ANNUAL FINANCIAL REPORT FOR FISCAL YEAR 2017

(As per Article 4, L. 3556/2007)

HELLENIC PETROLEUM

HELLENIC PETROLEUM

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1. Audited Annual Financial Statements

HELLENIC PETROLEUM

1.1 Group Consolidated Financial Statements

HELLENIC PETROLEUM S.A.

Consolidated Financial Statements
in accordance with IFRS as adopted by the
European Union for the
year ended 31 December 2017

GENERAL COMMERCIAL REGISTRY: 000269901000
COMPANY REGISTRATION NUMBER: 2443/06/B/86/23
REGISTERED OFFICE: 8^{A} CHIMARRAS STR, 15125 MAROUSI, GREECE

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Company Information

Directors	Efstathios Tsotsoros - Chairman of the Board Grigorios Stergioulis - Chief Executive Officer Andreas Shiamishis - Deputy Chief Executive Officer Ioannis Psichogios - Member Georgios Alexopoulos - Member (From 22/6/2017) Theodoros-Achilleas Vardas - Member Georgios Grigoriou - Member Dimitrios Kontofakas - Member Vasileios Kounelis - Member Panagiotis Ofthalmides - Member Theodoros Pantalakis - Member Spiridon Pantelias - Member Constantinos Papagiannopoulos - Member
Other Board Members during the year	Stratis Zafiris - Member (until 22/6/2017)
Registered Office	8A Chimarras Str GR 151 25 - Marousi
Registration number	2443/06/B/86/23
General Commercial Registry	000296601000
Audit Company	ERNST & YOUNG (HELLAS) Certified Auditors - Accountants S.A. 8B Chimarras Str 151 25 Marousi Greece

Consolidated Statement of financial position

	Note	As at 31 December 2017	 31 December 2016
ASSETS			
Non-current assets			
Property, plant and equipment	**6**	3.311.893	3.290.806
Intangible assets	**7**	105.684	108.294
Investments in associates and joint ventures	**8**	701.635	689.607
Deferred income tax assets	**17**	71.355	100.973
Available-for-sale financial assets	**3**	1.857	1.626
Loans, advances and long term assets	**9**	89.626	91.131
		4.282.050	**4.282.437**
Current assets			
Inventories	**10**	1.056.393	941.281
Trade and other receivables	**11**	791.205	868.331
Derivative financial instruments	**21**	11.514	15.192
Cash, cash equivalents and restricted cash	**12**	1.018.913	1.081.580
		2.878.025	**2.906.384**
Total assets		**7.160.075**	**7.188.821**
EQUITY			
Share capital	**13**	1.020.081	1.020.081
Reserves	**14**	358.056	469.788
Retained Earnings		930.522	549.891
Capital and reserves attributable to owners of the parent		**2.308.659**	**2.039.760**
Non-controlling interests		62.915	101.875
Total equity		**2.371.574**	**2.141.635**
LIABILITIES			
Non- current liabilities			
Borrowings	**16**	920.234	1.456.204
Deferred income tax liabilities	**17**	131.611	42.736
Retirement benefit obligations	**18**	131.256	110.912
Provisions for other liabilities and charges	**19**	8.371	9.306
Trade and other payables	**20**	28.700	259.644
		1.220.172	**1.878.802**
Current liabilities			
Trade and other payables	**15**	1.661.457	1.777.909
Current income tax liabilities		5.883	3.534
Borrowings	**16**	1.900.269	1.386.299
Dividends payable		720	642
		3.568.329	**3.168.384**
Total liabilities		**4.788.501**	**5.047.186**
Total equity and liabilities		**7.160.075**	**7.188.821**

The notes on pages 9 to 73 are an integral part of these consolidated financial statements.

These consolidated financial statements were approved by the board of directors on 22 February 2018.

E. Tsotsoros	G.Stergioulis	A. Shiamishis	S. Papadimitriou
Chairman of the Board	Chief Executive Officer	Deputy Chief Executive Officer & Chief Financial Officer	Accounting Director

Consolidated statement of comprehensive income

		For the year ended	
	Note	**31 December 2017**	**31 December 2016**
Sales	**5**	**7.994.690**	**6.613.253**
Cost of sales		(6.907.198)	(5.606.125)
Gross profit		**1.087.492**	**1.007.128**
Selling and distribution expenses		(276.182)	(279.912)
Administrative expenses		(133.427)	(128.828)
Exploration and development expenses	**23**	(212)	(2.167)
Other operating (expenses) / income and other gains/(losses) - net	**24**	(15.888)	35.550
Operating profit		**661.783**	**631.771**
Finance income	**25**	4.600	5.129
Finance expense	**25**	(169.653)	(205.909)
Currency exchange (losses) / gains	**26**	(8.173)	20.773
Share of profit of investments in associates and joint ventures	**8**	31.228	13.907
Profit before income tax		**519.785**	**465.671**
Income tax expense	**27**	(135.862)	(136.936)
Profit for the year		**383.923**	**328.735**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial losses on defined benefit pension plans		(9.589)	(7.776)
Share of other comprehensive income of associates	**14**	-	(869)
		(9.589)	(8.645)
Items that may be reclassified subsequently to profit or loss:			
Changes in the fair value on available-for-sale financial assets	**14**	6	(6.267)
Transfer of available-for-sale reserve to operating profit	**14, 24**	-	6.414
Reduction in value of land	**14**	(1.669)	-
Fair value (losses)/gains on cash flow hedges	**14**	(4.590)	15.862
Derecognition of gains on hedges through comprehensive income	**14**	1.979	19.642
Currency translation differences and other movements		752	(1.076)
		(3.522)	34.575
Other comprehensive (loss)/income for the year, net of tax		**(13.111)**	**25.930**
Total comprehensive income for the year		**370.812**	**354.665**
Profit attributable to:			
Owners of the parent		381.372	329.760
Non-controlling interests		2.551	(1.025)
		383.923	**328.735**
Total comprehensive income/(loss) attributable to:			
Owners of the parent		368.989	355.819
Non-controlling interests		1.823	(1.154)
		370.812	**354.665**
Basic and diluted earnings per share (expressed in Euro per share)	**28**	**1,25**	**1,08**

The notes on pages 9 to 73 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

		Attributable to owners of the Parent					
	Note	**Share Capital**	**Reserves**	**Retained Earnings**	**Total**	**Non-controlling Interest**	**Total Equity**
Balance at 1 January 2016		**1.020.081**	**443.729**	**220.506**	**1.684.316**	**105.954**	**1.790.270**
Changes in the fair value on available-for-sale financial assets	**14**	-	(6.343)	-	(6.343)	76	(6.267)
Transfer of available-for-sale reserve to operating profit	**14,24**	-	6.414	-	6.414	-	6.414
Currency translation differences and other movements	**14**	-	(884)	-	(884)	(192)	(1.076)
Actuarial losses on defined benefit pension plans	**14**	-	(7.763)	-	(7.763)	(13)	(7.776)
Fair value gains on cash flow hedges	**14**	-	15.862	-	15.862	-	15.862
Share of other comprehensive income of associates	**14**	-	(869)	-	(869)	-	(869)
Derecognition of gains on hedges through comprehensive income	**14**	-	19.642	-	19.642	-	19.642
Other comprehensive income / (loss)		**-**	**26.059**	**-**	**26.059**	**(129)**	**25.930**
Profit /(loss) for the year		-	-	329.760	329.760	(1.025)	328.735
Total comprehensive income/(loss) for the year		**-**	**26.059**	**329.760**	**355.819**	**(1.154)**	**354.665**
Tax on intra-group dividends		-	-	(375)	(375)	-	(375)
Dividends to non-controlling interests		-	-	-	-	(2.925)	(2.925)
Balance at 31 December 2016		**1.020.081**	**469.788**	**549.891**	**2.039.760**	**101.875**	**2.141.635**
Changes in the fair value on available-for-sale financial assets	**14**	-	1	-	1	5	6
Reduction in value of land	**14**	-	(907)	-	(907)	(762)	(1.669)
Currency translation differences and other movements	**14**	-	718	-	718	34	752
Actuarial losses on defined benefit pension plans	**14**	-	(9.584)	-	(9.584)	(5)	(9.589)
Fair value losses on cash flow hedges	**14**	-	(4.590)	-	(4.590)	-	(4.590)
Derecognition of gains on hedges through comprehensive income	**14**	-	1.979	-	1.979	-	1.979
Other comprehensive loss	**14**	**-**	**(12.383)**	**-**	**(12.383)**	**(728)**	**(13.111)**
Profit for the period		-	-	381.372	381.372	2.551	383.923
Total comprehensive income/(loss) for the year		**-**	**(12.383)**	**381.372**	**368.989**	**1.823**	**370.812**
Share based payments	**14**	-	(653)	(9.061)	(9.714)	-	(9.714)
Acquisition of treasury shares	**14**	-	(10.245)	-	(10.245)	-	(10.245)
Issuance of treasury shares to employees	**14**	-	9.714	-	9.714	-	9.714
Participation of minority shareholders in share capital increase of subsidiary		-	-	-	-	76	76
Transfers from retained Earnings to reserves	**14**	-	8.797	(8.797)	-	-	-
Tax on intra-group dividends		-	-	(136)	(136)	-	(136)
Dividends to non-controlling interests		-	-	-	-	(2.561)	(2.561)
Dividends		-	(106.962)	-	(106.962)	-	(106.962)
Acquisition of non-controlling interests	**34**	-	-	17.253	17.253	(38.298)	(21.045)
Balance at 31 December 2017		**1.020.081**	**358.056**	**930.522**	**2.308.659**	**62.915**	**2.371.574**

The notes on pages 9 to 73 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Note	For the year ended 31 December 2017	31 December 2016
Cash flows from operating activities			
Cash generated from/(used in) operations	**30**	453.311	(317.366)
Income tax paid		(10.375)	(16.159)
Net cash generated (used in) / from operating activities		**442.936**	**(333.525)**
Cash flows from investing activities			
Purchase of property, plant and equipment & intangible assets	**6,7**	(208.732)	(125.719)
Acquisition of subsidiary, net of cash acquired		-	(350)
Proceeds from disposal of property, plant and equipment & intangible assets		30	2.168
Grants received		110	1.431
Interest received	**25**	4.600	5.129
Dividends received	**8**	19.346	1.139
Participation in share capital increase of associates	**8**	(147)	-
Proceeds from disposal of available for sale financial assets		8	-
Net cash used in investing activities		**(184.785)**	**(116.202)**
Cash flows from financing activities			
Interest paid		(160.830)	(190.479)
Dividends paid to shareholders of the Company		(104.115)	(473)
Dividends paid to non-controlling interests		(2.561)	(2.925)
Movement in restricted cash	**12**	11.873	(1.969)
Acquisition of treasury shares		(10.245)	-
Participation of minority shareholders in share capital increase of subsidiary		76	-
Proceeds from borrowings		288.000	507.732
Repayments of borrowings		(322.622)	(900.799)
Net cash used in financing activities		**(300.424)**	**(588.913)**
Net decrease in cash and cash equivalents		**(42.273)**	**(1.038.640)**
Cash and cash equivalents at the beginning of the year	**12**	**924.055**	**1.952.808**
Exchange gains / (losses) on cash and cash equivalents		(8.521)	9.887
Net decrease in cash and cash equivalents		(42.273)	(1.038.640)
Cash and cash equivalents at end of the year	**12**	**873.261**	**924.055**

The notes on pages 9 to 73 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 General information

Hellenic Petroleum S.A. ("the Company or "Hellenic Petroleum") is the parent company of Hellenic Petroleum Group (the "Group"). The Group operates in the energy sector predominantly in Greece, South Eastern Europe and the East Mediterranean. The Group's activities include refining and marketing of oil products, production and marketing of petrochemical products and exploration for hydrocarbons. The Group also provides engineering services. Through its investments in DEPA and Elpedison, the Group also operates in the natural gas sector and in the production and trading of electricity power.

