

**Company Registration No. 2597025**

**OMV Supply & Trading Limited**

**Annual Report and Financial Statements**

**For the Year Ended 31 December 2017**



**OMV Supply & Trading Limited**  
**Report and Financial Statements 2017**

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# **OMV Supply & Trading Limited**

## **Officers and professional advisers**

### **Directors**

Manfred Leitner  
Andreas Schwingshackl  
Oliver Dillenz  
Clifford Evans  
Michael Melzer-Worell

### **Secretary**

Michael Melzer-Worell

### **Registered Office**

10 Bressenden Place  
London  
SW1E 5DH

### **Bankers**

Citigroup Centre  
33 Canada Square  
Canary Wharf  
London  
E14 5LB

### **Solicitors**

Holman Fenwick Willan LLP  
Friary Court  
65 Crutched Friars  
London  
EC3N 2AE

### **Auditors**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

# OMV Supply & Trading Limited

## Strategic Report

The Directors present their Strategic Report for the year ended 31 December 2017.

### Results

The profit for the year after taxation was USD 781 thousand which, when added to the retained profit brought forward at 1 January 2017 of USD 22,957 thousand gives a total retained profit carried forward at 31 December 2017 of USD 23,739 thousand.

### Principal activities and review of the business

OMV Supply & Trading Limited (the "Company") is a wholly owned subsidiary of OMV Refining and Marketing GmbH, a company incorporated in Austria, the ultimate parent is OMV Aktiengesellschaft, a company incorporated in Austria. The Company is incorporated in the United Kingdom having its registered address in London, 10 Bressenden Place.

During the year under review the principal activities of the Company were the marketing, supply and trading of crude oil and refined oil products with the purpose of supplying crude oil to OMV group refineries, refined oil products to retail networks and commodity price risk management services to OMV group companies.

The results of the Company for the year, as set out on page 10, show a profit for the financial year of USD 781 thousand (2016: USD 21,314 thousand). The shareholders' funds of the Company as per 31 Dec. 2017 total USD 50,473 thousand (31 Dec. 2016: USD 49,692 thousand).

The Company's key financial and other performance indicators during the year were as follows:

### Strategic Report

	2017	2016		
	\$000	\$000	Δ in \$000	Δ in %
Turnover	6,248,971	5,448,390	800,580	15
Operating profit	2,221	17,252	(15,031)	(87)
Profit for the financial year	781	21,314	(20,533)	(96)
Total equity	50,473	49,692	780	2

For the financial year 2017 turnover has increased by USD 800,580 thousand to USD 6,248,971 thousand driven by higher crude and refined oil product prices with comparable volumes to 2016. Profitability decreased by USD 15,031 thousand to USD 2,221 thousand due to divestment of Petrol Ofisi A.S from the OMV group which formed part of the supply assets of the Company and a reorganisation which led to lower proprietary trading in the second half 2017. Net operating cost of USD 11,885 thousand was lower by USD 3,052 thousand than in 2016 as other operating income increased by USD 2,633 thousand which was the main driver behind this change.

# OMV Supply & Trading Limited

## Strategic Report (continued)

### Business Strategy

The Company's success is dependent on providing expert services to other OMV Group companies and third parties through the supply and marketing of crude oil, refined oil products and commodity price management services.

The Company recognises that to participate in these markets specialist knowledge is required in order to successfully meet goals. To support this strategy the business is structured into teams which match knowledge to the operations and markets the Company participates in.

Due to the requirement of market knowledge the Company is largely dependent on staff expertise which the Company continues to support and develop.

Technology and market information is critical in enabling effective decision making and execution in markets. The Company continues to invest and review appropriate systems and information to ensure they are fit for purpose.

### Principal risks and uncertainties

#### Credit Risk

As principal activities are to other OMV Group companies the financial risk of ceasing operations due to insufficient cash flows is reduced. The commercial counterparty credit risk is the responsibility of specific departments that monitor, evaluate and authorise risk limits based on classes of counterparties and ratings provided by major agencies. Trade finance instruments are used, where appropriate, to mitigate exposure to third party credit risk.

The Company is supported by the OMV Group to provide financial assistance if required, for meeting any liabilities that cannot be covered.

#### Financial risk management

The company is exposed to a number of different financial risks arising from natural business exposures as well as its use of financial instruments including market risks relating to commodity prices. Further details of these risks are included within OMV AG Annual Report 2017 Note 14 Interest rate risk management and derivatives.

