products (works, goods, services)	i)	7 174 191	(17 812)	7 156 379
Cost of sold products (works, goods, services)		(6 348 174)	-	(6 348 174)
Gross profit		**826 017**	**(17 812)**	**808 205**
Other operating income	l)	74 612	(43 773)	30 839
Administrative expenses	a), b), j)	(115 604)	7 075	(108 529)
Distribution costs	a), b), e), j)	(679 659)	(89 373)	(769 032)
Other operating expenses	l)	(80 827)	43 796	(37 031)
Financial result from operating activity		**24 539**	**(100 087)**	**(75 548)**
Equity income		4 269	-	4 269
Other financial income		259	-	259
Other income	l)	1 024 257	(871 723)	152 534
Financial expenses	e), h)	(449 195)	(57 889)	(507 084)
Equity loss		(2 682)	-	(2 682)
Other expenses	h), l)	(867 527)	867 184	(343)
Financial result before tax (loss)		**(266 080)**	**(162 515)**	**(428 595)**
Income tax expenses	k)	**-**	**8 743**	**8 743**
Net loss		**(266 080)**	**(153 772)**	**(419 852)**
Other comprehensive income		-	-	-
Total comprehensive loss for year		**(266 080)**	**(153 772)**	**(419 852)**

Adjustments:

a) reflection of the value of fixed assets in accordance with IFRS, in connection with which the deemed cost of fixed assets was determined, for which their fair value was taken on the date of first application of IFRS less depreciation under IFRS, depreciation charge, adjustment of disposal of assets under IFRS;

b) allocation of investment property out of fixed assets;

c) reclassification of deferred expenses into long-term receivables and advances made in accordance with IFRS;

d) write-off of goodwill at the date of transition to IFRS, exclusion of costs to write-off the goodwill in 2018;

e) recognition of assets and liabilities under long-term leases, depreciation of assets, reduction of NAS costs by actual costs under lease agreements, accrual of financial expenses in accordance with IFRS 16;

f) recognition of trade and other debt in accordance with IFRS;

g) write-off of additional capital;

h) long-term debt discount in accordance with IFRS 9, exchange rate differences on the discount;

i) accrual of a provision for the customer loyalty program, adjustment of revenue in accordance with IFRS 15;

j) write-off of 50% of the remaining cost of low-value non-current tangible assets acquired during 2018;

к) accrued deferred tax liabilities, income tax gains/(expenses);

l) netting off income and expenses on the same operations.

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8. Intangible assets

The Company's intangible assets include software. The carrying amount of intangible assets for the year ended 31 December 2019 has changed as follows:

Cost:	
As at 01 January 2018	**7 514**
Additions	65
Disposals	-
As at 31 December 2018	**7 579**
Additions	**1 556**
Disposals	**-**
As at 31 December 2019	**9 135**
Accumulated depreciation and impairment	
As at 01 January 2018	**-**
Depreciation charges	**(4 345)**
Disposals	**-**
As at 31 December 2018	**(4 345)**
Depreciation charges	**(2 518)**
Disposals	**-**
As at 31 December 2019	**(6 863)**
Residual value:	
As at 01 January 2018	**7 514**
As at 31 December 2018	**3 234**
As at 31 December 2019	**2 272**

9. Property, plant and equipment

The Company engaged a professional independent appraiser to determine the fair value of property, plant and equipment, intangible assets and construction in progress for financial reporting purposes as of 1 January 2018 in accordance with IFRS 1 First-time Adoption of International Financial Reporting Standards. This fair value became the deemed cost at the date of adoption of IFRSs.

The item subject to valuation was non-current assets, which for evaluation purposes were divided into the following groups:

- operating assets, including:
  - assets of the network of gas stations, oil depots and condensate pumping stations operated by the Company;
  - vehicles used to supply fuel to gas stations and
- non-operating assets, including:
  - gas station assets that are saved or leased;
  - assets of saved oil depots;
  - Pildne001/30 D tanker.

Subsequently, the Company applies cost/deemed cost accounting less accumulated depreciation and impairment losses.

Property, plant and equipment consisted of the following:

	31 December 2019	31 December 2018	01 January 2018
Residual value of property, plant and equipment	1 563 320	1 578 022	1 675 947
Construction in progress	8 784	5 180	11 203
	1 572 104	**1 583 202**	**1 687 150**

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Changes in fixed assets for the year ended 31 December 2019 were as follows:

	Land	Buildings, facilities and transfer units	Machines and equipment	Vehicles	Other	Construction in progress	Total
Cost:							
As at 01 January 2018	**349 884**	**1 055 011**	**252334**	**14 606**	**4 112**	**11 203**	**1 687 150**
Additions	12	22 823	8 081	1 715	5 019	18 701	56 351
Transfers	-	7545	13 172		3 238	(23 955)	-
Disposals	-	(47)	(1 272)	(251)	(63)	(769)	(2 402)
As at 31 December 2018	**349 896**	**1 085 332**	**272 315**	**16 070**	**12 306**	**5 180**	**1 741 099**
Additions	715	75 772	37 529	1 051	16 889	3 604	**135 560**
Transfers	1 910	470	3 450	-	-	-	5 830
Disposals	-	(136)	(4 118)	(9 379)	(95)	-	**(13 728)**
As at 31 December 2019	**352 521**	**1 161 438**	**309 176**	**7 742**	**29 100**	**8 784**	**1 868 761**
Accumulated depreciation and impairment							
As at 01 January 2018	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation charges	-	(87 845)	(55 806)	(12 785)	(2 291)	-	(158 727)
Disposals	-	19	555	224	32	-	830
As at 31 December 2018	**-**	**(87 826)**	**(55 251)**	**(12 561)**	**(2 259)**	**-**	**(157 897)**
Additions	-	(99 348)	(47 840)	(270)	(3 784)	-	**(151 242)**
Transfers				(899)			**(899)**
Disposals	-	121	3 825	9 379	56	-	**13 381**
As at 31 December 2019	**-**	**(187 053)**	**(99 266)**	**(4 351)**	**(5 987)**	**-**	**(296 657)**
Residual value:							
As at 01 January 2018	**349 884**	**1 055 011**	**252 334**	**14 606**	**4 112**	**11 203**	**1 687 150**
As at 31 December 2018	**349 896**	**997 506**	**217 064**	**3 509**	**10 047**	**5 180**	**1 583 202**
As at 31 December 2019	**352 521**	**974 385**	**209 910**	**3 391**	**23 113**	**8 784**	**1 572 104**

The item "Property, plant and equipment" includes fully depreciated property, plant and equipment that remain in operation.

The initial cost of such fixed assets as of 31 December 2019 is amounted to UAH 44 191 thousand (as of 31 December 2018 — UAH 22 456 thousand, 1 January 2018: zero).

10. INVESTMENT PROPERTY

During 10 months of 2019, the Company maintained 11 gas stations in order to receive rent payments, which it did not operate independently. In November 2019, gas stations were returned from lease and transferred to fixed assets.