The parent Company is incorporated in Greece and the address of its registered office is 8A Chimarras Str., Marousi. The shares of the Company are listed on the Athens Stock Exchange and the London Stock Exchange through GDRs.

The financial statements and the consolidated financial statements of Hellenic Petroleum S.A. for the year ended 31 December 2017 were authorised for issue by the Board of Directors on 22 February 2018. The shareholders of the Company have the power to amend the financial statements after their issuance.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

2.1 Basis of preparation

These consolidated financial statements for the year ended 31 December 2017 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB"), as endorsed by the European Union ("EU"), and present the financial position, results of operations and cash flows of the Group on a going concern basis. In this respect, Management has concluded that the going concern basis of preparation of the accounts is appropriate.

The consolidated financial statements have been prepared in accordance with the historical cost basis, except for the following:

- Available-for-sale financial assets and derivative financial instruments – measured at fair value.
- Defined benefit pension plans – plan assets measured at fair value.

The preparation of financial statements, in accordance with IFRS, requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 "Critical accounting estimates and judgements". Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events as assessed to be reasonable under the present circumstances.

2.1.1 New standards, amendments to standards and interpretations

New and amended standards adopted by the Group.

The accounting principles and calculations used in the preparation of the consolidated financial statements are consistent with those applied in the preparation of the consolidated financial statements for the year ended 31 December 2016, except for the following amended IFRS's which have been adopted by the Group as of 1 January 2017. The below amendments did not have a significant impact on the consolidated financial statements for the year ended 31 December 2017.

- *IAS 12 (Amendments) "Recognition of Deferred Tax Assets for Unrealised Losses":* The objective of the Amendments is to clarify the requirements of deferred tax assets for unrealized losses in order to address diversity in practice in the application of IAS 12 Income Taxes. The specific issues where diversity in practice existed relate to the existence of a deductible temporary difference upon a decrease in fair value, to recovering an asset for more than its carrying amount, to probable future taxable profit and to combined versus separate assessment.

- *IAS 7 (Amendments) "Disclosure initiative":* The objective of the Amendments is to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Amendments specify that one way to fulfil the disclosure requirement is by providing a tabular reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities, including changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair values and other changes.

- The IASB has issued the *Annual Improvements to IFRSs (2014 – 2016 Cycle)* which is a collection of amendments to IFRSs. The improvement did not have an effect on the Group's consolidated financial statements for the year ended 31 December 2017.

    - *IFRS 12 "Disclosures of Interests in Other Entities*": The amendments clarify that the disclosure requirements in IFRS 12, other than those of summarized financial information for subsidiaries, joint ventures and associates, apply to an entity's interest in a subsidiary, a joint venture or an associate that is classified as held for sale, as held for distribution, or as discontinued operations in accordance with IFRS 5.

Standards issued but not yet effective and not early adopted

- *IFRS 9 "Financial Instruments" – Classification and Measurement:* The standard is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The final version of IFRS 9 Financial Instruments reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

  The Group plans to adopt the new standard on the required effective date and will not restate comparative information. During 2017, an impact assessment of IFRS 9 was performed. Based on the above assessment the following impact from the adoption of the new standard is expected:

    - Financial assets currently held will continue to be measured on the same basis under IFRS 9, and accordingly, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

    - There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities.

- The new hedge accounting rules will align the accounting for hedging instruments more closely with the group's risk management practices. It appears that the group's current hedge relationships would qualify as continuing hedges upon the adoption of IFRS 9. Accordingly, the group does not expect a significant impact on the accounting for its hedging relationships.

- The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. The Group will apply the simplified approach and record lifetime expected losses on all trade receivables. Based upon a detailed assessment carried out, the Group has determined that upon adoption, the loss allowance will increase by an amount that does not differ significantly from the existing allowance. The Group is currently in the process of performing final checks on the determination of the transition effect.

- The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

- *IFRS 15 "Revenue from Contracts with Customers":* The standard is effective for annual periods beginning on or after 1 January 2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The new standard is based on the principal that revenue is recognized when control of a good or service is transferred to a customer.

  The Group plans to adopt the new standard on the required effective date using the modified retrospective method. During 2016, the Group performed a preliminary assessment of IFRS 15, which was continued with a detailed GAP analysis by revenue stream and which was completed in 2017. Based on the above analysis, no material differences from the current accounting policies were identified. Therefore, the new standard is not expected to have a significant impact on the Group's consolidated financial statements, upon adoption.

- *IFRS 15 (Clarifications) "Revenue from Contracts with Customers":* The Clarifications apply for annual periods beginning on or after 1 January 2018 with earlier application permitted. The objective of the Clarifications is to clarify the IASB's intentions when developing the requirements in IFRS 15 *Revenue from Contracts with Customers*, particularly the accounting of identifying performance obligations amending the wording of the "separately identifiable" principle, of principal versus agent considerations including the assessment of whether an entity is a principal or an agent as well as applications of control principle and of licensing providing additional guidance for accounting of intellectual property and royalties. The Clarifications also provide additional practical expedients for entities that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach.

- *IFRS 16 "Leases":* The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged.

  The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of € 246 million. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

  This is due to the fact that some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

  The Group expects to complete the assessment of the impact from the implementation of the new standard over the next nine months.

- *IFRS 10 (Amendment) "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"*: The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. These amendments have not yet been endorsed by the EU.

- *IFRS 2 (Amendments) "Classification and measurement of Shared-based Payment transactions":* The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligations and for modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. These Amendments have not yet been endorsed by the EU.

- *IAS 40 (Amendments) "Transfers of Investment Property":* The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The Amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These Amendments have not yet been endorsed by the EU.

- *IFRS 9 (Amendment) "Prepayment features with negative compensation"* The Amendment is effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value through other comprehensive income. These Amendments have not yet been endorsed by the EU.

- *IAS 28 (Amendments) "Long-term Interests in Associates and Joint Ventures":* The Amendments are effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendments relate to whether the measurement, in particular impairment requirements, of long term interests in associates and joint ventures that, in substance, form part of the 'net investment' in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendments clarify that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long- term interests that arise from applying IAS 28. These Amendments have not yet been endorsed by the EU.

- *IFRIC Interpretation 22 "Foreign currency transactions and advance consideration":* The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The Interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This Interpretation has not yet been endorsed by the EU.

- *IFRIC Interpretation 23 "Uncertainty over income tax treatments":* The Interpretation is effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. This Interpretation has not yet been endorsed by the EU.

- IAS 19: "Plan Amendment, Curtailment or Settlement (Amendments)" The Amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The amendments also clarify how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements. These Amendments have not yet been endorsed by the EU.

- The IASB has issued the *Annual Improvements to IFRSs (2014 – 2016 Cycle)* which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2018 for IAS 28 Investments in Associates and Joint Ventures. Earlier application is permitted for IAS 28 Investments in Associates and Joint Ventures.

  - *IAS 28 "Investments in associates and Joint ventures":* The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

- The IASB has issued the Annual Improvements to IFRSs (2015 – 2017 Cycle), which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. These annual improvements have not yet been endorsed by the EU.

  - *IFRS 3 "Business Combinations and IFRS 11 Joint Arrangements":* The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

  - *IAS 12 "Income Taxes"***:** The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized.

  - *IAS 23 "Borrowing Costs":* The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the entity and

has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of other comprehensive income, statement of changes in equity and balance sheet respectively.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Associates and Equity method

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, investments are initially recognised at cost and their carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition (Note 2.8). Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profit or loss is recognised in the statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the

asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(e) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

A joint operation arises where the Group has rights to the assets and obligations of the operation. The Group recognizes its share of the assets, obligations, revenue and expenses of the jointly controlled operation, including its share of those held or incurred jointly, in each respective line of its' financial statements.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of investments in associates and a joint ventures' in the statement of profit or loss.

2.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired.

The consideration transferred for the acquisition of a subsidiary is the total of the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the fair values of the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date and is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss (Note 2.8).

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The executive committee which is comprised of the Chairman of the Board of Directors, the Chief Executive Officer and the General Managers of the Group, is the chief operating decision-maker, who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

2.5 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Euro, which is the parent entity's functional currency and the presentation currency of the Group. Given that the Group's primary activities are in oil refining and trading, in line with industry practices, most crude oil and oil product trading transactions are based on the international reference prices of crude oil and oil products in US Dollars. Depending on the country of operation, the Group translates this value to the local currency (Euro in most cases) at the time of any transaction.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the statement of comprehensive income. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses are presented in the same line as the transaction they relate to in the statement of comprehensive income, except those that relate to borrowings and cash, which are presented in a separate line ("Currency exchange gains/(losses)").

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets, such as equities classified as available for sale, are included in other comprehensive income.

(c) *Group companies*

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
(iii) all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and borrowings are recognised in other comprehensive income. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2.6 Property, plant and equipment

Property, plant and equipment is comprised mainly of land, buildings, plant & machinery, motor vehicles and furniture and fixtures. Property, plant and equipment are shown at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the income statement as incurred. Refinery turnaround costs that take place periodically are capitalised and charged against income on a straight line basis until the next scheduled turnaround to the extent that such costs improve either the useful economic life of the equipment or its production capacity.

Assets under construction are assets (mainly related to the refinery units) that are in the process of construction or development, and are carried at cost. Cost includes cost of construction, professional fees and other direct costs. Assets under construction are not depreciated, as the corresponding assets are not yet available for use.

Land is also not depreciated. Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful economic life, as shown on the table below for the main classes of assets:

– Buildings	13 – 40 years
– Plant & Machinery	
▪ Specialised industrial installations and Machinery	10 – 35 years
▪ Pipelines	30 – 40 years
▪ Other equipment	5 – 10 years
– Motor Vehicles	
▪ LPG and white products carrier tank trucks	8 – 25 years
▪ Other Motor Vehicles	5 – 10 years
– Furniture and fixtures	
▪ Computer hardware	3 – 5 years
▪ Other furniture and fixtures	4 – 10 years

Included in specialised industrial installations are refinery units, petrochemical plants, tank facilities and petrol stations. Based on technical studies performed, the expected useful life of the new refinery units (Elefsina refinery) has been estimated to be up to 35 years. The remaining useful economic life of other refining units has been reviewed and adjusted from 1 July 2013 and in general does not exceed 25 years.

The assets' residual values and estimated useful economic lives are reviewed at the end of each reporting period and adjusted prospectively if appropriate.

If the asset's carrying amount is greater than its estimated recoverable amount then it is written down immediately to its recoverable amount (Note 2.10).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the statement of comprehensive income within 'Other operating income / (expenses) and other gains/ (losses)'.