#### Operational risk management

The uncertainties of oil prices and markets are typical to an oil trading company, and require managing or mitigating to ensure quality of professional services provided. The Company applies OMV Group policies in respect of risk management.

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management, risk management and internal audit.

The principal risks to quality of the Company's trading services arise from inaccurate pricing, regional and global events, market price fluctuations and ancillary services of contract operations, including freight & logistics. These risks are covered by the comprehensive risk management policies described above.

Approved by the Board of Directors and signed on behalf of the Board

  
Clifford Evans  
Managing Director

  
Michael Melzer-Worell  
Finance Director

31<sup>st</sup> May 2018

# **OMV Supply & Trading Limited**

## **Directors' Report**

The Directors present their report for the year ended 31 December 2017.

The strategic report on page 2 contains details of the principal activity of the Company and provides detailed information on the development of the Group's business during the year and details of exposure to risks and uncertainties and indications of likely future developments.

### **Directors of the company**

The current directors of the company are shown on page 1.

There have been no director appointments or resignations since 1 January 2017.

### **Director's indemnity**

The company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006. Such qualifying third party indemnity provisions for the benefit of the company's directors remain in force at the date of this report.

### **Dividends**

The company has not declared any dividends during the year (2016: USD 27,095 thousand). The directors do not propose the payment of a dividend.

### **Financial instruments**

In accordance with the section 414C of the Companies Act 2006 the directors have included information regarding financial instruments as required by Schedule 7 (Part 1.6) of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulation 2008 in the strategic report under Financial risk management.

### **Future developments**

The directors aim to maintain the management policies which have resulted in the company's stability in recent years. They believe that the company is in a good position to take advantage of any opportunities which may arise in the future.

It is the intention of the directors that the business of the company will continue for the foreseeable future.

### **Going concern**

The Company transacts with several OMV Group companies as described above and receives arm's-length remuneration from these companies. Furthermore, the Company can capitalise on the skills and experience of its staff by generating income from optimisation and trading business in its own name.

The directors anticipate that the Company will continue to make a profit in future periods. The Company continues to be in a net assets position and holds sufficient cash to fund its on-going activities.

Accordingly, after making enquiries the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the directors continue to adopt the going concern basis in preparing the Directors' Report and Financial Statements.

# OMV Supply & Trading Limited

## Directors' Report (continued)

### Director's statement as to the disclosure of information to auditors

The directors who were members of the board at the time of approving the director's report are listed on page 1. Having made enquiries of fellow directors and of the company's auditor, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of the auditor's report of which the company's auditor is unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

Ernst & Young LLP have expressed their willingness to continue in office as the company's auditors and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board



Clifford Evans  
Managing Director



Michael Melzer-Worell  
Finance Director

31<sup>st</sup> May 2018

# **OMV Supply & Trading Limited**

## **Statement of Directors' Responsibilities**

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that they have complied with these requirements and, having a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next 12 months from the date these financial statements were approved, continue to adopt the going concern basis in preparing the financial statements.



# **Independent Auditor's Report to the members of OMV Supply & Trading Limited**

## **Year ended 31 December 2017**

### **Opinion**

We have audited the financial statements of OMV Supply & Trading Limited for the year ended 31 December 2017 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinion we have formed.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

# **Independent Auditor's Report to the members of OMV Supply & Trading Limited (continued)**

## **Year ended 31 December 2017**

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

**Independent Auditor's Report to the members of OMV Supply & Trading Limited (continued)**  
**Year ended 31 December 2017**

includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Signature

Andrew Woosey (Senior Statutory auditor)

**for and on behalf of Ernst & Young LLP, Statutory Auditor**

London

4.6.18

**OMV Supply & Trading Limited**  
**Profit and Loss Statement**  
**For the year ended 31 December 2017**

	Note	<u>2017</u> <u>\$000</u>	<u>2016</u> <u>\$000</u>
Turnover	(3)	6,248,971	5,448,390
Cost of sales		<u>(6,234,865)</u>	<u>(5,416,201)</u>
Gross profit		<u>14,106</u>	<u>32,189</u>
Distribution costs	(6)	(13,728)	(14,090)
Administrative expenses	(6)	(3,951)	(4,528)
Other operating expenses		(1,849)	(1,329)
Other operating income		7,643	5,010
Net operating cost	(5)	<u>(11,885)</u>	<u>(14,937)</u>
Operating profit		<u>2,221</u>	<u>17,252</u>
Interest receivable and similar income	(4)	8,335	4,954
Interest payable and similar cost	(4)	(8,377)	(6,579)
Profit on ordinary activities before taxation		<u>2,180</u>	<u>15,627</u>
Tax (expense) / income	(7)	<u>(1,398)</u>	<u>5,687</u>
<b>Profit for the financial year</b>		<u><b>781</b></u>	<u><b>21,314</b></u>