In addition, the Company subleases part of the office space, which it leases and accounts for in accordance with IFRS 16 Leases. According to the office space plan, the Company independently operates 50% of the area, and subleases 50% of the area to several subtenants. The right-of-use assets of this part of the office space are reflected as investment property.

The carrying amount of the investment property for the year ended 31 December 2019 has changed as follows:

	Gas station	Right-of-use assets	Total
Cost:			
As at 01 January 2018	5 838	22 386	28 224
Additions	-	-	-
Disposals	(8)	-	(8)
As at 31 December 2018	5 830	22 386	28 216
Additions			
Disposals	(5 830)	-	(5 830)
As at 31 December 2019	-	22 386	22 386
Accumulated depreciation and impairment			
As at 01 January 2018	-	-	-
Depreciation charges	(643)	(3 731)	(4 374)
Disposals	2		2
As at 31 December 2018	(641)	(3 731)	(4 372)
Depreciation charges	(258)	(3 731)	(3 989)
Disposals	899		899
As at 31 December 2019	-	(7 462)	(7 462)
Residual value:			
As at 01 January 2018	5 838	22 386	28 224
As at 31 December 2018	5 189	18 655	23 844
As at 31 December 2019	-	14 924	14 924

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Investment property rental income is included in other operating income. Information on income and expenses related to investment property is presented as follows:

	2019	2018
Rental income	18 988	18 827
Direct expenses recognized in connection with the maintenance of investment property that generates rental income during the reporting year	6 251	6 581

11. Long-term financial investments

The Company has investments in the authorized capital of the companies, residents of Ukraine.

The Company owns 99.9% of the registered capital of Amic Avia Oil LLC. Amic Avia Oil LLC has a Certificate of Conformity of the State Aviation Service of Ukraine, according to which it provides services for refueling aircraft of airlines on the territory of Boryspil International Airport. Amic Avia Oil LLC refuels the Company's customers with its own fuel tankers, as well as provides refueling services to third parties.

Moreover, the Company owns 99.9% of the registered capital of Amic Aviation Ukraine LLC. Amic Aviation Ukraine LLC has a Certificate of Conformity of the State Aviation Service of Ukraine according to which it provides services for refueling aircraft of airlines at the International Airport "Kharkiv". Amic Aviation Ukraine LLC refuels its own customers, the Company's customers, with its own fuel refuelers, and also provides aircraft refueling services to third parties.

Subsidiaries have gained and successfully apply the experience of refueling aircraft of both domestic and foreign airlines.

Information on the book value of such investments is provided below:

	31 December 2019	31 December 2018	01 January 2018
Amic Avia Oil LLC	12 805	9 416	6 741
Amic Aviation Ukraine LLC	-	-	1 087
	12 805	**9 416**	**7 828**

During 2019:

- regarding the investment in Amic Avia Oil LLC, the equity income was recognized in the amount of UAH 3 482 thousand and impairment losses on financial investments in the amount of UAH 92 thousand
- regarding the investment in Amic Aviation Ukraine LLC, no equity income or impairment losses of financial investments were recognized, as the value of the investment as at 1 January 2019 is 0, and the profit received by Amic Aviation Ukraine LLC for 2019 does not cover previously received losses.

12. Right-of-use assets

In accordance with the modified retrospective approach, the Company applied IFRS 16 on the date of first-time adoption, as if it was applied on the date of lease commencement of existing leases.

As of 1 January 2018, 31 December 2018 and 31 December 2019:

- Right-of-use assets were recognized and presented separately in the statement of financial position;
- Additional lease liabilities were recognized, which were included in “Other long-term liabilities” and “Current accounts payable for long-term liabilities”.

In its economic activity, the Company acts as a lessee of passenger vehicles, 1 gas station, office premise, gas station area, including long-term lease agreements. In accordance with IFRS 16 Leases, the Company calculates and recognizes right-of-use assets, and lease liabilities (Note 21).

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Information on changes in right-of-use assets for the year ended 31 December 2019 is as follows.

	Land	Buildings, facilities and transfer units	Vehicles	Total
Historical cost:				
As at 01 January 2018	**502**	**22 505**	**3 239**	**26 246**
Additions	-	-	309	309
As at 31 December 2018	**502**	**22 505**	**3 548**	**26 555**
Additions	-	-	-	-
Disposals	-	-	(3 239)	(3 239)
As at 31 December 2019	**502**	**22 505**	**309**	**23 316**
Accumulated depreciation				
As at 01 January 2018	**-**	**-**	**-**	**-**
Depreciation charges	(167)	(3 761)	(596)	**(4 524)**
As at 31 December 2018	**(167)**	**(3 761)**	**(596)**	**(4 524)**
Depreciation charges	(167)	(3 761)	(484)	**(4 412)**
Disposals	-	-	919	**919**
As at 31 December 2019	**(334)**	**(7 522)**	**(161)**	**(8 017)**
Residual value:				
As at 01 January 2018	**502**	**22 505**	**3 239**	**26 246**
As at 31 December 2018	**335**	**18 744**	**2 952**	**22 031**
As at 31 December 2019	**168**	**14 983**	**148**	**15 299**

Expenses under lease agreements for 2019 are as follows:

	2019	**2018**
Interest expense, included in financial expenses	5 176	6 139
Accrued depreciation for the year	4 412	4 524
Short-term lease costs	5 681	5 857
The cost of low-cost rent	7 579	5 009
Variable payments under leases recognized as expense	30 094	27 745

Information on lease liabilities is disclosed in Note 21.

In respect of leases of state and communal land, the Company has applied the approach described below.

The Company scrutinized the Agreements and came to the following conclusions. The rent is set as a percentage of the normative monetary valuation of the land plot (NMVL). The amount of rent for state-owned land plots is calculated taking into account their purpose, indexation coefficients and inflation indices defined by law. The range of applicable rates is determined by the Tax Code of Ukraine. Local authorities can choose any rate from the permitted range at their own discretion. The rate chosen for the calculation of rents is fixed in the relevant agreement with local authorities and can be changed not only due to market factors. NMVL may not always be the market value of land.

NMVL is subject to periodic revaluations by the state institutions. However, their data do not always correspond to market indicators, as, according to the law, the minimum renewal period for NMVL is 7-10 years for non-agricultural lands. In practice, the state institutions may not update NMVL for several years, even in conditions of significant fluctuations in the land market.

NMVL is calculated using the norms of rental income, capitalization and profitability ratios set by the state institutions in the relevant methodologies. The frequency and significance of changes in these methodologies remain at the discretion of the government institutions and may not always reflect real fluctuations in the land market.

Factoring in the aforesaid, land lease payments may rather be a mechanism by which public institutions achieve their goals in the budget, socio-economic status and regional development. Usually, it is the state institutions that have the power to change the amount of rent payments. Moreover, cadastral data may not be updated often enough, data from public institutions may not be in line with market indicators, and even if NMVL approaches the real market value of the land, the percentage of rent applied to NMVL may not always correspond with market ones. Accordingly, it is seen that such lease payments should be considered as variable payments that do not depend on an index or a rate, i.e. do not reflect changes in market rental rates.