2.7 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are added to the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use.

Borrowing costs are capitalised to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. All other borrowing costs are expensed as incurred.

2.8 Intangible assets

(a) Goodwill

Goodwill represents the excess of the consideration transferred over the Company's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree at the date of acquisition. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. In the event that the fair value of the Company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition is higher than the cost, the excess remaining is recognised immediately in the statement of comprehensive income.

Goodwill is allocated to cash-generating units (CGU) for the purpose of impairment testing. The allocation is made to those CGUs or Groups of CGUs that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment. Goodwill impairment reviews are undertaken annually or more frequently, if events or changes in circumstances indicate a potential impairment. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount (higher of value in use and fair value less costs to sell) of the CGU is less than its carrying amount including goodwill, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

(b) Retail Service Stations Usage rights

Retail Service Stations Usage rights represent upfront lump-sum amounts paid upon the signing to owners of such retail sites for the use and control of the service stations. Such payments are made to secure branding and future revenues for the Group that were not available in the past and are therefore capitalised in accordance with IAS 38, Intangible Assets. They are amortised over the life of the acquired right which usually ranges from 5 to 25 years.

(c) Licences and rights

Licenses and rights have a definite useful life and are carried at cost less accumulated amortisation. Amortisation is being calculated using the straight-line method to allocate their cost over their estimated useful lives, which usually range from 3 to 25 years.

Licenses and rights also include Upstream Exploration rights which are amortised over the period of the exploration period as per the terms of the relevant licences.

Computer software

These include primarily the costs of implementing the (ERP) computer software program. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight line method over their estimated useful lives (3 to 5 years).

2.9 Exploration for and Evaluation of Mineral Resources

(a) Exploration and evaluation assets

During the exploration period and before a commercial viable discovery, oil and natural gas exploration and evaluation expenditures are expensed. Geological and geophysical costs as well as costs directly associated with an exploration are expensed as incurred. Exploration property leasehold acquisition costs are capitalized within intangible assets and amortised over the period of the licence or in relation to the progress of the activities if there is a substantial difference.

(b) Development of tangible and intangible assets

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of commercially proven development wells is capitalized within tangible and intangible assets according to their nature. When development is completed on a specific field, it is transferred to production assets. No depreciation and/or amortisation is charged during development.

(c) Oil and gas production assets

Oil and gas production assets are aggregated exploration and evaluation tangible assets and development expenditures associated with the production of proved reserves.

(d) Depreciation/amortisation

Oil and gas properties/intangible assets are depreciated/amortized using the unit-of-production method. Unit-of-production rates are based on proved developed reserves, which are oil, gas and other mineral reserves estimated to be recovered from existing facilities using current operating methods. Oil and gas volumes are considered produced once they have been measured through meters at custody transfer or sales transaction points at the outlet valve on the field storage tank.

(e) Impairment – exploration and evaluation assets

The exploration property leasehold acquisition costs are tested for impairment whenever facts and circumstances indicate impairment. For the purposes of assessing impairment, the exploration property leasehold acquisition costs subject to testing are grouped with existing cash-generating units (CGUs) of production fields that are located in the same geographical region corresponding to each licence.

(f) Impairment – proved oil and gas properties and intangible assets

Proven oil and gas properties and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

2.10 Impairment of non-financial assets

The Group assesses, at each reporting date, whether an indication of impairment exists. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Assets that are subject to amortisation or depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by

which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (discounted cash flows an asset is expected to generate based upon management's expectations of future economic and operating conditions). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

2.11 Financial assets

2.11.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, held-to-maturity, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at every reporting date.

(a) Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as 'held for trading' unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the end of the reporting period, otherwise they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

(c) Available-for-sale financial assets

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long-term. Financial assets that are not classified in any of the other categories are also included in the available-for-sale category. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

2.11.2 Reclassification

The Group may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date

are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date.

2.11.3 Recognition and measurement

Financial assets carried at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income.

Purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'Financial assets at fair value through profit or loss' category are included in the statement of comprehensive income in the period in which they have arisen. Changes in the fair value of monetary and non-monetary financial assets classified as available for sale are recognized in other comprehensive income. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the income statement as "gains or losses from investment securities".

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's-length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis refined to reflect the issuer's specific circumstances.

2.11.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet, when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future event and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.11.5 Impairment of financial assets

a) Assets carried at amortized cost

The Group assesses at each end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing for receivables is described in note 2.15.

b) Assets classified as available for sale

In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income.

2.12 Derivative financial instruments and hedging activities

As part of its risk management policy, the Group utilizes currency and commodity derivatives to mitigate the impact of volatility in commodity prices and foreign exchange rates. Derivative financial instruments are initially

recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in fair values of the derivative financial instruments are recognised at each reporting date either in the statement of comprehensive income or in other comprehensive income, depending on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

(a) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);

(b) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The instruments used for this risk management include commodity exchange traded contracts (ICE futures), full refinery margin forwards, product price forward contracts or options.

Cash flow hedges

The effective portion of changes in the fair value of these derivatives is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the statement of comprehensive income within “Other operating income / (expenses) and other gains / (losses)”. Amounts accumulated in equity are recycled in the statement of comprehensive income in the periods when the hedged item affects profit or loss (i.e. when the forecast transaction being hedged takes place) within cost of sales.

When a hedging instrument expires or is sold, or a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the statement of comprehensive income. When a forecast transaction is no longer expected to occur, the derivative is de-designated and the cumulative gain or loss that was reported in equity is immediately transferred to the statement of comprehensive income within “Other operating income / (expenses) and other gains / (losses)”.

Derivatives held for trading

The derivatives that do not qualify for hedge accounting are classified as held-for-trading and accounted for at fair value through profit or loss. Changes in the fair value of the derivative instruments that do not qualify for hedge accounting are recognized immediately in the statement of comprehensive income.

2.13 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants related to Property, Plant and Equipment received by the Group are initially recorded as deferred government grants and included in “Other long term liabilities”. Subsequently, they are credited to the statement of comprehensive income over the useful lives of the related assets in direct relationship to the depreciation charged on such assets.

2.14 Inventories

Inventories comprise crude oil and other raw materials, refined and semi-finished products, petrochemicals, merchandise, consumables and other spare parts.

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the monthly weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. It does not include borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Spare parts consumed within a year are carried as inventory and recognized in profit or loss when consumed.

2.15 Trade receivables

Trade receivables, which generally have 20-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is clear evidence that the Group will not be able to collect all amounts due.

Trade receivables include bills of exchange and promissory notes from customers.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the statement of comprehensive income and is included in "Selling and distribution expenses".

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

2.16 Cash, cash equivalents and restricted cash

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments such as marketable securities and time deposits with original maturities of three months or less. Restricted cash include bank deposits placed as security for loan agreements.

2.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in equity.

2.18 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

In cases where an existing borrowing of the Group is renegotiated, this might result in modification or an exchange of borrowings with the lenders that could be carried out in a number of ways. Whether a modification or exchange of borrowings represents a settlement of the original debt, or merely a renegotiation of that debt, determines the accounting treatment that should be applied by the borrower. When the terms of the existing borrowings are substantially different from the terms of the modified or exchanged borrowings, such a modification or exchange is treated as an extinguishment of the original borrowing and any difference arising is recognized in profit and loss.

The Group considers the terms to be substantially different if either the discounted present value of the future cash flows under the new terms, including any costs or fees incurred, using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original borrowing or there is a substantial change in the terms from a qualitative perspective. Qualitative factors may include:

- the currency in which the borrowing is denominated
- the interest rate (that is fixed versus floating rate)
- changes in covenants

2.19 Current and deferred income tax

The tax expense or credit for the period comprises current and deferred tax. The income tax expense or credit for the period, is the tax estimated on the current period’s taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, as well as additional taxes for prior years. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognized directly in equity. In this case, the tax is also recognized in equity.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group’s subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not recognized if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction does not affect either accounting or taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

2.20 Employee benefits

(a) *Pension obligations*

The Group participates in various pension schemes. The payments are determined by the local legislation and the funds' regulations. The Group has both defined benefit and defined contribution plans.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly administered Social Security funds on a mandatory basis. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period, less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the income statement.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(c) Share-based compensation

The Group operates a shares option plan. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, at the date of granting. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each reporting period end, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(d) Short-term paid absences

The Group recognises the expected cost of short-term employee benefits in the form of paid absences in the case of accumulating paid absences, when the employees render service that increases their entitlement to future paid absences.

2.21 Trade and other payables

Trade and other payables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

2.22 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value reflects current market assessments of the time value of money and the increases specific to the liability.

The obligation of the Group to meet its CO2 emission targets is treated as follows: European ETS register allocates emission rights to refineries annually. Allowances received are recognised at cost. A provision is recognized for the obligation to pay for the emission quantities that exceed the pre-allocated allowances. The provision recognised is measured at the amount that it is expected to cost the entity to settle the obligation. This will be the market price at the balance sheet date of the allowances required to cover the emissions made to date.

2.23 Environmental liabilities

Environmental expenditure that relates to current or future revenues is expensed or capitalised as appropriate. Expenditure that relates to an existing condition caused by past operations and that does not contribute to current or future earnings is expensed.

The Group has an environmental policy which complies with existing legislation and any obligations resulting from its environmental and operational licences. In order to comply with all rules and regulations, the Group has set up a monitoring mechanism in accordance with the requirements of the relevant authorities. Furthermore, investment plans are adjusted to reflect any known future environmental requirements. The above mentioned expenses are estimated based on the relevant environmental studies.

Liabilities for environmental remediation costs are recognised when environmental assessments or clean-ups are probable and the associated costs can be reasonably estimated. Generally, the timing of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites. The amount recognised is the best estimate of the expenditure required. If the effect of the time value of money is material, the amount recognised is the present value of the estimated future expenditure.

2.24 Revenue recognition

Revenue comprises the fair value of the sale of goods and services, net of value-added tax and any excise duties, rebates and discounts. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The Group assesses whether it acts as a principal or agent in each of its revenue arrangements. Revenue is recognised as follows:

(a) Sales of goods – wholesale

Revenue on sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, the Group has delivered the products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

(b) Sales of goods – retail

Sales of goods are recognised when a Group entity has delivered products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

(c) Provision of services

For sales of services, revenue is recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(d) Interest income

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

(e) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.25 Leases

Group as lessee
Leases of property plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in "Borrowings". The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases where the lessor retains substantially a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Group as lessor
Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

2.26 Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are declared and appropriately authorised or approved by the Group's Shareholders' General Meeting.

2.27 Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

2.28 Changes in accounting policies

The Group adopted the amendments described in paragraph 2.1.1 for the first time for the annual reporting period commencing 1 January 2017. The adoption of these standards did not have a significant impact on the Group's policies or disclosures.