The profit of USD 781 thousand for the year ended 31 December 2017 was derived in its entirety from continuing operations.

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

There is no comprehensive income attributable to the shareholders of the company other than profit for the year.

# OMV Supply & Trading Limited

## Balance Sheet 31 December 2017

		31-Dec-17	31-Dec-16
	Note	\$000	\$000
<i>Fixed assets</i>			
Tangible assets	(8)	653	941
		<u>653</u>	<u>941</u>
<i>Current assets</i>			
Stocks	(9)	242,140	337,995
Trade debtors	(10)	352,944	382,692
Other debtors including tax	(10)	70,716	97,827
Financial instruments	(14)	8,035	33,039
Prepayments and accrued income	(10)	1,865	420
Current intercompany receivable		243,757	503,127
Income tax receivable		916	8,650
Deferred tax assets		142	-
Cash at bank and in hand		4,115	59,443
		<u>924,632</u>	<u>1,423,193</u>
<i>Creditors: amounts falling due within one year</i>			
Intercompany loan		7	53,733
Trade creditors	(11)	826,552	1,235,543
Other creditors	(11)	30,632	54,925
Financial instruments	(14)	15,118	27,369
Accruals and deferred income	(11)	2,502	2,871
		<u>874,812</u>	<u>1,374,442</u>
<i>Net assets</i>		<u>50,473</u>	<u>49,692</u>
<i>Capital and reserves</i>			
Share capital	(12)	26,735	26,735
Retained earnings		23,739	22,957
<i>Total equity</i>		<u>50,473</u>	<u>49,692</u>

These financial statements of OMV Supply & Trading Limited, registered number 2597025 were approved and issued by the Board of Directors on 31 May 2018.

Signed on behalf of the Board of Directors

Clifford Evans  
Managing Director

Michael Melzer-Worell  
Finance Director

# OMV Supply & Trading Limited

## Statement of Changes in Equity 31 December 2017

	Note	Called up share capital	Profit and Loss Account	Total
		\$000	\$000	\$000
Balance at 1 January 2016		26,735	28,738	55,473
Profit for the year, representing total comprehensive income			21,314	21,314
Equity dividends paid			(27,095)	(27,095)
Balance at 31 December 2016		26,735	22,957	49,692
Profit for the year, representing total comprehensive income			781	781
Balance at 31 December 2017	(12)	26,735	23,739	50,473

# OMV Supply & Trading Limited

## Notes to Financial Statement 31 December 2017

### 1. Authorisation of financial statements and statement of compliance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)

The financial statements of OMV Supply & Trading Limited for the year ended 31 December 2017 were approved by the board of directors on 31 May 2018 and the balance sheet was signed on the board's behalf by Directors Clifford Evans and Michael Melzer Worell. OMV Supply and Trading Limited is a private company incorporated, domiciled and registered in England (registered number 2597025). The company's registered office is at 10 Bressenden Place, London SW1E 5DH. These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the provisions of the Companies Act 2006.

### 2. Significant accounting policies, judgements, estimates and assumptions

The particular accounting policies adopted which have been applied consistently throughout the current and preceding year, are described below.

#### Accounting convention

The financial statements are prepared under the historical cost convention. Historical costs is generally based on the fair value of the consideration given in exchange for the assets.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to the requirements of:

#### a) IFRS 7 Financial instruments: Disclosures

Under the provisions of Financial Reporting Standard 101 Reduced Disclosure Framework, paragraph 8(d) the company has not disclosed Financial instruments because its ultimate holding company, OMV Aktiengesellschaft, has prepared publicly available consolidated financial statements which include the results of OMV Supply & Trading Limited.

