



**ofc Aviation Fuel Services S.A.**  
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**MANAGEMENT REPORT  
THE BOARD OF DIRECTORS  
« OFC AVIATION FUEL SERVICES S.A. »  
FOR THE SEVENTEENTH YEAR 01.01.2015 – 31.12.2015  
TO  
THE ANNUAL GENERAL ASSEMBLY OF SHAREHOLDERS**

Spata, 25/2/2016

Ladies and Gentlemen Shareholders,

In accordance with the provisions of Codified Law 2190/20, article 43<sup>o</sup>, par.3, we are proud to submit for approval the Management Report of the Board of Directors and the attached financial statements for the seventeenth year for the period 1.1.2015 to 31.12.2015.

**A. COMPANY TURNOVER FOR THE YEAR 2015**

The estimated fuel volume for 2015 was to 440.000 m<sup>3</sup>, whereas the actual fuel volume amounted to 530.975,50 m<sup>3</sup>, noting an increase by 20,68% compared to the estimated one. The total Company revenue, as per the Statement of Comprehensive Income on 31 December 2015 amounted to 10.132.187,90 € and collectively came from:

- a. The amount of 7.290.108 € regarding the charge of Throughput Fee,
- b. The amount of 2.692.045,28 € regarding the Airport Fee which is collected from customers and is thereby attributed unchanged to AIA,
- c. The amount of 120.573,56 € regarding revenue deriving from services provided to 3<sup>rd</sup> parties,
- d. The amount of 29.461,06 € regarding other revenue and interest on bank deposits.

The total expenses realized for the year, including depreciations, as well as provisions for unforeseen risks, amounted to 4.480.786,36 €. It is noted that the above mentioned expenses do not include the amount of 2.692.045,28 € regarding the Airport Fee (mentioned above in point –b–) which is attributed unchanged to AIA.

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Actual profits before taxes for the year 2015 amounted to 2.959.356,26 € compared to the estimated 2.110.000 €.

Based on the above, the net profits for the year 2015 after taxes, amounted to 2.152.652,07 €.

Following deductions of income tax and the addition of previous years' profits, retained earnings amount to 7.660.293,48 €.

## **B. FIXED ASSETS**

Within the year 2015, the fixed assets of the Company increased by 87.376,97 €, primarily due to fixed assets improvements and additions.

## **C. PROFITS DISTRIBUTION - DIVIDENDS**

The proposed dividend for distribution, according to the current agreements with AIA, amounts to 1.449.913,49 €, which after retaining of tax for dividend distribution, is formed at 1.441.410,00 € net, which is suggested to be finally distributed to the Shareholders.

## **D. BOND LOAN**

The balance of the Bond Loan on 31/12/2015 is 5.028.572,00 €.

## **E. OPERATIONAL RESULTS FOR THE YEAR 2015**

### **1. Quality of Operation Services**

Implementation of all annual objectives for the year 2015. The main results were:

- 1.1** Implementation of all inspections' recommendations.
- 1.2** Instalment of the Inflow-Outflow System as per new requirements (Government Gazette 2692/2015).
- 1.3** Implementation of JIG Business Principles.
- 1.4** Inspection by independent Body of the four (4) main JET A-1 Tanks as per API 653 requirements.
- 1.5** Renewal of OFC Certification as per ISO 9001, ISO 14001 and OHSAS 18001 expiring July 2018.
- 1.6** Obtaining the highest ever score by our customers' satisfaction rating since the introduction of the Company's certification per ISO 9001, ISO 14001 & OHSAS 18001.
- 1.7** Revision of 38 Procedures and documentation Forms, of which 8 are new.

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## **2. Fuel Quality (JIG)**

Uninterrupted aircraft fueling meeting all JIG requirements.

## **3. Operation & Maintenance Budget Execution**

Operation and Maintenance actual costs amounted to 247.345 €, reduced by 24,66% compared to 328.300 € of the annual budget. The main factors leading to this reduction were:

- Saving on electric energy.
- Reducing equipment faults through extensive preventive maintenance performed by Company personnel.
- Decrease in Company vehicle fuels price, combined with usage optimization.
- Improvement suggestions submitted by Company personnel and implementation by Company's Technicians.