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As such, land lease payments are not variable depending on an index/a rate in light of the requirements of IFRS 16; therefore, such payment is subject to exclusion from the calculation of lease liabilities. A lease liability and/or a right-of-use asset are not recognized, but the Company recognizes related contractual payments as part of operating expenses for the period to which they relate, according to the classification provided for in the Company's accounting policies.

13. INVENTORIES

Information on the carrying amount of inventories is provided below:

	31 December 2019	31 December 2018	01 January 2018
Goods in stock	504 258	410 255	380 225
Including			
Petroleum products at oil depots and storage warehouses	*279 699*	*202 146*	*198 670*
Petroleum products at the gas station	*162 986*	*162 694*	*148 184*
Non-fuel products in gas station stores	*61 573*	*45 415*	*33 371*
Production inventories	6 599	4 059	4 782
	510 857	**414 314**	**385 007**

In 2019, shortages of oil products in the amount of UAH 11 378 thousand and related products in the amount of UAH 5 171 thousand were written off (2018: UAH 12 631 thousand of oil products and UAH 2 001 thousand of related products).

14. TRADE AND OTHER ACCOUNTS RECEIVABLE

Information on the book value of trade and other receivables was as follows:

	31 December 2019	31 December 2018	01 January 2018
Trade receivables	119 723	51 807	53 257
Expected credit losses on trade receivables	-	(520)	(282)
Other current receivables	5 817	7 613	7 576
Expected credit losses on other receivables	(4 750)	(4 750)	(4 750)
Total trade and other receivables	**120 790**	**54 150**	**55 801**

Maturity of trade receivables as at 31 December 2019, 31 December 2018 and 01 January 2018.

	31 December 2019		
	Total cost	Expected credit losses	Expected credit loss ratio
Not outstanding	55 854	-	-
Delay payment up to 30 days	53 472	-	-
Delay payment 31-180 days	7 572	-	-
Delay payment 181-360 days	2 758	-	-
Delay payment over 1 year	67	-	-
TOTAL	**119 723**	**-**	**-**

	31 December 2018		
	Total cost	Expected credit losses	Expected credit loss ratio
Not outstanding	31 190	-	-
Delay payment up to 30 days	19 540	-	-
Delay payment 31-180 days	469	-	-
Delay payment 181-360 days	65	(42)	0.65
Delay payment over 1 year	543	(478)	0.88
TOTAL	**51 807**	**(520)**	**0.01**

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	01 January 2018		
	Total cost	Expected credit losses	Expected credit loss ratio
Not outstanding	34 087	-	-
Delay payment up to 30 days	16 680	-	-
Delay payment 31-180 days	1 648	-	-
Delay payment 181-360 days	517	-	-
Delay payment over 1 year	325	(282)	0.87
TOTAL	**53 257**	**(282)**	**0.005**

Changes of the allowance for expected losses on accounts receivable are stated as follows:

	Trade accounts receivable	Other accounts receivable	Total
As at 1 January 2018	**282**	4 750	**5 032**
Loss from impairment of accounts receivable	562	-	562
Receivables written off against the allowance	324	-	324
As at 31 December 2018	**520**	4 750	**5 270**
Loss from impairment of accounts receivable	17	-	17
Receivables written off against the allowance	537	-	537
As at 31 December 2019	**-**	4 750	4 750

15. Accounts receivable on advances made

	31 December 2019	31 December 2018	01 January 2018
Receivables on advances made for:			
Petroleum products	32 093	3 233	1 742
Services for purchase of petroleum products	13 584	4 314	18 024
Other	22 879	11 395	12 352
	68 556	**18 942**	**32 118**

16. Receivables from budget

	31 December 2019	31 December 2018	01 January 2018
Receivables from budget:			
VAT	33 918	81 846	28 339
Income tax	304	304	304
	34 222	**82 150**	**28 643**

17. Cash and cash equivalents

As at 01 January 2018, 31 December 2018 and 31 December 2019 cash and cash equivalents included:

	31 December 2019	31 December 2018	01 January 2018
Cash on hand	5 131	3 705	3 053
Cash in bank	144 383	2 346	5 101
Cash in transit	57 220	35 927	28 266
	206 734	**41 978**	**36 420**

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Currencies of cash and cash equivalents are stated below:

	31 December 2019	31 December 2018	01 January 2018
UAH	135 470	41 313	33 998
USD	70 131	427	2 255
EUR	1 133	238	167
	206 734	**41 978**	**36 420**

18. Other current assets

Information on the book value of other current assets is given below:

	31 December 2019	31 December 2018	01 January 2018
VAT paid at customs — tax credit for the next period	22 695	56 403	19 054
Total other current assets	**22 695**	**56 403**	**19 054**

19. Equity

Authorized capital

As of 31 December 2019 and 2018 and 01 January 2018, the registered authorized capital of the Company amounted to UAH 51 931 thousand. The authorized capital is paid in full.

Information on the distribution of shares in the authorized capital is given below:

	31 December 2019		31 December 2018		01 January 2018	
Participant	%	Amount	%	Amount	%	Amount
AMIC Energy Management GmbH	100,00%	51 931	100,00%	51 931	100,00%	51 931
	100,00%	**51 931**	**100,00%**	**51 931**	**100,00%**	**51 931**

The Company neither accrued nor paid dividends in 2018 -2019.

Additional capital

The Company has additional capital formed by recognizing loans from the company of AMIC ENERGY MANAGEMENT GmbH at fair value at the recognition date, subject to subsequent modifications to the terms of the agreement. The amount of additional capital so recognized as of 31 December 2019 is UAH 1,224,560 thousand (as of 31 December 2018: UAH 304,999 thousand; 1 January 2018: UAH 304,999 thousand).

Accumulated loss

The amount of uncovered loss as at 31 December 2019 is UAH 6 907 909 thousand (as at 31 December 2018: UAH 10 153 328 thousand and as at 1 January 2018: UAH 9 733 476 thousand).

Decisions on the directions and procedure for the use of the Company's profit are made by the owner based on the results of the reporting year. Accumulated loss presented herein includes the results of adjustments in accordance with IFRS at the date of first-time adoption.