#### b) IAS 7 Statement of Cash Flows

Under the provisions of Financial Reporting Standard 101 Reduced Disclosure Framework, paragraph 8(h) the company has not prepared a cash flow statement because its ultimate holding company, OMV Aktiengesellschaft, has prepared publicly available consolidated financial statements which include the results of OMV Supply & Trading Limited.

#### c) Paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to standards not yet effective;

#### d) Paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;

#### e) Paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a) (iv) of IAS 1;

#### f) Paragraphs 91-99 of IFRS 13 Fair Value Measurement;

#### g) paragraph 17 and 18A of IAS 24 Related Party Disclosures;

#### h) IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of the group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

The financial statements are presented in US dollars and all values are rounded to the nearest thousand dollars (\$ 000).

# OMV Supply & Trading Limited

## Notes to Financial Statement (continued) 31 December 2017

### Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least the next 12 months from the date these financial statements were approved and the financial statements have therefore been prepared under the going concern basis.

### Tangible fixed assets

Fixed assets are stated at cost net of depreciation and any provision for impairment.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Short-term leasehold improvements	10 years (10% per annum)
Office equipment:	
- computer hardware	4 years (25% per annum)
- computer software	2 years (50% per annum)
- mobile phones	2 years (50% per annum)
Motor vehicles	3 years (33% per annum)
Fixtures and fittings	6.6 years (15% per annum)

### Inventories

Inventories are recognized at the lower of cost and net realizable value using the average price method for purchases.

### Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### Pension costs

For defined contribution schemes, the amount charged to the profit and loss account, in respect of pension costs and other post-retirement benefits, is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown either as accruals or prepayments in the balance sheet.

Further information on pension arrangements is provided in note 16.

### Foreign currency

Transactions denominated in foreign currencies are recorded at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.



## **OMV Supply & Trading Limited**

### **Notes to Financial Statement (continued)** **31 December 2017**

#### **Turnover**

Turnover comprises the value of sales from marketing and trading of crude oil and refined oil products with the purpose of supplying crude oil to OMV group refineries, refined oil products to retail networks and commodity price risk management services to OMV group companies.

#### **Leases**

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term, even if the payments are not made on this basis. Further information on charges in the year and future commitments are given in note 5 and note 16 respectively.

# OMV Supply & Trading Limited

## Notes to Financial Statement (continued) 31 December 2017

### 3. Turnover

	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
Sales revenue	6,234,205	5,438,886
Recharged costs	14,766	9,504
	<b>6,248,971</b>	<b>5,448,390</b>

### 4. Interest income and expense

#### Interest receivable and similar income

	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
Interest income from affiliated companies	3,788	2,588
Foreign currency exchange gains from financing activities	4,426	1,788
Other interest income	121	578
	<b>8,335</b>	<b>4,954</b>

#### Interest payable and similar cost

	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
Interest expense supplier finance	(4,719)	(2,767)
Interest expense from affiliated companies	(647)	(1,033)
Other interest expenses	(42)	(432)
Foreign currency exchange losses from financing activities	(2,969)	(2,347)
	<b>(8,377)</b>	<b>(6,579)</b>

### 5. Operating profit

This is stated after charging / (crediting):

	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
Salaries & statutory social expense	(5,231)	(5,717)
Agent fees	-	(521)
Operating lease rentals	(569)	(549)
Consultancy fees	(366)	(1,117)
Depreciation	(225)	(225)
Audit fees	(119)	(110)
Losses on disposal of fixed assets	(582)	-
Income from service fees	5,858	4,240
Net foreign currency exchange differences	(71)	(595)
	<b>(1,305)</b>	<b>(4,594)</b>

Fees paid to the company's auditor, Ernst & Young LLP, and its associates for services other than the statutory audit, i.e. reporting for Group audit purposes, of the Company are disclosed as borne by OMV Supply and Trading Limited.

# OMV Supply & Trading Limited

## Notes to Financial Statement (continued) 31 December 2017

### 6. Information regarding directors and employees

#### Staff cost during the year (including directors)

	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
Wages and salaries	5,504	4,767
Social security cost	877	798
Pension cost	492	543
	<b>6,873</b>	<b>6,108</b>

#### Directors cost during the year

	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
Wages and salaries	629	518
Social security cost	50	55
Pension cost	24	25
	<b>703</b>	<b>598</b>

#### Average monthly number of persons employed

36	37
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#### Number of persons employed as per 31 December 2016

34	33
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#### In respect of the highest paid director:

	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
Wages and salaries	288	353
Social security cost	50	45
Pension cost	24	25
	<b>362</b>	<b>423</b>

The Directors emoluments relating to Mr Dillenz, Mr Leitner and Mr Schwingshackl are borne and paid by other OMV AG group companies. No amounts were receivable by these directors (2016: \$000 NIL) in respect to services provided to OMV Supply and Trading Ltd.