2.29 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

3 Financial risk management

3.1 Financial risk factors

The Group's activities are primarily centred on Downstream Refining (incl. Petrochemicals) & Marketing of petroleum products; with secondary activities relating to exploration of hydrocarbons and power generation and trading. As such, the Group is exposed to a variety of financial and commodity markets risks including foreign exchange and commodity price risk, credit risk, liquidity risk, cash flow risk and interest-rate risk. In line with international best practices and within the context of local markets and legislative framework, the Group's overall risk management policies aim at reducing possible exposure to market volatility and / or mitigating its adverse effects on the financial position of the Group to the extent possible. In general, the key factors that impact the Group's operations are summarised as follows:

Greek Macros: Following a period of economic recession between 2009-2016, during which real GDP fell by 26%, the Greek economy begun recovering during 2016 and continued growing in 2017, with 3 consecutive quarters of GDP growth recorded in the first 9 months of the year. Economic recovery, improved banking system stability, completion of the second EU bailout programme review and significant progress on the third programme, as well as improved confidence reflected in the Greek government bond yields, improved macroeconomic backdrop in the country. Employment growth had a positive impact on income and private consumption; however, inflation and wage growth are still weak

Total domestic fuels consumption reduced by 1,9% in 2017, mainly as the reduction in demand for heating gasoil which is attributed to mild weather conditions during the last quarter of the year and higher oil product prices at the end of 2017. Motor fuels demand fell to 2015 levels, decreasing by 1,2% during the year, as gasoline consumption was lower, partly offset by higher diesel demand.

Despite the significant progress in economic recovery recorded in 2017, concerns around the banking system sustainability and government funding after the bailout program termination remain, as reflected in debt capital and equity markets risk assessment and pricing. Economic developments in the country are beyond the Group's control; however, Management continually assesses the situation and its possible future impact to ensure that all necessary actions and measures are taken in order to minimize the impact on the Group's Greek operations.

Currency: The Group's business is naturally hedged against a functional currency risk. All petroleum industry transactions are referenced to international benchmark quotes for crude oil and oil products in USD. All international purchases and sales of crude oil and products are conducted in USD and all sales into local markets are either in USD prices or converted to local currency for accounting and settlement reasons using the USD reference on the date of the transaction.

Prices: Commodity price risk management is supervised by a Risk Management Committee, which includes Finance and Trading departments' Senior Management. Non-commodity price risk management is carried out by the Finance Department under policies approved by the Board of Directors. The Finance Department identifies and evaluates financial risks in close co-operation with the Group's operating units.

Securing continuous crude oil supplies: Developments in the global and regional crude oil markets in the last 2,5 years have reduced the cost of raw material for the Group and increased optionality. International crude oil reference prices in December 2017 are decreased by more than 40% compared to June 2014 peak. These developments led to lower cost of crude, for both sweet and especially sour grades, which represent the key source of feedstock for complex refiners like Hellenic Petroleum, improving the competitive position of Med refiners vs. their global peers. The Group was able to take advantage of this development and diversify its crude basket compared to previous years.

Financing of operations: Given financial market developments since 2011, the key priorities of the Group have been the management of the 'Assets and Liabilities' maturity profile, funding in accordance with its strategic investment plan and liquidity risk for operations. As a result of these key priority initiatives and in line with its medium term financing plan, the Group has maintained a mix of long term, medium term and short term credit facilities by taking into consideration bank and debt capital markets' credit capacity as well as cash flow planning and commercial requirements. Approximately 70% of total debt is financed by medium to long term committed credit lines while the remaining debt is being financed by short term working capital credit facilities.

In May 2016 the Group repaid its $400 million Eurobond on its maturity date. During the same month, the parent company concluded a € 400 million backstop facility, which has two Tranches, a committed Tranche of €240 million and an uncommitted Tranche of €160 million. The facility had a tenor of 18 months with a six-month extension option, which was exercised in July 2017 and to which all participating banks consented. The new maturity date of the facility is May 2018 while the balance of the committed Tranche as at 31 December 2017 was €239 million. The balance of the uncommitted Tranche as at 31 December 2017 was nil.

In October 2016 the Group issued a €375 million five-year 4,875% Eurobond guaranteed by the parent company of the Group with the issue price being 99,453 per cent. of the principal amount. The notes mature in October 2021. The proceeds of the issue were used to repay existing financial indebtedness, including the partial prepayment of the €500 million Eurobond, which matured in May 2017 through a tender offer process, which was completed in October 2016 during which notes of a nominal value of €225 million were accepted. In July 2017, Hellenic Petroleum Finance Plc ("HPF") issued €74,53 million guaranteed notes due 14 October 2021, which were consolidated and form a single series with the €375 million 4.875% guaranteed notes.

The Group had a €50 million syndicated credit facility with a €40 million tranche maturing in July 2016 and a €10 million tranche maturing in July 2018. In July 2016, the Group partially repaid € 20 million of the maturing tranche and extended the maturity of the remaining €20 million to July 2018.

In October 2016 the Group extended the maturity date of its €400 million syndicated credit facility to October 2017 with two six-month extension options. In October 2017, Hellenic Petroleum S.A. extended the facility maturity date to April 2018 and is in the process of renewing it. In line with the Group's risk management strategy to increase the percentage of committed term credit facilities, Hellenic Petroleum S.A. concluded a €200 million syndicated committed bond loan facility in January 2015, with a tenor of 3 years. In January 2018 the company extended the facility maturity date to February 2018 and is in the process of renewing it for an additional three years.

Additional information is disclosed in paragraph (c) Liquidity risk below and Note 16.

Capital management: The second key priority of the Group has been the management of its Assets. Overall the Group has around €4,2 billion of capital employed which is driven from working capital, investment in fixed assets and its investment in the DEPA Group. Current assets are mainly funded with current liabilities (incl. short term bank debt) which are used to finance working capital (inventories and receivables). As a result of the implementation of the Group's investment plan during the period 2007-2012, net debt level has increased to 43% of total capital employed while the remaining 57% is financed through shareholders equity. The Group has started reducing its net debt levels through utilization of the incremental operating cashflows, post completion and operation of the new Elefsina refinery. This is expected to lead to lower Debt to Equity ratio, better matched Asset and Liability maturity profiles as well as lower financing costs.

(a) Market risk

(i) Foreign exchange risk

As explained in note 2.5 "Foreign currency translation", the parent company's functional currency and presentation currency of the Group is the Euro. However, in line with industry practice in all international crude oil and oil trading transactions, underlying commodity prices are based on international reference prices quoted in US dollars.

Foreign currency exchange risk arises on three types of exposure:

- **Financial position translation risk:** Most of the inventory held by the Group is reported in Euro while its underlying value is determined in USD. Thus, a possible devaluation of the USD against the Euro leads to a reduction in the realisable value of inventory included in the statement of financial position. In order to manage this risk, a significant part of the Group's payables (sourcing of crude oil and petroleum products) is denominated in USD resulting to an offsetting impact to the one described above. It should be noted however, that while in the case of USD devaluation the impact on the statement of financial position is mitigated, in cases of USD appreciation the mark-to-market valuation of USD-denominated debt liabilities leads to a reported foreign exchange loss, with no compensating benefit as stocks continue to be included in the statement of financial position at cost. It is estimated that at 31 December 2017 if the Euro had weakened against the US dollar by 5% with all other variables held constant, pre-tax results would have been approximately €13 million lower, as a result of foreign exchange losses on translation of US dollar-denominated receivables, payables, cash and borrowings.

- **Gross Margin transactions and translation risk:** The fact that most of the transactions in crude oil and oil products are based on international Platt's USD prices leads to exposure in terms of the Gross Margin translated in Euro. Market volatility had an adverse impact on the cost of mitigating this exposure; as a result the Group did not actively hedge material amounts of the Gross margin exposure. This exposure is linearly related to the Gross margin of the Group in that the appreciation/ depreciation of Euro vs. USD leads to a respective translation loss/ (gain) on the period results.

- **Local subsidiaries exposure:** Where the Group operates in non-Euro markets there is an additional exposure in terms of cross currency translation between USD (price base), Euro reporting currency and local currency. Where possible the Group seeks to manage this exposure by transferring the exposure for pooling at Group levels. Although material for local subsidiaries' operations, the overall exposure is not considered material for the Group.

(ii) Commodity price risk

The Group's primary activity as a refiner involves exposure to commodity prices. Changes in current or forward absolute price levels vs acquisition costs affect the value of inventory while exposure to refining margins (combination of crude oil and product prices) affect the future cash flows of the business.

In the case of price risk, the level of exposure is determined by the amount of priced inventory carried at the end of the reporting period. In periods of sharp price decline, as Group policy is to report its inventory at the lower of historical cost and net realisable value, results are affected by the reduction in the carrying value of the inventory. The extent of the exposure relates directly to the level of stocks and rate of price decrease. This exposure is partly hedged with paper derivatives to the extent that the cost of such instruments is considered attractive from a risk-return point of view and subject to the structure of the market (contango vs. backwardation) as well as credit capacity for long dated transactions.

Refining margin exposure relates to the absolute level of margin generated by the operation of the refineries. This is determined by Platt's prices and varies on a daily basis; as an indication of the impact to the Group financial results, a change in the refinery margins has a proportionate impact on the Group's profitability. Where possible, the Group aims to hedge the part of its production which will be sold in the future and hence will be exposed to forward pricing, thus generating higher price risk upon completion of the sale. This, however, is not possible to do in all market conditions, such as a backwardated market structure, where future prices are below their spot levels, or when there is no credit capacity for derivatives transactions.

(iii) Cash flow and fair value interest rate risk

The Group's operating income and cash flows are not materially affected by changes in market interest rates, given the low level of prevailing reference rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, while borrowings issued at fixed rates expose the Group to fair value interest rate risk. Approximately one third of the Group's borrowings are at fixed rates of interest. Depending on the levels of net debt at any given period of time, any change in the base interest rates (EURIBOR or LIBOR), has a proportionate impact on the Groups results. At 31 December 2017, if interest rates on Euro denominated borrowings had been 0,5% higher with all other variables held constant, pre-tax profit for the year would have been Euro €10 million lower.

(b) Credit risk

(i) Risk Management

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale customers, including outstanding receivables and committed transactions. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

(ii) Credit quality

The credit quality of cash, cash equivalents and restricted cash is assessed by reference to external credit ratings obtained from Moody's in the table below.

Due to market conditions, the approval of credit risk is subject to a more strict process involving all levels of senior management. A Group credit committee monitors material credit exposures on a Group wide basis. See Note 11 for further disclosure on credit risk.

	As at	
Bank Rating (in €million)	**31 December 2017**	**31 December 2016**
A	16	327
A1	-	91
Baa1	-	14
Baa2	426	-
BBB-	5	-
Caa1	5	8
Caa2	-	11
Caa3	531	599
No rating	36	32
Total	**1.019**	**1.082**

(c) Liquidity risk

Prudent liquidity risk management entails maintaining sufficient cash reserves and financial headroom, through committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in its funding operations through the use of cash and committed credit facilities.

Where deemed beneficial to the Group, and in order to achieve better commercial terms (e.g. better pricing, higher credit limits, longer payment terms), the Group provides for the issuance of short term letters of credit or guarantee for the payment of liabilities arising from trade creditors. These instruments are issued using the Group's existing credit lines with local and international banks, and are subject to the approved terms and conditions of each bank, regarding the amount, currency, maximum tenor, collateral etc. To the extent the liabilities covered materialise before the balance sheet date, they are included in the balance sheet under trade creditors. Further details of the relevant loans are provided in Note 16.