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20. INTEREST-BEARING LOANS AND BORROWINGS

As at 31 December 2019, interest-bearing loans and borrowings included:

	Currency	2019 Rate	2018 Rate	Maturity	31 December 2019	31 December 2018	01 January 2018
Long-term							
Fixed interest rate							
AMIC Energy Management GmbH	USD	-		20.12.2024	5 669 550		
AMIC FINANCE LTD	USD	1,80%	5%	20.12.2024		6 627 488	6 718 195
Less: current part of long-term interest loans and borrowings				20.12.2024	(663 214)	-	(2 408 268)
AMIC Energy Management GmbH	USD			31.05.2022	**2 399 412**	-	-
Accrued discount					**(606 585)**	**(248 421)**	**(304 999)**
					6 799 163	**6 379 067**	**4 004 928**
Current							
Floating interest rate							
AMIC FINANCE LTD	USD	1,8%	LIBOR 1 M USD+ 2%	30.05.2019		2 804 822	2 843 210
AMIC FINANCE LTD	USD	1,8%	LIBOR 1 M USD+ 2%	30.11.2019		223 167	112 269
Fixed interest rate							
AMIC Energy Management GmbH	USD	1,8%	LIBOR 1 M USD+ 2%	30.11.2020	190 911	-	-
Plus:							
Current part of interest loans	USD	1,8%	5%	20.12.2024	663 214	-	2 408 268
Accrued interest on loans and borrowings					-	1 995 700	1 570 623
Accrued discount					**(4 159)**	**-**	**-**
					849 966	**5 023 689**	**6 934 370**
Total liabilities on interest loans and borrowings					**7 649 129**	**11 402 756**	**10 939 298**

In connection with the change in the interest rate on loan agreements from 01.01.2019, income from the modification of debt on loans and accrued interest was recognized directly in equity in 2019 in the amount of UAH 919 561 thousand, in 2018 - UAH 304 999 thousand.

On 12 December 2019, additional agreements were signed with AMIC FINANCE LTD on the forgiveness of all accrued and unpaid interest on this date.

On 27 December 2019, according to additional agreements, the borrower changed; the parent company AMIC Energy Management GmbH became a new borrower.

21. LEASE LIABILITIES

Lease liabilities are discounted cash flows under long-term leases. The Company has obligations to legal entities under lease agreements for passenger cars, 1 gas station, office space, gas station area.

	31 December 2019	31 December 2018	01 January 2018
Lease liabilities	34 078	43 162	48 632
Less short-term lease liabilities	(7 171)	(6 744)	(5 768)
Long-term lease liabilities	**26 907**	**36 418**	**42 864**

In 2019, interest accrued on lease liabilities in the amount of UAH 5 176 thousand (2018: UAH 6 139 thousand) was recognized as a financial expense in the statement of comprehensive income (Note 33).

Information on the maturities of contractual lease liabilities is disclosed in Note 38.

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22. Trade payables

Current trade payables for goods, works, services as at 31 December are as follows:

	31 December 2019	31 December 2018	01 January 2018
Settlements with domestic suppliers	92 705	111 841	181 142
Settlements with foreign suppliers	164 517	263 486	257 253
	257 722	**375 327**	**438 395**

Terms of purchase of goods and services and payment for purchases did not change during 2018 - 2019. Trade payables are interest-free and are usually repaid within 30 days.

23. Current accounts payable

Other current accounts payable for goods, works and services as at 31 December 2019 are as follows:

	31 December 2019	31 December 2018	01 January 2018
Accounts payable on settlements with budget	4 739	39 230	30 264
Including withholding tax	-	34 491	25 545
Excise tax	1 408	990	703
Individual income tax	1 908	1 426	1 337
Other taxes	1 423	2 323	2 679
Accounts payable from insurance	2 675	2 561	1 342
Accounts payable from remuneration of labor	11 566	11 157	7 535
Accounts payable on advances received	96 101	68 891	82 096
	115 081	**121 839**	**121 237**

The item "Accounts payable for advances made" reflects liabilities on contracts with customers; the amount of such liabilities as of 31 December 2019 is UAH 96 101 thousand (as of 31 December 2018 - UAH 68 891 thousand). The Company's liabilities under contracts with customers are short-term; as such, all advances received on 1 January 2019 and 1 January 2018 were reflected in 2019 and 2018 revenue, respectively.

24. Current provisions

Current provisions as at 31 December 2019 consist of the following:

	31 December 2019	31 December 2018	01 January 2018
Current provisions for vacation pay	24 186	17 667	10 109
Current provisions for annual premium	17 247	13 717	-
Current provisions for retirement benefits	2 507	-	-
Current provisions for staff redundancies	457	-	-
Current provisions for litigation	1 825	-	-
	46 222	**31 384**	**10 09**

25. Other current liabilities

Other current liabilities as at 31 December consist of:

	31 December 2019	31 December 2018	01 January 2018
Short-term loans	186 752	3 027 989	2 955 479
Interest payable	-	1 995 700	1 570 623
Liabilities on the agreement to purchase financial investments	-	30 427	30 843
Other	1 478	768	13 018
	188 230	**5 054 884**	**4 569 963**

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26. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The following is information on monetary and non-monetary changes in liabilities arising from financial activities.

	Liabilities for short-term interest loans and borrowings	Liabilities for long-term interest loans and borrowings	Long-term part of obligations under lease agreements	Current part of long-term lease obligations	Total financial liabilities
01 January 2018	**3 165 272**	**7 774 026**	**42 864**	**5 768**	**10 987 930**
Cash flows:					-
additions	111 083	-	-	-	**111 083**
repayment	-	-	-	(11 907)	**(11 907)**
Payment of interest	-	-	-	-	-
Non-cash transactions:					
Reclassification	(2 349)	(6 598)	(6 744)	6 744	(8 947)
Change in exchange rates	(39 890)	(99 734)	-		(139 624)
Accrued interest	117 859	331 337	-	6 139	**455 335**
Discount amortization	-	51 749	-	-	**51 749**
Obligations commencement	-	-	298	-	**298**
31 December 2018	**3 351 976**	**8 050 780**	**36 418**	**6 744**	**11 445 918**
Cash flows:					-
additions	-	-	-	-	-
repayment	-	-	-	(11 681)	**(11 681)**
Payment of interest	-	-	-	-	
Non-cash transactions:					
Reclassification	(2 174 095)	2 208 587	(6 933)	6 933	**34 492**
Change in exchange rates	(474 710)	(1 062 154)	-	-	**(1 536 864)**
Accrued interest	46 917	102 689	-	5 176	**154 782**
Debt forgiveness	(326 354)	(1 551 636)	-	-	**(1 877 990)**
Accrual of discount	(346 063)	(1 251 978)	-	-	**(1 598 041)**
Write off of discount	-	678 480	-	-	**678 480**
Discount amortization	109 082	287 609	-	-	**396 691**
Return	-	-	(2 578)	-	**(2 578)**
31 December 2019	**186 753**	**7 462 377**	**26 907**	**7 172**	**7 683 209**

27. DEFERRED INCOME

Deferred income includes a provision charged under “My AMIC” loyalty program. “My AMIC” loyalty program operates at all AMIC Energy gas stations throughout Ukraine, except for the temporarily occupied territories of Donetsk and Luhansk oblasts and the Autonomous Republic of Crimea, and a few gas stations listed under “My AMIC” loyalty program. Fuel discounts are not provided at these gas stations, discounts on goods in the store at the gas station are accrued and can be used.

“My AMIC” loyalty card provides:

- Fuel discounts
- Discounts on coffee, hot dogs, croissants and other goods in the store at the gas station

Fuel discount

To get a loyalty card, it is enough to make a refueling for 10 liters and buy it for UAH 0.01 or buy it for UAH 15.00 without any purchase.