# OMV Supply & Trading Limited

## Notes to Financial Statement (continued) 31 December 2017

### 7. Tax on profit on ordinary activities

The tax charge is based on the profit for the year and comprises:

	<u>2017</u> <u>\$000</u>	<u>2016</u> <u>\$000</u>
<b>Current tax</b>		
United Kingdom corporation tax	617	452
Payment for Group relief	38	727
Adjustment in respect of prior years	885	(6,865)
<b>Total current tax</b>	<u>1,540</u>	<u>(5,686)</u>
<b>Deferred tax</b>		
Original and reversal of timing differences	(161)	(42)
Effect of tax rate change	19	(4)
Adjustment in respect of prior years	-	(7)
<b>Total deferred tax charge</b>	<u>(142)</u>	<u>(53)</u>
<b>Total tax expense / (income) on profit on ordinary activities</b>	<u><u>1,398</u></u>	<u><u>(5,739)</u></u>
<b>Profit on ordinary activities before taxation</b>	2,180	15,627
Tax on profit on ordinary activities 19,25% (2016: 20%)	420	3,125
Effect of:		
Expenses not deductible for tax purposes	36	4
Group relief claim	-	(2,728)
Payment for group relief	38	727
Adjustment for prior year group relief claims	-	(6,818)
Other adjustment in respect of prior years	885	(53)
Effects of tax rate change	19	4
<b>Current tax charge for the year</b>	<u><u>1,398</u></u>	<u><u>(5,739)</u></u>
<b>The movement in the deferred corporation tax asset is as follows:</b>		
Net deferred tax asset/(liability) at 1 January	-	-
Credit to the income statement in the year	142	-
<b>Net deferred tax asset/(liability) at 31 December</b>	<u><u>142</u></u>	<u><u>-</u></u>
<b>The deferred corporation tax asset is related to the following temporary differences:</b>		
Fixed asset temporary differences	8	-
Long term incentive provision	112	-
Other	22	-
<b>Net deferred tax asset/(liability) at 31 December</b>	<u><u>142</u></u>	<u><u>-</u></u>

The UK corporation tax rate was reduced from 20% to 19% with effect from 1 April 2017, and will further reduce to 17% from 1 April 2020. Deferred tax has been measured using the rates substantively enacted at 31 December 2017.

# OMV Supply & Trading Limited

## Notes to Financial Statement (continued) 31 December 2017

### 8. Tangible fixed assets

	Short-term leasehold improvements	Fixtures and fittings	Office equipment	Total
	\$000	\$000	\$000	\$000
<b>Cost</b>				
At 1 January 2017	535	479	463	1,477
Additions	513	5	-	518
Disposals	(535)	(344)	-	(879)
<b>At 31 December 2017</b>	<b>513</b>	<b>140</b>	<b>463</b>	<b>1,116</b>
<b>Accumulated depreciation</b>				
At 1 January 2017	125	135	277	537
Charge for the year	59	53	113	225
Disposals	(178)	(119)	-	(297)
<b>At 31 December 2017</b>	<b>5</b>	<b>69</b>	<b>389</b>	<b>465</b>
<b>Net book value</b>				
<b>At 31 December 2016</b>	<b>410</b>	<b>345</b>	<b>186</b>	<b>941</b>
<b>At 31 December 2017</b>	<b>508</b>	<b>71</b>	<b>74</b>	<b>652</b>

### 9. Stocks

	2017 \$000	2016 \$000
Raw materials and supplies	242,140	307,757
Finished petroleum products	-	30,238
	<b>242,140</b>	<b>337,995</b>

The difference between the carrying value of stocks and their replacement cost is not material.