The Group's plans with respect to facilities expiring within the next 12 months are presented below.

	1H18	2H18	2018	Schedule for repayment	Schedule for refinancing
Bond loan €400 million	285	-	285	-	285
Bond loan €200 million	200	-	200	-	200
Bond loan SBF € 400 million	240	-	240	240	-
Syndicated credit facility € 20 million	-	20	20	-	20
Syndicated credit facility € 10 million	-	10	10	-	10
Syndicated bond loan € 350 million	-	350	350	-	350
European Investment Bank ("EIB") Term loan	22	22	44	44	-
Total	**747**	**402**	**1.149**	**284**	**865**

The Group is in the process of executing a refinancing plan for the above bond loans and syndicated credit facilities. Following negotiations with the banks concerned, the Group obtained proposed key terms for refinancing certain of the above facilities, as well as head of terms for a new bilateral loan facility. The Board of Directors approved the proposed refinancing plan and further steps for conclusion of the new loan agreements. The Group expects the refinancing to be completed in due time before maturity of existing loans.

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period from balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
31 December 2017				
Borrowings	2.011.245	404.046	605.779	-
Finance lease liabilities	984	906	2.451	333
Other long term liabilities	-	-	-	-
Trade and other payables	1.622.988	-	-	-
31 December 2016				
Borrowings	1.424.122	673.194	902.135	22.311
Finance lease liabilities	960	974	2.390	1.405
Other long term liabilities	-	243.562	-	-
Trade and other payables	1.740.345	-	-	-

The amounts included as loans in the table above do not correspond to the balance sheet amounts, as they are contractual (undiscounted) cash flows, which include capital and interest.

Trade and other payables do not correspond to the balance sheet amounts as they include only financial liabilities.

3.2 Capital risk management

The Group's objective with respect to capital structure, which includes both equity and debt funding, is to safeguard its ability to continue as a going concern, to have in place an optimal capital structure from a cost perspective and at the same time to ensure that the requirements of loan financial covenants are met.

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

Consistent with the industry convention, the Group monitors capital structure and indebtedness levels on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the statement of financial position) less "Cash & cash equivalents" and, "Available for Sale financial assets". Total capital employed is calculated as "Total Equity" as shown in the statement of financial position plus net debt.

The gearing ratios at 31 December 2017 and 2016 were as follows:

	As at	
	31 December 2017	**31 December 2016**
Total Borrowings (Note 16)	2.820.503	2.842.503
Less: Cash, Cash Equivalents and restricted cash (Note 12)	(1.018.913)	(1.081.580)
Less: Available for sale financial assets (Note 3.3)	(1.857)	(1.626)
Net debt	**1.799.733**	**1.759.297**
Total Equity	2.371.574	2.141.635
Total Capital Employed	**4.171.307**	**3.900.932**
Gearing ratio	**43%**	**45%**

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2017:

	Level 1	**Level 2**	**Level 3**	**Total balance**
Assets				
Derivative financial instruments held for trading	-	-	-	-
Derivatives used for hedging	-	11.514	-	11.514
Available for sale financial assets	1.857	-	-	1.857
	1.857	**11.514**	**-**	**13.371**
Liabilities				
Derivative financial instruments held for trading	-	-	-	-
Derivatives used for hedging	-	-	-	-
	-	**-**	**-**	**-**

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2016:

	Level 1	**Level 2**	**Level 3**	**Total balance**
Assets				
Derivative financial instruments held for trading	-	-	-	-
Derivatives used for hedging	-	15.192	-	15.192
Available for sale financial assets	1.626	-	-	1.626
	1.626	**15.192**	**-**	**16.818**
Liabilities				
Derivative financial instruments held for trading	-	-	-	-
Derivatives used for hedging	-	-	-	-
	-	**-**	**-**	**-**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.

- The fair value of commodity swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

For the years ended 31 December 2017 and 31 December 2016, there were no transfers between levels.

The fair value of Euro denominated Eurobonds as at 31 December 2017 was €796 million (31 December 2016: €949 million), compared to its book value of €762 million (31 December 2016: €943 million). The fair value of the remaining borrowings approximates their carrying value, as the effect of discounting is insignificant. The fair values of borrowings are within level 2 of the fair value hierarchy.

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

4 Critical accounting estimates and judgements

Estimates and judgements are continuously evaluated and are based on historical experience as adjusted for current market conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Critical accounting estimates and assumptions

(a) Income taxes

The Group is subject to periodic audits by local tax authorities in various jurisdictions and the assessment process for determining the Group’s current and deferred tax balances is complex and involves high degree of estimation and judgement. There are some transactions and calculations for which the ultimate tax determination is uncertain. Where tax positions are not settled with the tax authorities, the Group management takes into account precedent and the advice of tax and legal experts in analyzing the specific facts and circumstances, interpreting the relevant tax legislation, assessing other similar positions taken by the tax authorities, to form a view about whether a provision needs to be recorded, or a contingent liability needs to be disclosed. Where the Group is required to make payments in order to appeal against positions of tax authorities, the respective payments are recorded as assets (note 11).

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(b) Recoverability of deferred tax assets

Deferred tax assets include certain amounts which relate to carried forward tax losses. In most cases, depending on the jurisdiction in which such tax losses have arisen, such tax losses are available for set off for a limited period of time since they are incurred. The Group makes assumptions on whether these deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for relevant entity.

(c) Provision for environmental restoration

The Group operates in the oil industry with its principal activities being that of exploration and production of hydrocarbons, refining of crude oil and sale of oil products, and the production and trading of petrochemical products. Environmental damage caused by such substances may require the Group to incur restoration costs to comply with the regulations in the various jurisdictions in which the Group operates, and to settle any legal or constructive obligation. Analysis and estimates are performed by the Group together with its technical and legal advisers, in order to determine the probability, timing and amount involved with probable required outflow of

resources. Estimated restoration costs, for which disbursements are determined to be probable, are recognised as a provision in the Group's financial statements. When the final determination of such obligation amounts differs from the recognised provisions, the Group's statement of comprehensive income is impacted.

(d) Estimates in value-in-use calculations

The recoverable amount of a cash-generating unit (CGU) is determined for impairment tests purposes based on value-in-use calculations which require the use of assumptions. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The calculations use cash flow projections based on financial budgets approved by management. These budgets and forecast calculations generally cover a period of five years. Cash flows beyond the period over which projections are available are extrapolated using estimated growth rates. These growth rates are consistent with forecasts included in country or industry reports specific to the country and industry in which each CGU operates. The key assumptions used to determine the recoverable amount for the different CGUs, or assets, including a sensitivity analysis, are disclosed and further explained in Notes: 6. for Property, Plant and Equipment, 7. for Goodwill, 8. for Investments in Associates and Joint Ventures.

(e) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives and certain available-for-sale investments) is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(f) Provision for impairment of receivables

Management evaluates the estimated allowance based on specific reviews of customer balances taking into account its experience with collection trends in the oil market industry, the current economic conditions and also the securities and collaterals obtained from specific customers. The Group regularly reassesses the allowance for doubtful accounts receivable in conjunction with the customer's commercial behaviour taking into consideration reports from its legal department, prepared after processing historical data and recent developments of cases they are handling. Estimates are involved of amounts expected to be recovered in the case of defaulted customers taking into account any settlement arrangements, whether the customer is repaying agreed instalments, and expected recoveries from any collaterals held.

(g) Pension benefits

The present value of the pension obligations for the Group's defined benefit plans depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost / (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency and jurisdiction in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 18.

(h) Provisions for legal claims

The Group has a number of legal claims pending against it. Management uses its judgement as well as the available information from the Group legal department, in order to assess the likely outcome of these claims and if it is more likely than not that the Group will lose a claim, then a provision is recognized. Provisions for legal claims, if required, are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

(i) Depreciation of property, plant and equipment

The Group periodically assesses the useful lives of its property, plant and equipment to determine whether the original estimated lives continue to be appropriate. To this respect, the Group may obtain technical studies and use external sources to determine the lives of its assets, which can vary depending on a variety of factors such as technological innovation and maintenance programs.

(ii) Critical judgements in applying the Group's accounting policies

(j) Impairment of available-for-sale investments

The Group follows the guidance of IAS 39 to determine when an available-for-sale equity investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, the financial health and the short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(k) Impairment of non-financial assets and investments

The Group assesses at each reporting date, whether indicators for impairment exist for its non-financial assets (note 2.10) and its investments in associates and joint ventures. If any indication exists, the Group estimates the asset's recoverable amount. Judgment is involved to some extent in determining whether indicators exist and also the determination of the cash generating units at which the respective assets are tested.

5 Segment information

All critical operating decisions are made by the Group's Executive Committee, which reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The committee considers the business from a number of measures which may vary depending on the nature and evolution of a business segment by taking into account the risk profile, cash flow, product and market considerations. Information provided to the committee is measured in a manner consistent with that of the financial statements.

The Group's key operating segments are:

a) Refining, Supply and Trading (Refining)

- Activities in Greece revolve around the operation of the Group's three refineries located in Aspropyrgos, Elefsina and Thessaloniki, which account for approximately 65% of the country's total refining capacity. The three refineries combine a storage capacity of 6,65 million m^3 of crude oil and petroleum products.
- International activities refer to the OKTA facility, which is located in Skopje and is connected to Thessaloniki refinery through a pipeline for the transportation of high value-added products (e.g. diesel).

More information about the activities of this segment can be found in the Group's Annual Report.

b) Marketing

- Activities in Greece: The Group, through its subsidiary HFL S.A., possesses the most comprehensive fuel supply network in the country via the EKO and BP brand names, which includes a total of 1.760 service stations, 201 of which are company-operated.
- International activities: The Group operates through subsidiary companies in Cyprus, Bulgaria, Serbia, Montenegro and FYROM, with a total network of 302 petrol stations.

More information about the activities of this segment can be found in the Group's Annual Report.

c) Exploration and Production of Hydrocarbons

The Group is engaged in ongoing projects related to the exploration and production of hydrocarbons in several areas in Greece, including the sea of Thrace in North Aegean, the offshore block of Patraikos Gulf (West), the two onshore areas of "Arta-Preveza" and ''NW Peloponnese'' and the offshore Block 2 west of Corfu Island.

More information about the activities of this segment can be found in the Group's Annual Report.

d) Petro-chemicals

Petrochemical activities mainly focus on the production and marketing of polypropylene, BOPP films and solvents, as well as the trading of imported plastics and chemicals. The polypropylene production plant in Thessaloniki mainly receives propylene produced in the Aspropyrgos refinery. Part of the production of the produced polypropylene is the raw material used in the BOPP film production unit in Komotini.

More information about the activities of this segment can be found in the Group's Annual Report.

e) Gas & Power

- Natural Gas: The Group is active in the natural gas sector through its 35% participation in DEPA S.A., (the remaining 65% is held by the HRDAF). DEPA Group is active in the supply of natural gas in Greece through import pipelines and the Revithoussa LNG terminal, as well as in the trading of natural gas to selected end-users (annual consumption> 100 GWh). DEPA also participates in international gas transportation projects.
- Power: The Group is active in the production, trading and supply of power in Greece through its participation (50%) in the JV Elpedison B.V. (the remaining 50% is held by EDISON International). Elpedison B.V. Group owns a 75.78% of the share capital of Elpedison S.A.. ELLAKTOR (22.74%) and HALCOR (1.48%) are also shareholders.