Fuel discount is provided under the following scale:

Accumulated liters for the current month	**Gasoline / Diesel fuel**	**Liquefied gas**
	UAH/l with VAT	**UAH/l with VAT**
from 0 to 29,99 l	1,50	0,10
from 30 to 59,99 l	2,00	0,30
from 60 l	3,00	0,50

Liters are accumulated during each calendar month. A participant accumulates liters refueled in total during the month on the individual account of the participant of the Loyalty Program "My AMIC", regardless of their number in each individual check.

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Participants can increase their individual discount by accumulating refilled liters. For the participant there are 3 levels with the corresponding threshold of accumulation of liters and the size of the discount.

At the end of each calendar month, the system automatically checks the liters accumulated by the participant. The amount of the discount is fixed for the entire next calendar month.

Accumulated liters are reset to zero. From the 1st of the next calendar month, the accumulation of liters begins with 0.

The program of loyalty to petroleum products as currently worded began in December 2018.

The provision was charged in December 2018 in the amount of UAH 17 412 UAH without VAT.

Discounts on related products and goods

Discounts on related products and goods of the group of cafes sold in the store at the gas station.

When buying related goods at the gas station, a bonus of 3% of the purchase amount is accrued.

Usage: 1 bonus = 0.01 hryvnia.

	Fuel discounts	Discounts for related products and goods	Total
Provision for loyalty as at 01 January 2018	**-**	**1 973**	**1 973**
Charged for the year	17 412	574	17 986
Used	-	(175)	(175)
Provision for loyalty as at 31 December 2018	**17 412**	**2 372**	**19 784**
Charged for the year 2019	9 498	904	10 402
Used	-	(322)	(322)
Provision written off due to the change of conditions	-	(2 954)	(2 954)
Provision for loyalty as at 31 December 2019	**26 910**	**-**	**26 910**

28. Sales revenue

Sales revenue for the year ended 31 December included the following:

	2019	**2018**
Sale of goods	8 102 339	7 156 712
Loyalty program	(7 127)	(17 811)
Services provided	38 400	17 478
	8 133 612	**7 156 379**

Revenues from sales of goods can be represented as follows:

	2019	**2018**
Retail sale of petroleum products	5 886 984	5 099 672
Wholesale of aviation fuel and petroleum products	1 699 659	1 677 419
Retail sale of non-combustible goods	508 569	361 810
	8 095 212	**7 138 901**

The Company sells petroleum products:

- retail for cash and non-cash account (bank cards, permit forms, Amic cards, cards of other issuers);
- big batch (railway tanks);
- small batch (tank trucks) from their own oil depots and warehouses.

The Company sells aviation fuel to Ukrainian and international airlines, has a Certificate of Conformity of the State Aviation Service of Ukraine according to which it provides services for refueling aircraft of airlines at the International Airport "Odessa". In addition, the Company sells aviation fuel at the airports IA "Boryspil", IA "Kharkiv", IA "Kyiv", IA "Lviv", IA "Kherson", IA “Chernivtsi”, IA “Vinnytsia” where it buys the service of refueling from other companies of aviation fuel supply. Aviation fuel is sold on both prepayment and deferred payment terms.

Non-fuel products (food, non-food group and cafe group) are sold in retail in stores at gas stations.

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29. Cost of sales

Cost of sales for the year ended 31 included:

	2019	2018
Retail sale of petroleum products	4 910 710	4 528 498
Wholesale of petroleum products and aviation fuel	1 595 828	1 557 449
Retail sale of non-fuel goods	369 986	262 227
	6 876 524	**6 348 174**

The item includes the cost related to the purchase of goods, import duty, excise duty in connection with the purchase of stocks, costs of transportation to the first place of storage.

30. Administrative expenses

Administrative expenses for the year ended 31 December, included:

	2019	2018
Wages and payroll	64 084	60 234
Provision	19 867	17 409
Audit and other professional services	10 712	5 787
Depreciation charges	8 883	5 255
Expenses under short-term and low-value lease agreements	4 522	3 619
IT services	3 714	3 492
Travel expenses	3 448	2 482
Utilities	3 058	3 405
Other expenses	3 058	2 911
Management costs	2 444	2 552
Representation costs	752	589
Banking services	468	794
	125 010	**108 529**

31. Distribution costs

Distribution costs for the year ended 31 December, included:

	2019	2018
Wages and payroll	303 050	232 972
Amortization	153 278	166 716
Transportation costs	100 362	78 527
Utilities	47 218	41 641
Taxes and duties	43 647	36 219
Aircraft refueling	37 154	59 152
Technical servicing	36 062	26 138
Banking services	31 856	23 766
Fuel and materials	27 454	21 759
Provision	26 857	21 522
Storage costs	19 758	13 806
IT services	11 732	5 695
Consulting and other services	10 794	1 075
Other expenses	9 238	10 203
Security	8 949	10 394
Expenses under short-term and low-value lease agreements	8 738	7 247
Advertising	8 117	6 269
Airport infrastructure services	3 718	3 718
Brand, licenses	1 381	1 548
Travel expenses	977	665
	890 340	**769 032**

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32. OTHER OPERATING INCOME AND EXPENSES

	2019	2018
Other operating income		
Result from debts written off	71 626	1 392
Result from change of exchange rates	26 527	164
Rental income	25 829	25 937
Result from sale of property, plant and equipment	4 827	1 655
Other operating income	2 305	1 691
Result from sale of currency	1 526	
	132 640	**30 839**
Other operating expenses		
Inventories written off	16 549	14 632
Other operating expenses	7 442	4 207
Fines and penalties	785	13 218
Result from sale of currency	-	4 974
	24 776	**37 031**

33. FINANCIAL INCOME AND EXPENSES

Financial income and expenses for the year ended 31 December included:

	2019	2018
Financial income		
Interest income on cash balances on accounts	5 046	259
	5 046	**259**
Financial expenses		
Amortization of discount of long-term debt	396 691	51 750
Loan related financial expenses	149 606	449 195
Financial expenses for using leased property	5 176	6 139
	551 473	**507 084**

34. OTHER INCOME AND EXPENSES

Other income and expenses for the year ended 31 December included:

	2019	2018
Other income		
Forgiveness of accrued interest (Note 20)	1 877 990	-
The result of changes in exchange rates	1 536 864	139 624
Other income	18 233	12 483
Insurance indemnity	900	427
	3 433 987	**152 534**
Other expenses		
Residual value of non-current assets disposed of	190	343
	190	**343**

35. INCOME TAX GAIN/(EXPENSES)

The current corporate income tax rate in 2019 was approved by the Tax Code of Ukraine at 18%. Deferred tax assets and liabilities as at 31 December 2019 were measured at the tax rates that are expected to apply to the period when the temporary differences are expected to be realized. The components of deferred tax assets and liabilities are presented as follows:

	31 December 2019	Reported in net profit	31 December 2018	Reported in net profit	01 January 2018
Deferred tax assets					
Intangible assets	286	(113)	399	163	236
Deferred tax liabilities					
Property, plant and equipment	86 787	5 186	91 973	8 580	100 553
Net deferred tax liabilities	**86 501**	**5 073**	**91 574**	**8 743**	**100 317**

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Income tax gains are stated as follows:

	2019	2018
Current income tax expenses	-	-
Deferred income tax	5 073	8 743
Income tax gain	**5 073**	**8 743**

The effective income tax rate differs from the statutory income tax rates. Reconciliation of income tax expenses based on the statutory rates with the actual one:

	2019	2018
Profit/(loss) before tax	3 240 362	(428 595)
Income tax/(loss) at the rate of 18%	583 265	(77 147)
Decrease (increase) of non-recognized tax losses	(747 295)	(53 703)
Expenses not included in gross ones	169 103	139 593
Income tax gain	**5 073**	**8 743**

Deferred tax assets not recognized in the separate financial statements:

	2019	Changes for the year	2018	Changes for the year	2017
Tax losses	568 914	(747 295)	1 262 506	(53 703)	1 316 209

36. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercises joint control or has significant influence on the other party.