### 10. Debtors: amounts falling due within one year

	2017 \$000	2016 \$000
Trade receivables from affiliates	177,476	219,166
Financial receivables from affiliates	27,654	17,119
Prepayments and accrued income	1,865	420
VAT	432	-
Other short term receivables	218,099	244,234
	<b>425,526</b>	<b>480,939</b>

# OMV Supply & Trading Limited

## Notes to Financial Statement (continued) 31 December 2017

### 11. Creditors: amounts falling due within one year

	2017	2016
	\$000	\$000
Trade creditors	745,798	1,194,189
Trade payables from affiliates	80,755	41,354
Financial payables from affiliates	13,228	46,807
Provisions	2,502	2,635
VAT	-	38
Other short term payables	17,404	8,316
	<b>859,687</b>	<b>1,293,339</b>

### 12. Called up share capital

	2017	2016
	\$000	\$000
Authorised, allotted, called-up and fully paid:		
16,500,000 ordinary shares of £1 each	26,735	26,735

### 13. Financial instruments and financial risk factors

The accounting classification of each category of financial instruments, and their carrying amounts, is set out below.

At 31 December 2017	Note	Loans and receivables \$000	Cash and cash equivalents \$000	Held to maturity investments \$000	Derivative hedging instruments \$000	Financial liabilities measured at amortised cost \$000	At fair value through profit and loss \$000	Total \$000
Financial assets								
Trade and other debtors	(10)	425,527	-	-	-	-	-	425,527
Derivative financial instruments	(14)	-	-	-	-	-	8,035	8,035
Cash and cash equivalents		-	4,115	-	-	-	-	4,115
Financial liabilities								
Trade and other creditors	(11)	-	-	-	-	859,687	-	859,687
Derivative financial instruments	(14)	-	-	-	-	-	15,118	15,118
		<b>425,527</b>	<b>4,115</b>	<b>-</b>	<b>-</b>	<b>(859,687)</b>	<b>(7,083)</b>	<b>(437,128)</b>

  

At 31 December 2016	Note	Loans and receivables \$000	Cash and cash equivalents \$000	Held to maturity investments \$000	Derivative hedging instruments \$000	Financial liabilities measured at amortised cost \$000	At fair value through profit and loss \$000	Total \$000
Financial assets								
Trade and other debtors	(10)	480,939	-	-	-	-	-	480,939
Derivative financial instruments	(14)	-	-	-	-	-	33,039	33,039
Cash and cash equivalents		-	59,443	-	-	-	-	59,443
Financial liabilities								
Trade and other creditors	(11)	-	-	-	-	1,293,339	-	1,293,339
Derivative financial instruments	(14)	-	-	-	-	-	27,369	27,369
		<b>480,939</b>	<b>59,443</b>	<b>-</b>	<b>-</b>	<b>(1,293,339)</b>	<b>5,670</b>	<b>(747,287)</b>

For all financial instruments, the carrying amount is either the fair value, or approximates the fair value.

# OMV Supply & Trading Limited

## Notes to Financial Statement (continued) 31 December 2017

### *Financial risk factors*

The management of financial risks is performed at OMV AG group level. The main risk factors applicable to the company are market risk (including commodity price risk) and credit risk. Further details on these financial risks are included within Directors' Report of the OMV AG group Annual Report for the year ended 31 December 2017.

### *Market risk*

The company, as part of the OMV AG group, measures commodity price risk exposure arising from its trading positions in liquid periods using value-at-risk techniques. These techniques make a statistical assessment of the market risk arising from possible future changes in market prices over a three-day holding period. The value-at-risk measure is supplemented by stress testing. Trading activity occurring in liquid periods is subject to value-at-risk-limits for each trading activity and for this trading activity in total. The Group board has delegated a limit of \$10 million value at risk in support of this trading activity. Alternative measures are used to monitor exposures which are outside liquid periods and which cannot be actively risk-managed.

### *Credit risk*

The maximum credit exposure associated with financial assets is equal to the carrying amount. The company does not aim to remove credit risk entirely but expects to experience a certain level of credit losses.

For the contracts comprising derivative financial instruments in an asset position at 31 December 2017 it is estimated that approximately 100% (2016 approximately 100%) of the unmitigated credit exposure is to counterparties of investment grade credit quality.

### **Trade and other receivables at 31 December**

	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
Neither impaired nor past due	79,941	55,124
Impaired (net of provision)	889	546
Not impaired and past due in the following periods		
within 60 days	495	722
61 to 120 days	-	-
over 120 days	-	-
	<b>81,325</b>	<b>56,392</b>

### ***Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements***

The following table shows the gross amounts of recognised financial assets and liabilities (i.e. before offsetting) and the amounts offset in the balance sheet.