More information about the activities of this segment can be found in Note 8, as well as in the Group's Annual Report.

Financial information regarding the Group's operating segments for the year ended 31 December 2017 is presented below:

	For the year ended 31 December 2017						
	Refining	**Marketing**	**Exploration & Production**	**Petro-chemicals**	**Gas & Power**	**Other**	**Total**
Gross Sales	7.000.768	2.911.614	-	266.931	1.784	11.423	10.192.520
Inter-segmental Sales	(2.181.175)	(6.930)	-	-	(11)	(9.714)	(2.197.830)
Net Sales	**4.819.593**	**2.904.684**	**-**	**266.931**	**1.773**	**1.709**	**7.994.690**
EBITDA	**670.226**	**95.034**	**(4.643)**	**95.089**	**1.045**	**(5.692)**	**851.059**
Depreciation & Amortisation	(142.718)	(39.048)	(273)	(4.238)	(469)	(2.530)	**(189.276)**
Operating profit / (loss)	**527.508**	**55.986**	**(4.916)**	**90.851**	**576**	**(8.222)**	**661.783**
Currency exchange gains/ (losses)	(8.138)	(47)	12	-	-	-	(8.173)
Share of profit/(loss) of investments in associates & joint venture	(10.241)	1.017	-	-	40.455	(3)	31.228
Finance (expense)/income - net	(101.801)	(21.498)	-	13	1	(41.768)	(165.053)
Profit / (loss) before income tax	**407.328**	**35.458**	**(4.904)**	**90.864**	**41.032**	**(49.993)**	**519.785**
Income tax expense							(135.862)
Profit for the period							**383.923**
(Profit) attributable to non-controlling interests							(2.551)
Profit for the period attributable to the owners of the parent							**381.372**

Financial information regarding the Group's operating segments for the year ended 31 December 2016 is presented below:

	For the year ended 31 December 2016						
	Refining	**Marketing**	**Exploration & Production**	**Petro-chemicals**	**Gas & Power**	**Other**	**Total**
Gross Sales	5.707.002	2.333.559	-	252.387	1.641	14.770	8.309.359
Inter-segmental Sales	(1.679.040)	(5.569)	-	-	-	(11.497)	(1.696.106)
Net Sales	**4.027.962**	**2.327.990**	**-**	**252.387**	**1.641**	**3.273**	**6.613.253**
EBITDA	**661.737**	**92.971**	**(5.372)**	**100.326**	**(4.703)**	**(3.710)**	**841.249**
Depreciation & Amortisation	(154.038)	(47.975)	(187)	(6.406)	(435)	(437)	**(209.478)**
Operating profit / (loss)	**507.699**	**44.996**	**(5.559)**	**93.920**	**(5.138)**	**(4.147)**	**631.771**
Currency exchange gains/ (losses)	21.070	(133)	(17)	-	-	(147)	20.773
Share of profit of investments in associates & joint ventures	(10.647)	600	-	-	23.958	(4)	13.907
Finance (expense)/income - net	(140.705)	(28.242)	(3)	13	(4)	(31.839)	(200.780)
Profit / (loss) before income tax	**377.417**	**17.221**	**(5.579)**	**93.933**	**18.816**	**(36.137)**	**465.671**
Income tax expense							(136.936)
Profit for the period							**328.735**
Loss attributable to non-controlling interests							1.025
Profit for the period attributable to the owners of the parent							**329.760**

Inter-segment sales primarily relate to sales from the refining segment to the other operating segments.

"Other Segments" include Group entities which provide treasury, consulting and engineering services.

During the year 2017, management reconsidered the treatment of oil products exchanged or swapped for oil products of a similar nature and value. Previously, sales and purchases arising from such transactions were recognised at their gross sales value within "Revenue" and "Cost of sales" respectively. Following the reconsideration the above transactions are no longer regarded as sales and to this effect comparative figures were restated by reclassifying an amount of € 66,7 million from "Sales" to "Cost of Sales" so as to conform to the change in presentation. There were no further changes in the basis of segmentation or in the basis of measurement of segment profit or loss, as compared to the consolidated annual financial statements for the year ended 31 December 2016.

An analysis of the Group's net sales by type of market (domestic, aviation & bunkering, exports and international activities) is presented below:

	For the year ended	
	31 December 2017	**31 December 2016**
Net Sales		
Domestic	2.740.924	2.196.260
Aviation & Bunkering	1.098.784	797.830
Exports	3.021.704	2.612.134
International activities	1.133.278	1.007.029
Total	**7.994.690**	**6.613.253**

The segment assets and liabilities at 31 December 2017 and 2016 are as follows:

	As at	
	31 December 2017	**31 December 2016**
Total Assets		
Refining	5.100.986	5.337.313
Marketing	1.262.001	1.272.293
Exploration & Production	5.349	9.123
Petro-chemicals	517.612	367.398
Gas & Power	721.102	693.498
Other Segments	1.516.314	1.662.431
Inter-Segment	(1.963.289)	(2.153.235)
Total	**7.160.075**	**7.188.821**
Total Liabilities		
Refining	3.412.030	3.783.405
Marketing	618.744	630.432
Exploration & Production	14.091	14.626
Petro-chemicals	207.250	111.208
Gas & Power	3.483	3.337
Other Segments	1.483.475	1.648.586
Inter-Segment	(950.572)	(1.144.408)
Total	**4.788.501**	**5.047.186**

"Other Segments" include Group entities which provide treasury, consulting and engineering services.

There has been no material change in the definition of segments or the segmental analysis of total assets or total liabilities from the amounts disclosed in the consolidated annual financial statements for the year ended 31 December 2016.

6 Property, plant and equipment

	Land	Buildings	Plant & Machinery	Motor vehicles	Furniture and fixtures	Assets Under Con-struction	Total
Cost							
As at 1 January 2016	**286.567**	**889.226**	**4.520.019**	**90.720**	**160.162**	**63.738**	**6.010.432**
Additions	2.209	1.905	10.901	2.599	9.403	94.398	121.415
Capitalised projects	194	7.155	57.996	132	145	(65.622)	-
Disposals	(539)	(988)	(6.188)	(684)	(1.631)	(223)	(10.253)
Currency translation differences	(305)	(347)	3.684	2	34	(16)	3.052
Transfers and other movements	-	727	(7.704)	-	102	(3.666)	(10.541)
As at 31 December 2016	**288.126**	**897.678**	**4.578.708**	**92.769**	**168.215**	**88.609**	**6.114.105**
Accumulated Depreciation and impairment							
As at 1 January 2016	**-**	**408.915**	**2.027.382**	**57.042**	**138.541**	**-**	**2.631.880**
Charge for the year	-	31.078	152.470	4.265	6.385	-	194.198
Impairment	-	-	8.313	-	-	-	8.313
Disposals	-	(681)	(5.961)	(684)	(1.479)	-	(8.805)
Currency translation differences	-	(31)	111	2	14	-	96
Transfers and other movements	-	(11)	(2.348)	-	(24)	-	(2.383)
As at 31 December 2016	**-**	**439.270**	**2.179.967**	**60.625**	**143.437**	**-**	**2.823.299**
Net Book Value at 31 December 2016	**288.126**	**458.408**	**2.398.741**	**32.144**	**24.778**	**88.609**	**3.290.806**
Cost							
As at 1 January 2017	**288.126**	**897.678**	**4.578.708**	**92.769**	**168.215**	**88.609**	**6.114.105**
Additions	28.089	6.641	17.646	3.990	13.844	135.285	205.495
Capitalised projects	326	6.463	110.714	327	450	(118.280)	-
Disposals	(1.689)	(2.956)	(2.337)	(529)	(1.124)	(283)	(8.918)
Currency translation differences	882	1.406	369	(1)	3	51	2.710
Transfers and other movements	(177)	177	3.633	-	-	(3.251)	382
As at 31 December 2017	**315.557**	**909.409**	**4.708.733**	**96.556**	**181.388**	**102.131**	**6.313.774**
Accumulated Depreciation and impairment							
As at 1 January 2017	**-**	**439.270**	**2.179.967**	**60.625**	**143.437**	**-**	**2.823.299**
Charge for the year	-	30.167	140.980	1.822	7.563	-	180.532
Impairment	2.689	-	-	-	-	-	2.689
Disposals	-	(2.862)	(1.988)	(500)	(878)	-	(6.228)
Currency translation differences	-	973	332	1	3	-	1.309
Transfers and other movements	-	-	280	-	-	-	280
As at 31 December 2017	**2.689**	**467.548**	**2.319.571**	**61.948**	**150.125**	**-**	**3.001.881**
Net Book Value at 31 December 2017	**312.868**	**441.861**	**2.389.162**	**34.608**	**31.263**	**102.131**	**3.311.893**

(1) The Group has not pledged any property, plant and equipment as security for borrowings.

(2) During 2017 an amount of €2,4 million (2016: €1,9 million) in respect of interest has been capitalised within Assets Under Construction relating to the refining segment, at an average borrowing rate of 5,34% (2016:5,85%)

(3) "Transfers and other movements" mainly include the transfer of spare parts for the refinery units from inventories to fixed assets and the transfer of computer software development costs to intangible assets. During 2017, the Group proceeded with changes in the allocation of the provision for consumables and spare parts. As a result the comparative figures of Plant and Machinery (cost) changed as follows: Opening Balance as at 1 January 2016 was reduced by € 6,7 million whilst PPE – Transfers and other movements was reduced by € 5,4 million (see Note 10).

(4) The impairment loss of €2,7 million, relates to the write down of land in Montenegro to its recoverable amount, based on its fair value. This land is an asset of the Group's subsidiary Jugopetrol A.D. and is included in the marketing segment. The impairment is included in "Other operating expenses/income - net" in the income statement.

(5) Impairment in plant and machinery of €8,3 million in 2016 relates to the pipeline connecting Thessaloniki and Skopje. During the year 2017, and in order to achieve better presentation, the Group reclassified the impairment of € 8,3 million from Cost to Accumulated Depreciation. The pipeline is an asset of the Group's subsidiary Vardax S.A. The impairment is included in "Cost of Sales" in the income statement. As the pipeline has not yet recommenced operations an impairment test was also performed as of 31 December

2017. Based on this impairment test, the Group concluded that the carrying amount of the pipeline is recoverable through its future cash flows, and consequently no further impairment charge was recorded. As part of the impairment test, a sensitivity analysis of key assumptions (WACC, expected timing of recommencement of operations etc.) was also performed which indicated that the recoverable amount of the asset is higher than its carrying amount. The results are most sensitive as regards the expected timing of recommencement of operations, however, management is confident that any shortfall will be compensated by an extension in the pipeline's useful economic life which is believed by them to be technically feasible. No other impairment indicators were identified as of 31 December 2017.

(6) Depreciation expense of €180,5 million (2016: €194,2 million) and amortisation expense of €8,7 million (2016: €15,3 million) are allocated in the following lines of the Consolidated Statement of Comprehensive Income:

- Cost of Sales €134,1 million (2016: €146,9 million),
- Selling and distribution expenses €47 million (2016: €53,5 million),
- Administration expenses €8,1 million (2016: €9 million), and
- Exploration and development expenses €0 (2016: €0,1 million).