The following are amounts of related party debts and transactions.

Debt as at 31 December 2019:

	Parent company	Subsidiaries	Other companies	Total
Accounts receivable for products, goods, works, services	-	52 006	-	52 006
Other long-term liabilities on loan without taking a discount into account	7 405 748	-	-	7 405 748
Current accounts payable on:				
Long-term liabilities	663 214	-	-	663 214
Goods, works, services	31 525	2 640	-	34 165
Other current liabilities	190 911	-	-	190 911
	8 291 398	**54 646**	**-**	**8 346 044**

Debt as at 31 December 2018:

	Parent company	Subsidiaries	Other companies	Total
Accounts receivable for products, goods, works, services	-	400	-	400
Accounts receivable for advances made	-	2556	-	2 556
Other long-term liabilities on loan without taking a discount into account	-	-	6 627 488	6 627 488
Current accounts payable on:				
Long-term liabilities	-	-	-	-
Goods, works, services	92 798	7 302	-	100 100
Current accounts payable on advances received	-	10 528	-	10 528
Other current liabilities	-	-	5 023 689	5 023 689
	92 798	**20 786**	**11 651 177**	**11 764 761**

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Debt as at 01 January 2018:

	Parent company	Subsidiaries	Other companies	Total
Accounts receivable for products, goods, works, services	-	166	-	166
Other long-term liabilities on loan without taking a discount into account	-	-	4 309 927	4 309 927
Current accounts payable on:				
Long-term liabilities	-	-	2 408 268	2 408 268
Goods, works, services	124 958	28 350	134	153 442
Current accounts payable on advances received	-	9 195	-	9 195
Other current liabilities	-	-	4 526 102	4 526 102
	124 958	**37 711**	**11 244 431**	**11 407 100**

Income and expenses from related party transactions for 2019:

	Parent company	Subsidiaries	Other companies	Total
Purchases	1 065 079	1 275		1 066 354
Distribution costs	1 381	22 819		24 200
Financial expenses	-	-	149 606	149 606
	1 066 460	**24 094**	**149 606**	**1 240 160**

Income and expenses from related party transactions for 2018:

	Parent company	Subsidiaries	Other companies	Total
Purchases	1 353 421	41		1 353 462
Distribution costs	1 548	51		1 599
Financial expenses	-	-	449 195	449 195
	1 354 969	**92**	**449 195**	**1 804 256**

Loans received from related parties

As at 31 December 2019 and 31 December 2018, loans received by the Company from a related party AMIC FINANCE LTD (non-banking institutions), are presented as follows:

Type	Interest rate 2019	Interest rate 2018	Currency	Maturity term	31 December 2019	31 December 2018	01 January 2018
Long-term loan	1,80%	5%	USD	20.12.2024	5 006 336	6 627 488	4 309 927
Long-term loan	1,80%		USD	31.05.2022	2 399 412		
Short-term debt on long-term loan	1,80%	5%	USD	20.12.2024	663 214	-	2 408 268
Short-term loan	1,80%	LIBOR1M+2%	USD	30.11.2020	190 911	2 804 822	2 843 210
Short-term loan	1,80%	LIBOR1M+2%	USD	30.11. 2019	-	223 167	112 269
Interest payable					-	1 995 700	1 570 623
Total loans from related parties					**8 259 873**	**11 651 177**	**11 244 297**

Included in equity (Note 19) are additional capital receipts from the Group's companies related to the loans.

Transactions with key management personnel

The key management personnel include individuals who have the authority and responsibility for planning, management and control of the Company's activities.

For the year ended 31 December 2019, key management personnel comprised of 10 persons (2018: 11 persons) received the following remunerations:

	2019	2018
Short-term employee benefits		
Salary and bonuses	**27 947**	**22 887**

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37. Contingent and other obligations

Tax and legal issues

Ukrainian tax laws and transactions evolve with the transition to a market economy. Laws and regulations adopted are not always clear and their interpretation depends on the views of local, regional and central authorities and other state bodies. Often the views of different bodies on a particular issue do not coincide. Management believes that the Company complied with all regulations, and all statutory taxes were accrued and paid. In cases where the procedure for accrual of tax liabilities was not clear enough, the Company accrued tax liabilities based on management estimates.

Litigation

During its ordinary business activities, the Company is a party to several litigation and disputes. Management believes that the final liabilities that may arise from these litigation or disputes will not have a material impact on the Company's financial position or performance.

Investment obligations

As at 31 December 2019 and 31 December 2018, the Company had no investment obligations to buy new equipment.

Insurance

The Company's insurance program is intended to cover most of the risks inherent in the Company's operations, without any significant gaps in such coverage. The main operational risks of the Company are covered by policies for indemnity and civil liability.

Environmental issues

Environmental legislation continues to evolve in Ukraine. The Company periodically assesses its obligations under environmental legislation. Contingencies that may arise as a result of changes in statutes in place, civil litigations or legislative changes cannot be estimated, but their impact may be significant. In the current situation with the enforcement of existing legislation, management believes that the Company has met all state environmental requirements. Accordingly, the Company has no significant environmental obligations.

38. Financial risk management and capital management

Main categories of financial instruments

The main financial instruments of the Company are trade and other current receivables, cash and cash equivalents, trade payables, accrued liabilities and other accounts payable, bank loans. The main purpose of these financial instruments is to obtain financing for the operating activities of the Company.

Financial instruments by valuation categories as at 31 December 2019, 31 December 2018 and 01 January 2018 are presented as follows:

	31 December 2019	31 December 2018	01 January 2018
Financial assets			
At amortized cost:			
Long-term receivables	4 445	6 836	9 148
Cash and cash equivalents	206 734	41 978	36 420
Accounts receivable for products, goods, works, services	119 723	51 287	52 975
Other current receivables	1 067	2 863	2 826
	331 969	**102 964**	**101 369**
Financial liabilities			
Financial liabilities at amortized cost			
Long-term liabilities under loan agreements	6 799 163	6 379 067	4 004 928
Long-term liabilities under lease agreements	26 907	36 418	42 864
Current debt on long-term liabilities	670 385	6 744	2 414 036
Current debt on loans	186 752	5 023 689	4 526 102
Current accounts payable for goods, works, services	257 722	375 327	438 395
Other current liabilities	1 478	31 195	43 861
	7 942 407	**11 852 440**	**11 470 186**

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The main risks that arise when using the Company's financial instruments are credit risk, interest rate risk, currency risk and liquidity risk.