Amounts which cannot be offset under IFRS, but which could be settled net under the terms of master netting agreements if certain conditions arise, and collateral received or pledged, are also shown in the table to show the total net exposure of the group.

# OMV Supply & Trading Limited

## Notes to Financial Statement (continued) 31 December 2017

	Gross amounts of recognised financial assets (liabilities)	Amounts set off	Net amounts presented on the balance sheet	Master netting agreement	Related amounts not set off in the balance sheet	Net amount
	\$000	\$000	\$000	\$000	\$000	\$000
<b>At 31 December 2017</b>						
Derivative assets	445,257	(437,222)	8,035	-	-	8,035
Derivative liabilities	452,340	(437,222)	15,118	-	-	15,118
Trade receivables	217,842	-	217,842	-	-	217,842
Trade payables	763,202	-	763,202	-	-	763,202
<b>At 31 December 2016</b>						
Derivative assets	274,990	(241,951)	33,039	-	-	33,039
Derivative liabilities	269,320	(241,951)	27,369	-	-	27,369
Trade receivables	244,084	-	244,084	-	-	244,084
Trade payables	1,202,506	-	1,202,506	-	-	1,202,506

### Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the company's business activities may not be available. The company's liquidity is managed centrally with operating units forecasting their cash and currency requirements to the central treasury function. Unless restricted by local regulations, subsidiaries pool their cash surpluses to treasury, which will then arrange to fund other subsidiaries' requirements, or invest any net surplus in the market or arrange for necessary external borrowings, while managing the company's overall net currency positions.

The company manages liquidity risk associated with derivative contracts based on the expected maturity of both derivative assets and liabilities as indicated in Note 14. Management does not currently anticipate any cash flows that could be of a significantly different amount, or could occur earlier than the expected maturity analysis provided.

### 14. Derivatives and other financial instruments

In the normal course of business the company enters into derivative financial instruments (derivatives), to manage its normal business exposures in relation to commodity prices, foreign currency exchange rates and interest rates, including management of the balance between floating rate and fixed rate debt consistent with risk management policies and objectives.

Exchange traded derivatives are valued using closing prices provided by the exchange as at the balance sheet date. These derivatives are categorized within level 1 of the fair value hierarchy. Over-the-counter (OTC) financial swaps and physical commodity sale and purchase contracts are generally valued using readily available information in the public markets and quotations provided by brokers and price index developers. These quotes are corroborated with market data and are categorized within level 2 of the fair value hierarchy.

In certain less liquid markets, or for longer-term contracts, forward prices are not as readily available. In these circumstances, OTC financial swaps and physical commodity sale and purchase contracts are valued using internally developed methodologies that consider historical relationships between various commodities, and that result in management's best estimate of fair value. These contracts are categorized within level 3 of the fair value hierarchy.

Financial OTC and physical commodity options are valued using industry standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and contractual prices for the underlying instruments, as well as other relevant economic factors. The degree to which these inputs are observable in the forward markets determines whether the option is categorized within level 2 or level 3 of the fair value hierarchy.



# OMV Supply & Trading Limited

## Notes to Financial Statement (continued) 31 December 2017

### Derivatives held for trading

The company maintains active trading positions in a variety of derivatives. The contracts may be entered into for risk management purposes, to satisfy supply requirements or for entrepreneurial trading. Certain contracts are classified as held for trading, regardless of their original business objective, and are recognised at fair value with changes in fair value recognised in the profit and loss account. Trading activities are undertaken by using a range of contract types in combination to create incremental gains by arbitraging process between markets, locations and time period. The net of these exposures is monitored using market value-at-risk techniques.

The fair values of derivative financial instruments at 31 December are set out below.