7 Intangible assets

	Goodwill	Retail Service Stations Usage Rights	Computer software	Licences & Rights	Other	Total
Cost						
As at 1 January 2016	**133.914**	**50.276**	**100.705**	**40.016**	**73.812**	**398.723**
Additions	-	70	2.897	316	1.021	4.304
Disposals	-	(275)	(66)	-	-	(341)
Currency translation effects	-	(156)	(249)	-	(66)	(471)
Other movements	-	-	2.749	351	(341)	2.759
As at 31 December 2016	**133.914**	**49.915**	**106.036**	**40.683**	**74.426**	**404.974**
Accumulated Amortisation						
As at 1 January 2016	**71.829**	**29.019**	**91.103**	**30.060**	**59.650**	**281.661**
Charge for the year	-	3.204	5.292	1.994	4.790	15.280
Disposals	-	(201)	(55)	-	-	(256)
Currency translation effects	-	-	(3)	-	(4)	(7)
Other movements	-	-	222	52	(272)	2
As at 31 December 2016	**71.829**	**32.022**	**96.559**	**32.106**	**64.164**	**296.680**
Net Book Value at 31 December 2016	**62.085**	**17.893**	**9.477**	**8.577**	**10.262**	**108.294**
Cost						
As at 1 January 2017	**133.914**	**49.915**	**106.036**	**40.683**	**74.426**	**404.974**
Additions	-	1.378	1.804	55	-	3.237
Disposals	-	(52)	(110)	(2.573)	-	(2.735)
Currency translation effects	-	-	32	-	177	209
Other movements	-	-	3.765	(90)	-	3.675
As at 31 December 2017	**133.914**	**51.241**	**111.527**	**38.075**	**74.603**	**409.360**
Accumulated Amortisation						
As at 1 January 2017	**71.829**	**32.022**	**96.559**	**32.106**	**64.164**	**296.680**
Charge for the year	-	2.849	4.919	758	218	8.744
Disposals	-	(37)	(80)	(1.927)	-	(2.044)
Currency translation effects	-	-	9	287	-	296
Other movements	-	-	-	-	-	-
As at 31 December 2017	**71.829**	**34.834**	**101.407**	**31.224**	**64.382**	**303.676**
Net Book Value at 31 December 2017	**62.085**	**16.407**	**10.120**	**6.851**	**10.221**	**105.684**

(1) The majority of the remaining amount of goodwill as at 31 December 2017 relates to the unamortised goodwill arising on the acquisition of Hellenic Petroleum Cyprus Ltd in 2003 which is treated in line with the accounting policy in Note 2.8. Goodwill was tested for impairment as at 31 December 2017 using the value-in-use model. This calculation used cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five-year period were extrapolated using an estimated growth rate of 1% that reflects the forecasts in line with management beliefs, based on GDP growth projections. Management determined annual volume growth rate and gross margins based on past performance and expectations for the market development. The discount rate used was 5,2% which reflects the specific risks relating to operations. The results of the model show that the valuation covers the carrying amount of the goodwill, which amounts to €62 million as of 31 December 2017. A sensitivity analysis was performed to the key assumptions used in the model (discount rates and perpetuity growth rates), in order to stress test the adequacy of the valuation headroom. The sensitivity analysis resulted in recoverable values well in excess of the carrying value.

(2) Other intangible assets category primarily includes rights of use of land in Serbia and Montenegro in cases where the local legal framework does not allow outright ownership of real estate property.

(3) 'Other movements' mainly relate to completed IT software projects capitalised during 2017 and thus transferred from assets under construction. These projects are monitored within assets-under-construction as implementation of the relevant software takes place over a period of time. They are transferred to Intangible Assets when the implementation of the software has been completed and tested as being ready for use.

8 Investments in associates and joint ventures

	As at	
	31 December 2017	**31 December 2016**
Beginning of the Year	**689.607**	**678.637**
Dividend income	(19.346)	(1.139)
Share of profit of investments in associates & joint ventures	31.228	13.907
Share of other comprehensive income of investments in associates	-	(869)
Share capital increase / (decrease)	147	-
Impairment of investments (Note 24)	-	(248)
Other movements	(1)	(681)
End of the year	**701.635**	**689.607**

a) Joint Ventures

The Group is active in power generation, trading and supply in Greece through its 50% shareholding in Elpedison B.V., a joint venture entity with EDISON International. The Group consolidates Elpedison B.V. using the equity method and as such the consolidated results of Elpedison B.V. appear under “Share of profit of investments in associates and joint ventures” and its Net assets under the “Investment in associates and joint ventures”.

Given the materiality of this activity for the Group, the table below summarises the key financials of the Elpedison B.V. Group which consolidates its 75,78% holding in Elpedison S.A.

	As at	
Elpedison B.V. Group	**31 December 2017**	**31 December 2016**
Statement of Financial Position		
Non-Current Assets	284.100	306.652
Cash and Cash Equivalents	35.615	30.542
Other Current Assets	110.081	116.479
Total Assets	**429.796**	**453.673**
Equity	**85.255**	**97.234**
Long Term Borrowings	-	241.501
Other Non-Current Liabilities	30.004	27.305
Short Term Borrowings	224.264	11.096
Other Current Liabilities	90.273	76.537
Total Liabilities	**344.541**	**356.439**
Total Liabilities and Equity	**429.796**	**453.673**

	As at	
	31 December 2017	**31 December 2016**
Statement of Comprehensive Income		
Revenue	414.299	322.233
EBITDA	**30.578**	**40.027**
Depreciation & Amortisation	28.068	27.446
EBIT	**2.510**	**12.580**
Interest Income	402	794
Interest Expense	(14.484)	(18.224)
Loss beforeTax	**(11.572)**	**(13.296)**
Income Tax	(707)	(4.945)
Loss after Tax	**(12.279)**	**(18.241)**
Share of loss accounted in Helpe Group	**(5.917)**	**(12.375)**

During September 2016 Elpedison agreed with its Bondholders to extend its loans amounting to €259,6 million for an additional two years, up to September 2018. The loans are fully guaranteed by the ultimate shareholders of Elpedison S.A., according to their shareholdings in the Company, while they provide for quarterly capital repayments of €3 million and mandatory capital prepayments from any proceeds from LAGIE's and ADMIE's historical deficit. Additionally, the loans provide for a cash sweep mechanism that will mandatorily repay 50% of the company's excess cash flow on a semiannual basis. The loans outstanding as at 31 December 2017 amounted to €225,0 million. Elpedison S.A., along with its shareholders, will shortly commence discussions with the lenders and are confident for the successful refinancing of its loans maturing on 28 September 2018.

The Group has provided letters of comfort and guarantees in favour of banks as security for loans granted by them to Elpedison B.V. As at 31 December 2017, the Group's share of the above was €88 million (31 December 2016: €100 million).

Impairment of Investment in Elpedison B.V.

The share of loss of €12,4 million, from ELPEDISON BV for the year ended 31 December 2016 includes an amount of €5,5 million relating to impairment of the Group's investment. As at 31 December 2016, Elpedison B.V. Management carried out an impairment test according to the requirements of IAS 36, based on the post-tax cash flows produced by the company. The anticipated future developments in the market and regulatory environment (change in remuneration mechanisms and/or delay of their enforcement, intensification of competition) in which the company operates, were considered as indicators of impairment, as they could impact the future cash flows of its assets.

The valuation analysis considered Elpedison S.A.'s two gas fired power plants and the supply business unit as a single cash generation unit (CGU). The analysis was carried out by identifying the recoverable value ("value in use") of the CGU. The estimation of the value in use was performed through the application of the Discounted Cash Flow Valuation Method. The discount rate applied was 8,9% and was estimated as the post-tax Weighted Average Cost of Capital (WACC) of the company.

The year 2016 was highly volatile with significant developments taking place in the power industry (e.g. delay/change of temporary Annual Flexibility remuneration mechanism). This led to the re-evaluation of Elpedison's impairment indicators by management, resulting in the recognition of an additional impairment provision of €5,5 million during 2016 (in 2015 a provision of €7 million was raised) resulting in the recognition of a total impairment provision of € 12,5 million in the carrying value of Elpedison.

Since uncertainty in the power market and regulatory environment remained during 2017 the impairment test was updated using a WACC of 7,5% as of 31 December 2017. Based on this impairment test, the Group concluded that the carrying amount of its investment is recoverable and consequently no further impairment charge was recorded.

It should be noted that the assumptions and scenarios used could further change in the future, particularly in an environment characterized by high volatility. Relevant changes in assumptions used e.g. in the future Annual Flexibility remuneration and in discount rates, could have an impact on the value in use of the assets.

b) Associates

The Group exercises significant influence in a number of other entities, which are also accounted for using the equity method.

DEPA Group

DEPA Group operates in the wholesale, trading, transmission, distribution and supply of natural gas. It is currently owned 65% by the HRADF (Hellenic Republic Assets Development Fund) and 35% by HELPE S.A.

The Depa Group fully consolidates its 100% shareholding in DESFA SA. (Administrator of the Natural Gas High Pressure Transmission System) and its 100% shareholding in DEDA SA (Administrator of the Natural Gas Medium & Low Pressure Distribution System for areas other than the areas in which EDA THESS S.A. & EDA Attica S.A. are active). Other major entities accounted for using the equity method of accounting are EDA THESS S.A. (gas Distribution Company for the Thessaloniki and Thessalia regions), EPA Thessaloniki-Thessalia S.A. (gas Supply Company for the Thessaloniki and Thessalia regions), EDA Attica S.A. (gas Distribution Company for the Attica region) and EPA Attica S.A. (gas Supply Company for the Attica region). Depa S.A. has a 51% shareholding in each of these companies.

The table below summarizes the key financials of DEPA Group:

	As at	
Public Natural Gas Corporation of Greece (DEPA)	**31 December 2017**	**31 December 2016**
Statement of Financial Position		
Non-Current Assets	2.280.022	2.332.404
Cash and Cash Equivalents	532.163	321.044
Other Current Assets	424.890	507.335
Total Assets	**3.237.075**	**3.160.783**
Equity	**1.883.004**	**1.802.296**
Long Term Borrowings	197.021	222.823
Other Non-Current Liabilities	883.545	901.520
Short Term Borrowings	25.801	26.739
Other Current Liabilities	247.704	207.405
Total Liabilities	**1.354.071**	**1.358.487**
Total Liabilities and Equity	**3.237.075**	**3.160.783**

	As at	
	31 December 2017	**31 December 2016**
Statement of Comprehensive Income		
Revenue	1.142.276	884.682
Operating Profit	**169.749**	**158.439**
Interest Income	20.772	21.929
Interest Expense	(10.966)	(14.710)
Profit before Tax	**179.555**	**165.658**
Income Tax	(46.769)	(35.428)
Profit after Tax	**132.786**	**130.230**
Share of profit accounted in Helpe Group	**46.372**	**36.333**

In 2017 the Group received dividends of €18,4 million from the DEPA Group (2016: nil).

Sale of DESFA

On 16 February 2012, HELPE and HRADF (jointly the "Sellers") agreed to launch a joint sale process of their shareholding in DEPA Group aiming to dispose 100% of the supply, trading and distribution activities, as well as 66% of their shareholding in the high pressure transmission network (DESFA S.A., a 100% subsidiary of DEPA S.A.).