Credit risk

The main financial assets of the Company are cash and receivables. Cash is valued with minimal credit risk since it is placed in banks with high ranking.

The maximum credit risk as at 31 December 2019 and 31 December 2018 is presented as follows:

	31 December 2019	31 December 2018	01 January 2018
Long-term receivables	4 445	6 836	9 148
Cash and cash equivalents, net cash on hand	201 603	38 273	33 367
Accounts receivable for products, goods, works, services	119 723	51 287	52 975
Other receivables	1 067	2 863	2 826
Total financial assets	**326 838**	**99 259**	**98 316**

The Company structures the levels of credit risk that it assumes, setting limits on the amount of risk taken against one or a group of customers. Limits at the level of credit risk by type of client are regularly approved by the Company's management.

Interest rate risk

Changes in interest rates mainly affect loans and borrowings, varying either their fair value (loans at fixed interest rates) or future cash flows (loans at floating interest rates).

The Company's policy on interest rate risk management is to obtain loans at both fixed and variable interest rates. When receiving new loans or borrowings, management makes a decision based on what interest rate — fixed or variable — in its opinion, will be more favorable to the Company during the expected period before debt maturity.

The Company is exposed to interest rate risk on loans with variable interest rates. In the event of an increase in the interest rate on such loans by 100 basis points as of 31 December 2019 and 2018, interest expenses would increase by UAH 82 265 thousand and UAH 95 880 thousand, respectively. Reducing the interest rate by 100 basis points would reduce interest expenses by the same amounts.

Currency risk

The Company is exposed to the currency risk on purchases, balances on bank accounts and loans denominated in foreign currencies. The currency causing this risk is, basically, the US dollar. According to Ukrainian legislation, the Company's ability to hedge currency risk is limited; as such, the Company does not hedge its currency risk.

The carrying amount of the Company's monetary assets and liabilities denominated in foreign currencies as at 31 December 2019, 31 December 2018 and 01 January 2018 is presented in national currency as follows:

	31 December 2019		31 December 2018		01 January 2018	
Assets	USD	EUR	USD	EUR	USD	EUR
Cash and cash equivalents	70 131	1 133	427	238	2 252	170
Trade receivables	9 337	186	7 261	-	8 755	-
Total assets	**79 468**	**1 319**	**7 688**	**238**	**11 007**	**170**
Liabilities						
Long-term liabilities under loan agreement	(6 799 163)	-	(6 379 067)	-	(4 004 928)	-
Short-term loans	(849 965)	-	(5 023 689)	-	(6 934 370)	-
Trade accounts payable	(131 732)	(32 364)	(170 132)	(93 354)	(130 095)	(127 158)
Total liabilities	**(7 780 860)**	**(32 364)**	**(11 572 888)**	**(93 354)**	**(11 069 393)**	**(127 158)**
Net position	**(7 701 392)**	**(31 045)**	**(11 565 200)**	**(93 116)**	**(11 058 386)**	**(126 988)**

The level of sensitivity is an assessment by management of possible changes in exchange rates.

This sensitivity analysis includes only outstanding balances of monetary assets denominated in foreign currencies and calculates the effect of their translation into the presentation currency at the end of the period, taking into account +10% growth in exchange rates. The table below presents the Company's

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sensitivity to the weakening of the Ukrainian hryvnia against the US dollar and the Euro.

	USD	EUR
Profit/(loss) as at 1 January 2018, UAH	(1 131 270)	(12 699)
Profit/(loss) as at 31 December 2018, UAH	(1 175 191)	(9 312)
Profit/(loss) as at 31 December 2019, UAH	(770 139)	(3 105)

In the case of strengthening of the hryvnia to foreign currencies, the impact on profit/loss will be the same, but with a different sign.

Liquidity risk

This is the risk that the Company will not be able to pay off its obligations as they arise. The liquidity position of the Company is carefully monitored and managed. The Company uses the detailed budgeting and cash flow forecasts to ensure that adequate means are available to meet its payment obligations. Most of the Company's expenses are variable and depend on the volume of finished products sold.

The following are the financial liabilities of the Company as at 31 December 2019 by maturity on the basis of contractual amounts of payments:

	Contractual cash flows				
	Up to 3 months	Up to 6 months	Up to 12 months	More than a year	TOTAL
Interest loans and borrowings	202 871	202 871	592 609	7 872 098	8 870 449
Current accounts payable for goods, works, services	257 722				257 722
Other current liabilities	1 478				1 478
Liabilities under lease agreements	2 812	2 812	5 624	32 566	43 814
	464 883	**205 683**	**598 233**	**7 904 664**	**9 173 463**

The following are the financial liabilities of the Company as at 31 December 2018 by maturity on the basis of contractual amounts of payments:

	Contractual cash flows				
	Up to 3 months	Up to 6 months	Up to 12 months	More than a year	TOTAL
Interest loans and borrowings	2 068 180	2 941 507	392 701	8 275 578	13 677 966
Current accounts payable for goods, works, services	375 327	-	-	-	375 327
Other current liabilities	31 195	-	-	-	31 195
Liabilities under lease agreements	3 018	3 018	6 037	46 744	58 817
	2 477 720	**2 944 525**	**398 738**	**8 322 322**	**14 143 305**

The following are the financial liabilities of the Company as at 01 January 2018 by maturity on the basis of contractual amounts of payments:

	Contractual cash flows				
	Up to 3 months	Up to 6 months	Up to 12 months	More than a year	TOTAL
Interest loans and borrowings	4 160 806	3 257 676	489 659	5 497 704	13 405 845
Current accounts payable for goods, works, services	438 395	-	-	-	438 395
Other current liabilities	43 861				43 861
Liabilities under lease agreements	2 976	2 976	5 952	58 465	70 369
	4 646 038	**3 260 652**	**495 611**	**5 556 169**	**13 958 470**

Capital management

The Company manages its capital to ensure the Company's business as a going concern and simultaneously maximize shareholders' profits by optimizing the debt to equity ratio. The Company's management regularly reviews its capital structure. Based on the results of such a review, the Company takes steps to balance the overall capital structure by obtaining new loans or repaying existing debt.