## **4. Training**

The annual training program was executed in full.  
Training hours for 2015 amounted to 778, out of which, 228 performed by 3<sup>rd</sup> Parties.  
The distribution of total training was the following:

- a. Operation and fuel quality safety: 48%
- b. Facility Maintenance: 15%
- c. Health-Safety-Environment issues, etc.: 37%

## **5. Safety, Health, Environment**

All safety, Health and Environmental objectives were implemented.

Major accomplishments:

- 5.1** Zero accidents and environmental pollution.
- 5.2** Execution of large scale annual fire exercise designed by AIA Fire Brigade.
- 5.3** Organization of the Annual Safety Day using audio visual material provided by "SHELL & MOH AVIATION" Company.
- 5.4** Annual Health & Safety Management inspection by AIA with excellent results and zero findings.
- 5.5** Execution of external Audit in Health-Safety and Environment according to JIG requirements (HSSE MS) by an independent Party (TÜV Austria Hellas) with excellent results, showing full compliance with above JIG requirements.
- 5.6** Underground and aboveground water analysis results, as well as waste, were measured to be within the limits of the respective laws.

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**5.7** Execution of over 84.000 recorded safety checks regarding the Company's systems and safety procedures smooth operation.

## **6. Inspections**

Three (3) inspections took place:

- a) IATA (IFQP) by four (4) inspectors, with excellent results and zero findings.
- b) Joint Inspection Group (JIG) with excellent results and the award to OFC of the 8<sup>th</sup> consecutive Certificate of Excellence for Operations.
- c) SEVESO II, conducted by a group of Greek State Inspectors, with excellent results.

## **7. Fuel Stock Management**

The Fuel Inventory audits conducted by the State Authorities (Customs and Chemical Laboratory Department) resulting in a surplus equal to 71,4 m<sup>3</sup>, i.e. 0,013% on the fuel volume transferred to aircrafts in 2015, which presents a very efficient stock management within the contractual limits of the Fuel Supplier Agreement, also complying with JIG Standards.

## **8. MAIN PROJECTS:**

- 8.1** Calibration and sealing of truck loading bay meters.
- 8.2** Replacement of outdated PLC with new Hot Redundant type.
- 8.3** Painting of 4 main JET A-1 tank roofs.
- 8.4** Replacement of CCTV System with a new technology system of Dome Cameras.
- 8.5** Replacement of old fencing entrance door with new type sliding door of higher security.

## **F. PENDING COMPANY LITIGATIONS AND PENDING COMPANY CASES**

Following No. 5206/2014 Decision of the First Instance Court of Athens, the Company has a call to pay 768.081,37 € plus statutory interest to a supplier, for a case dating back to the construction period of the fuel hydrant facility. The company has appealed against the decision of the First Instance Court of Athens, which is going to be discussed in Court on 3/3/2016.

Additionally, following No. 1573/2015 Decision of the Athens Court of Appeal, legal action against the Company amounting 223.730,32 € was dismissed, for which the opposite part has filed a further appeal, the hearing of which is expected to be determined within the year. The relevant amount is presented in contingent liabilities in the Company's financial statements.

## **G. FINANCIAL RISK MANAGEMENT**

The Company's Management has thoroughly evaluated the impacts in managing financial risk that may result because the general situation of the Greek business environment. More generally as reported below in the management of individual risks, it does not consider that any negative developments in the Greek Economy will considerably influence the smooth operation of the Company.

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a. Capital Risk Management

The Company manages its capital so as to ensure that it remains viable. Under the current Concession Agreement existing between the Company and AIA, on one hand, the share capital of the Company is fully ensured and is gradually saved up in a dedicated bank account, in order to be attributed unchanged to the Company’s shareholders at the Concession’s expiry date, and on the other hand, the Company’s annual returns in the form of dividends are also ensured, provided that the Company meets its contractual obligations towards AIA, which up to date is fully achieved.

b. Financial Risk Management

The Company does not engage in financial instruments transactions, including financial derivatives, for speculative purposes. On the contrary, it ensures the maximum possible return on cash, through deposit rates at zero risk.

c. Credit Risk

The Credit Risk of the Company concerns mainly receivables from customers and other receivables and is considerably limited because:

- Cash is deposited in the National Bank of Greece which is considered one of the most reliable Greek banks.
- The Company has a significant concentration of its assets, a good percentage of which regards a limited number of customers.
- The Company has signed contracts defining transactions with its customers, according to which collection of receivables is realized simultaneously with the completion of services provided per month.
- The Company receives Letters of Guarantee from its customers, to ensure its assets equal to at least double their monthly debt.

d. Liquidity Risk

There is no liquidity risk because of the high level of cash balance available in the Company’s bank accounts.