	2017 Fair value asset \$000	2017 Fair value liability \$000	2016 Fair value asset \$000	2016 Fair value liability \$000
Cash flow hedges				
- Currency forwards, futures and cylinders	-	-	-	1,183
- Cross currency interest rate swaps	-	-	-	-
Derivatives held for trading				
- Currency derivatives	-	244	-	365
- Oil- and oil product - price derivatives	8,035	14,874	33,039	27,004
	<u>8,035</u>	<u>15,118</u>	<u>33,039</u>	<u>27,369</u>

2017	Less than 1 year \$000	1-2 years \$000	2-3 years \$000	3-4 years \$000	4-5 years \$000	Over 5 years \$000	Total \$000
Fair value of derivative asset							
Level 1	401,185	28,501	-	-	-	-	429,686
Level 2	14,831	740	-	-	-	-	15,571
Level 3	-	-	-	-	-	-	-
	<u>416,016</u>	<u>29,241</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>445,257</u>
Less: netting by counterparty	<u>437,222</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>437,222</u>
	<u>(21,206)</u>	<u>29,241</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,035</u>
Fair value of derivative liabilities							
Level 1	416,573	13,267	-	-	-	-	429,840
Level 2	22,039	461	-	-	-	-	22,500
Level 3	-	-	-	-	-	-	-
	<u>438,612</u>	<u>13,728</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>452,340</u>
Less: netting by counterparty	<u>437,222</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>437,222</u>
	<u>1,390</u>	<u>13,728</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,118</u>
Net fair value	<u>(22,596)</u>	<u>15,513</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,083)</u>

# OMV Supply & Trading Limited

## Notes to Financial Statement (continued) 31 December 2017

2016	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Fair value of derivative asset							
Level 1	198,446	419	-	-	-	-	198,865
Level 2	76,125	-	-	-	-	-	76,125
Level 3	-	-	-	-	-	-	-
	274,571	419	-	-	-	-	274,990
Less: netting by counterparty	241,951	-	-	-	-	-	241,951
	32,620	419	-	-	-	-	33,039
Fair value of derivative liabilities							
Level 1	215,543	428	-	-	-	-	215,971
Level 2	53,349	-	-	-	-	-	53,349
Level 3	-	-	-	-	-	-	-
	268,892	428	-	-	-	-	269,320
Less: netting by counterparty	241,951	-	-	-	-	-	241,951
	26,941	428	-	-	-	-	27,369
Net fair value	5,679	(9)	-	-	-	-	5,670

### Derivative gains and losses

Realised gains and losses on derivative contracts are included within 'Cost of sales' in the profit and loss account. The total amount relating to these derivative contracts was a net loss of USD 18,948 thousand (2016: net loss of USD 24,869 thousand).

Derivative contract types include futures, options and swaps, and relate to both currency and commodity trading activities. Gains or losses arise on contracts entered into for risk management purposes, optimisation activity and entrepreneurial trading. They also arise on certain contracts that are for normal procurement or sales activity for the group but that are required to be fair valued under accounting standards.

The total amount relating to unrealised items (excluding gains and losses on realised physical derivative contracts that have been reflected gross in the profit and loss account within sales and purchases) was a net unrealised loss of USD 3,641 thousand (2016: net unrealised gain of USD 28,756 thousand).

### 15. Dividends

The directors recommended and paid a dividend of NIL in 2017 (2016: USD 27,095 thousand).

# OMV Supply & Trading Limited

## Notes to Financial Statement (continued) 31 December 2017

### 16. Guarantees and other financial commitments

#### Lease commitments

In 2017, the company paid an annual rental of USD 5,496 thousand.

#### Future minimum lease payments under non-cancellable operating leases:

	In \$000
Not later than one year	86
Later than one year and not later than five years	1,970
Later than five years	-

#### Pension arrangements

The company provides pensions to 34 (2016: 33) employees through defined contribution schemes. The assets of these schemes are held independently of the company by an insurance company.

The pension cost for the year was USD 492 thousand (2016: USD 543 thousand). There was no outstanding contribution at year end (2016: USD NIL).

### 17. Related party transactions

The company has taken the exemption available under paragraph 8(k) of FRS101 which states that transactions with other group companies do not have to be disclosed in the individual financial statements of a wholly owned subsidiary, provided consolidated financial statements of the group which include the company are publicly available.

### 18. Ultimate parent company

The immediate parent and controlling entity is OMV Refining & Marketing GmbH, a company incorporated in Austria. This company is in turn owned by the group company, OMV Aktiengesellschaft, which is the ultimate parent company. The consolidated financial statements of this group are available to the public from OMV Aktiengesellschaft, Trabrennstraße 6-8, 1020 Vienna, Austria.

### 19. Foreign exchange rates

Following closing exchange rates have been used:

	31-Dec-17	31-Dec-16
GBP	1.3517	1.2312
EUR	1.1993	1.0541