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The Company's management monitors the capital structure by controlling the debt to equity ratio as shown below:

	31 December 2019	31 December 2018	01 January 2018
Total liabilities	8 217 121	13 677 966	13 405 845
Less cash and cash equivalents	(206 734)	(41 978)	(36 420)
Net debt	8 010 987	13 635 988	13 369 425
Total equity	**(5 631 418)**	**(9 796 398)**	**(9 376 546)**

39. FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below presents a hierarchy of the fair value measurement of the Company's assets and liabilities:

31 December 2019	In the statement of financial position	Level 1	Level 2	Level 3	TOTAL
Financial assets whose fair value is stated					
Long-term receivables	4 445	-	4 445	-	4 445
Cash and cash equivalents	206 734	-	206 734	-	206 734
Accounts receivable for products, goods, works, services	119 723	-	119 723	-	119 723
Other receivables	1 067	-	1 067	-	1 067
	331 969	**-**	**331 969**	**-**	**331 969**
Financial liabilities whose fair value is stated					
Loan related long-term liabilities	6 799 163	-	6 799 163	-	6 799 163
Current debt on long-term liabilities	663 214	-	663 214	-	663 214
Current debt on loans	186 752	-	186 752	-	186 752
Current accounts payable for goods, works, services	257 722	-	257 722	-	257 722
Other current liabilities	1 478	-	1 478	-	1 478
	7 908 329	**-**	**7 908 329**	**-**	**7 908 329**

31 December 2018	In the statement of financial position	Level 1	Level 2	Level 3	TOTAL
Financial assets whose fair value is stated					
Long-term receivables	6 836	-	6 836	-	6 836
Cash and cash equivalents	41 978	-	41 978	-	41 978
Accounts receivable for products, goods, works, services	51 287	-	51 287	-	51 287
Other receivables	2 863	-	2 863	-	2 863
	102 964	**-**	**102 964**	**-**	**102 964**
Financial liabilities whose fair value is stated					
Long-term liabilities on loan agreements	6 379 067	-	6 379 067	-	6 379 067
Current debt on loans	5 023 689	-	5 023 689	-	5 023 689
Current accounts payable for goods, works, services	375 327	-	375 327	-	375 327
Other current liabilities	31 195	-	31 195	-	31 195
	11 809 278	**-**	**11 809 278**	**-**	**11 809 278**

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1 January 2018	In the statement of financial position	Level 1	Level 2	Level 3	TOTAL
Financial assets whose fair value is stated					
Long-term receivables	9 148	-	9 148	-	9 148
Cash and cash equivalents	36 420	-	36 420	-	36 420
Accounts receivable for products, goods, works, services	52 975	-	52 975	-	52 975
Other receivables	2 826	-	2 826	-	2 826
	101 369	**-**	**101 369**	**-**	**101 369**
Financial liabilities whose fair value is stated					
Long-term liabilities on loan agreements	4 004 928	-	4 004 928	-	4 004 928
Current debt on long-term liabilities	2 408 268	-	2 408 268	-	2 408 268
Current loan debt	4 526 102	-	4 526 102	-	4 526 102
Current accounts payable for goods, works, services	438 395	-	438 395	-	438 395
Other current liabilities	43 861	-	43 861	-	43 861
	11 421 554	**-**	**11 421 554**	**-**	**11 421 554**

In 2019 and 2018, there were no reclassifications between Levels 1, 2 and 3 of the fair value hierarchy.

Financial assets whose fair value is disclosed

Cash and cash equivalents are carried at amortized cost, which is approximately equal to their current fair value.

The estimated fair value of fixed interest rate instruments is based on the method of discounting expected future cash flows, applying effective interest rates in the loan market for new instruments that provide the same credit risk and the same maturity. Discount rates depend on the credit risk of the buyer. The carrying amount of trade receivables is equal to their fair value.

Financial liabilities whose fair value is disclosed

Fair value is estimated on the basis of market quotations, if any. The estimated fair value of fixed interest rate instruments with a fixed maturity that do not have a market quotation is based on discounting the estimated cash flows using interest rates for new instruments with the same level of credit risk and a specific maturity date. The carrying amount of financial liabilities is equal to their fair value.

40. EVENTS AFTER THE REPORTING DATE

SARS-CoV-2 coronavirus epidemic

At the end of 2019, the SARS-CoV-2 coronavirus epidemic began, starting in China, and in early 2020, becoming a pandemic and spreading world-wide. In order to contain the effects of the pandemic, significant restrictive measures have been introduced in most countries of the world. All the financial, economic and physical measures aimed at protecting the lives of the population are slowing down the pace of global economic development and could cause a global economic crisis. At present, it is impossible to reliably estimate the duration of restrictive measures and the potential impact of the current situation on the economy of particular countries and business environment of legal entities and individuals.

On 11 March 2020, the Cabinet of Ministers of Ukraine adopted a Resolution “On Prevention of COVID-19 Coronavirus Spread in Ukraine”, whereby a quarantine was instituted in Ukraine from 12 March to 3 April 2020 with an option to extend. On 17 March 2020, the Law of Ukraine “On Amendments to Certain Legislative Acts of Ukraine aimed at Preventing the Emergence and Spread of Coronavirus Disease (COVID-19)” was adopted, whereby some laws of Ukraine were amended. On 25 March, the Cabinet of Ministers of Ukraine extended the quarantine until 24 April 2020 and introduced a state of emergency throughout Ukraine. Now the quarantine has been extended by the Government until 31 August 2020.

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In the face of continuing Covid-19 epidemic and during the quarantine period, business conditions are significantly complicated due to significant prohibitions aimed at preventing the spread of the disease, thus significantly affecting the Company’s operations. In addition, there is a significant risk that, due to the spread of the disease, the Company's employees will be exposed to the risk of illness and inability to fulfill their responsibilities for some period of time.

Part of the Company's gas stations is concentrated in Ivano-Frankivsk and Chernivtsi oblasts, where an emergency situation has been declared and a large number of people have been diagnosed with Covid-19 coronavirus. The Company's management took measures to prevent a significant impact of the events occurring during the epidemic on the activities of the Company, but the management cannot reliably estimate the impact of the current situation on the activities of the Company.

The Company constantly analyzes the market situation and models different actions and decisions depending on the scenario.

According to the results of first six months of 2020, the operating income of the Company exceeds by UAH 90 million or 67% of the approved by shareholders budget of the Company for 2020. The Company's facilities continue to operate on a full-time basis, also in the air segment, where the Company operates (refueling) cargo and charter flights even during the quarantine period.

Sales of petroleum products based on results of first six months of 2020 are almost at the level approved by shareholders for 2020; in May-June 2020, the Company increased in demand for petroleum products in retail and wholesale segments compared to the same period last year (May-June 2019).

The Company has long-term contracts for the supply of major types of petroleum products in 2020 with formula pricing according to current world quotations. This minimizes risks, and enables to maintain fuel stocks at the appropriate level necessary for the smooth operation of sales facilities, allows to avoid losses and deterioration of working capital in the event of force majeure.

Currently, the Company’s management believes that the Company will be able to continue as a going concern and that the Company's separate financial statements do not require any adjustments due to the restrictions imposed by the current circumstances on the Company’s operations and the Company and its counterparties' inability to fulfill their responsibilities on time and in full.

The Company's management constantly monitors the current situation. In case of a material change in the current situation, or the imposition of a state of emergency or other events that will materially affect the operations of the Company, the management will evaluate the impact of those events on the Company's operations and decide on the necessity to adjust these separate financial statements and disclose such information.

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