**H. KEY FINANCIAL RATIOS (Compared to previous year)**

		<b>2015</b>	<b>2014</b>
1.	$\frac{\text{Current Assets}}{\text{Total Assets}}$	50,28 %	45,19%
2.	$\frac{\text{Tangible Fixed Assets}}{\text{Total Assets}}$	49,72 %	54,81%

The above mentioned ratios show the proportion of capital that has been allocated in these two categories.

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3.	$\frac{\text{Equity}}{\text{Total \_ Liabilities}}$	185,62 %	148,53%
4.	$\frac{\text{Total \_ Liabilities}}{\text{Total \_ Liabilities and \_ Equity}}$	35,01 %	40,23%
5.	$\frac{\text{Equity}}{\text{Total \_ Liabilities \_ and \_ Equity}}$	64,99 %	59,76%
6.	$\frac{\text{CurrentA \_ Assets}}{\text{Short - Term \_ Liabilities}}$	248,67 %	385,99%

Depicts the general Company's liquidity that is the percentage by which current assets can cover for short term liabilities.

7.	$\frac{\text{Cash}}{\text{Short - term \_ Liabilities}}$	242,44 %	367,24%
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Depicts the special liquidity of the Company. It determines whether the maturing liabilities are covered at a given time (31.12.15) by Company Cash.

#### **RETURN ON EQUITY RATIOS:**

8.	$\frac{\text{Net \_ Income \_ before \_ tax}}{\text{Equity}}$	18,99 %	11,21%
9.	$\frac{\text{Gross \_ Income}}{\text{Sales(Inventory \_ \& \_ Services)}}$	39,17 %	42,60%
10.	<u>Net Profit margin ratio:</u>		
	$\frac{\text{Net \_ Pr ofits}}{\text{Sales(Inventory \_ \& \_ Sales)}}$	29,65 %	17,14%

The above mentioned ratios depict the Company's gross and net profit margin. The higher the ratios, the better is the Company's financial position, in terms of profit.

#### **MANAGEMENT POLICY RATIOS:**

##### 11. Debtors' ratio:

$\frac{\text{Trade \_ Re ceivables}}{\text{Sales \_ on \_ credit(Inventory \_ \& \_ Services)}} \times 360$	6,48 days (2015)	11,9 days (2014)
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## 12. Creditors' ratio:

$$\frac{\text{Trade Payables}}{\text{Purchases on credit}} \times 360 \qquad 27,13 \text{ days (2015)} \qquad 60,73 \text{ days (2014)}$$

The above mentioned ratios depict Company credit policy towards customers and suppliers.

### **I. ANTICIPATED COURSE OF THE COMPANY IN 2016**

For the current year, there has been a forecast for fuel volume to be handled through the facility equal to 560.000 m<sup>3</sup>, while in 2015 the fuel volume transferred was 530.975,50 m<sup>3</sup>.

The forecast is also based on data regarding an increase in flight numbers provided by AIA and therefore the fuel volume upward trend of the past two (2) years is expected to continue.

Additionally, during the first two months of the current year a fuel volume increase of 8 % has already been noted as compared to the corresponding period of 2015, which also confirms that the forecasted increase, per annum, is going to be achieved.

Finally, the Throughput Fee remains the same, after its decrease at 12 €/m<sup>3</sup> dated 1/7/2015. Given the high levels in fuel volumes during 2015 as well as the forecasted increase for the current year, a further decrease of the Throughput Fee will be considered in 2016.

By authorization of the Board of Directors of "OFC Aviation Fuel Services S.A."

**CHAIRMAN  
OF THE BOARD**

**VASILIOS TSIATOURAS  
ID No.: AI 100209**

**MANAGING  
DIRECTOR**

**NIKOLAOS KONTAXIS  
ID No.: AB 594320**

**FINANCIAL  
MANAGER**

**PETROS KATROS  
ID No.: Σ 124630  
Lic. No.: OEE 2830/  
A' CLASS**

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