The sale process resulted in the submission of a binding offer of €400 million by SOCAR (Azerbaijan's Oil and Gas National Company) for the purchase of the 66% of DESFA. The amount corresponding to HELPE's 35% effective shareholding was €212 million.

On 21 December 2013, the Share Purchase Agreement (SPA) for the above sale was signed by HRADF, HELPE and SOCAR, while the completion of the transaction was agreed to be subject to the clearance of EU's responsible competition authorities.

On 30 November 2016, the deadline for the fulfilment of all prerequisites for the finalisation of the transaction expired without the desired outcome.

By decision of the Governmental Economic Policy Council (ΚΥΣΟΙΠ) on 1 March 2017, the Greek State decided, inter alia, to launch a new tender procedure for the disposal of the 66% of the shares of DESFA, i.e. the 31% of the 65% of the shares held by HRADF combined with the 35% of the shares owned by HELPE, as well as the termination of the respective selling process which was launched in 2012. In addition, article 103 of the most recent law 4472/2017 provides that by 31 December 2017, the participation of DEPA in DESFA (66%) will be sold and transferred through an international tender process, which will be carried out by HRADF, while the remaining balance of 34% will be transferred to the Greek State. Furthermore, the above law provides that at the end of the tender process, DESFA should constitute an Unbundled Natural Gas Transmission System Operator, in accordance with the provisions of articles 62 & 63 of Law 4001/2011 as in force, and be certified as such, in accordance with Articles 9 & 10 of the 2009/73/EC (Full Ownership Unbundled System Operator - FOU).

The Board of Directors of HELPE, at its meeting on 12 June 2017, evaluated the strategic choices of HELPE regarding its minority participation in DESFA and considered that the disposal (jointly with HRADF) of the 66% of DESFA's shares is in the interest of the Company. For this purpose, a draft Memorandum of Understanding (MOU) between the Greek State, HRADF and HELPE was drawn up, based on the corresponding text of 2012. At the abovementioned meeting, the Board of Directors also convened the Extraordinary General Assembly of the Company's shareholders in order to obtain a special permit, in accordance with the provisions of article 23a of the Codified Law 2190/1920, for the conclusion of the MOU between the Greek State, HRADF and HELPE. The MOU was signed by the three parties on 26 June 2017 and the special permit of the General Assembly was provided retrospectively on 6 July 2017, pursuant to the provision of article 23a par.4 2190/1920. On 26 June 2017 the Invitation for the Non-Binding Expression of Interest was published. Four parties expressed interest and two of them have been notified on 22 September 2017, by the Sellers that they have qualified to participate in the next phase of the Tender Process (Binding Offers Phase), and are now considered as Shortlisted Parties. The two Shortlisted Parties are on the one hand, a consortium formed by SNAM S.p.A., FLUXYS S.A., Enagas Internacional S.L.U. and N.V. Nederlandse Gasunies and on the other hand Regasificadora del Noroeste S.A..

The Shortlisted Parties submitted their binding offers on 16 February 2018, pursuant to the Sellers' Request on 10 October 2017 for the Submission of Binding Offers.

The Group consolidates the DEPA Group using the equity method of accounting and the carrying value of the investment in the consolidated financial statements reflects HELPE's 35% share of the net asset value of the DEPA group which as at 31 December 2017 amounts to €659 million. The cost of investment of the DEPA group in the financial statements of HELPE S.A is €237 million. DEPA Group, as it currently stands, continues to be accounted for and included in HELPE Group's consolidated financial statements as an associate.

Other associates

In 2011, the Group participated with a 48% holding in the setting-up of a new company, DMEP HoldCo Ltd, through its subsidiary company Hellenic Petroleum International A.G. DMEP HoldCo Ltd is incorporated in the UK and ultimately owns 100% of "OTSM S.A. of Maintenance Compulsory Stocks and Trading of Crude Oil and Petroleum Products" (OTSM). OTSM is established under Greek law and is fully permitted to provide crude

oil and petroleum products stock keeping and management services. The Group has delegated part of its compulsory stock keeping obligations to OTSM, reducing its stock holding by approximately 246 kMT, at a fee calculated in line with the legal framework.

An analysis of the financial position and results of the Group's major associates is set out below:

	% interest held	As at 31 December 2017			
		Assets	Liabilities	Revenues	Profit after tax
Spata Aviation Fuel Company S.A.	33%	5.299	3.127	6.819	2.042
ELPE THRAKI	25%	14	10	-	(14)
Athens Airport Fuel Pipeline Company S.A.	50%	13.197	3.794	3.769	1.256
DMEP Holdco	48%	126.059	130.987	33.444	(23.039)

	% interest held	As at 31 December 2016			
		Assets	Liabilities	Revenues	Profit after tax
Spata Aviation Fuel Company S.A.	33%	4.602	2.519	6.286	1.876
ELPE THRAKI	25%	31	13	-	(12)
Athens Airport Fuel Pipeline Company S.A.	50%	12.882	4.082	3.513	973
DMEP Holdco	48%	170.097	151.987	33.919	(18.857)

There are neither contingent liabilities nor commitments relating to the group's interest in its associates.

c) Joint operations

The Group participates in the following joint operations with other third parties relating to exploration and production of hydrocarbons in Greece and abroad:

- Edison International SpA (Greece, Patraikos Gulf)
- Calfrac well services (Greece, Sea of Thrace concession)

9 Loans, Advances & Long Term assets

	As at	
	31 December 2017	31 December 2016
Loans and advances	52.144	53.702
Other long term assets	37.482	37.429
Total	**89.626**	**91.131**

Loans and advances relate primarily to merchandise credit extended to third parties as part of the retail network expansion and are non-interest bearing. They also include trade receivables due in more than one year as a result of settlement arrangements. The balances included in the above categories as of 31 December 2017, relating to merchandise credit and non-interest bearing settlement arrangements, are discounted at a weighted average rate of 6% (2016: 6%) over their respective lives.

Other long term assets include non-interest bearing payments made to secure the long term retail network and are amortised over the remaining life of the respective contracts of the petrol station locations. In addition, they include other non-interest bearing prepayments of a long term nature.

10 Inventories

	As at	
	31 December 2017	**31 December 2016**
Crude oil	331.353	371.829
Refined products and semi-finished products	640.142	489.037
Petrochemicals	21.670	20.387
Consumable materials and other spare parts	91.277	86.665
- Less: Provision for consumables and spare parts	(28.049)	(26.637)
Total	**1.056.393**	**941.281**

Under IEA and EU regulations, Greece is obliged to hold crude oil and refined product stocks in order to fulfil the EU requirement for compulsory Stock obligations (90 days stock directive), as legislated by Greek Law 3054/2002. This responsibility is passed on to all companies, including Hellenic Petroleum S.A., which import and sell in the domestic market who have the responsibility to maintain and finance the appropriate stock levels. Such stocks are part of the operating stocks and are valued on the same basis.

The cost of inventories recognised as an expense and included in "Cost of sales" amounted to €6,1 billion (2016: €4,9 billion). The Group has reported a loss of €0,04 million as at 31 December 2017 arising from inventory valuation which is reflected in a write-down of the year end values (2016 – €0,17 million). This was recognised as an expense in the year ended 31 December 2017 and included in 'Cost of Sales' in the statement of comprehensive income. Overall for 2016, management has estimated that the impact on the results of the Group from the fluctuations of crude oil and product prices during the year was positive and equal to approx. €59 million (2016: positive impact of €102 million).

During the year management reconsidered the allocation of the provision for consumables and spare parts. Based upon this reconsideration the comparative figures include a reclassification of € 12,1 million from inventories to Plant and Machinery (see Note 6).

11 Trade and other receivables

	As at	
	31 December 2017	**31 December 2016**
Trade receivables	734.038	722.269
- Less: Provision for impairment of receivables	(248.008)	(235.636)
Trade receivables net	**486.030**	**486.633**
Other receivables	327.203	359.486
- Less: Provision for impairment of receivables	(47.566)	(41.325)
Other receivables net	**279.637**	**318.161**
Deferred charges and prepayments	25.538	63.537
Total	**791.205**	**868.331**

As part of its working capital management the Group utilises factoring facilities to accelerate the collection of cash from its customers in Greece. Non-recourse factoring, is excluded from balances shown above, since all risks and rewards of the relevant invoices have been transferred to the factoring institution.

Other receivables include balances in respect of VAT, income tax prepayment, advances to suppliers and advances to personnel. This balance as at 31 December 2017 also includes an amount of €54m (31 December 2016: €54m) of VAT approved refunds which has been withheld by the customs office due to a dispute relating to stock shortages. The Group has filed a specific legal objection and claim against this action and expects to fully recover this amount following the conclusion of the relevant legal proceedings (Note 31). The fair values of trade and other receivables approximate their carrying amount.

Deferred charges and prepayments have decreased during the year ended 31 December 2017, due to the settlement of an insurance claim amounting to €42 million, which related to property damage and business interruption of the Elefsina refinery during 2013-2015.

The table below analyses total trade receivables:

	As at	
	31 December 2017	**31 December 2016**
Not past due and not impaired	333.427	337.158
Past due, not impaired receivables	120.115	115.136
Past due, doubtful & impaired receivables balance	280.496	269.975
Total trade receivables	**734.038**	**722.269**

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. Provision is made for receivables that are doubtful of collection and have been assessed that they will result in a loss, net of any respective securities or collaterals obtained. Collaterals include primarily first or second class pre-notices over properties of the debtor, personal and bank guarantees.

The overdue days of trade receivables that were past due but not impaired are as follows:

	As at	
	31 December 2017	**31 December 2016**
Up to 30 days	80.747	57.168
30 - 90 days	14.204	11.419
90 - 120 days	506	2.754
Over 120 days	24.658	43.795
Total	**120.115**	**115.136**

The overdue days of trade receivables that were past due and impaired are as follows:

	As at	
	31 December 2017	**31 December 2016**
Up to 30 days	204	233
30 - 90 days	802	668
Over 90 days	279.490	269.074
Total	**280.496**	**269.975**

It was assessed that the portion of the doubtful receivables not provided for could be recovered through settlements, legal action, existing collaterals and the securing of additional collaterals.

The movement in the provision for impairment of trade receivables is set out below.

	As at	
	31 December 2017	**31 December 2016**
Balance at 1 January	235.636	211.349
Charged / (credited) to the income statement:		
- Exchange differences	(101)	-
- Additional provisions	14.380	26.341
- Unused amounts reversed	(1.521)	(1.208)
- Receivables written off during the year as uncollectible	(386)	(846)
Balance at 31 December	**248.008**	**235.636**

The movement in the provision for impairment has been included in Selling & Distribution costs in the statement of comprehensive income.

The movement in the provision for impairment of other receivables is set out below.

	As at	
	31 December 2017	**31 December 2016**
Balance at 1 January	41.325	34.005
Charged / (credited) to the income statement:		
- Additional provisions	8.317	7.320
- Unused amounts reversed	(116)	-
Used during year	(1.960)	-
Balance at 31 December	**47.566**	**41.325**

12 Cash, cash equivalents and restricted cash

	As at	
	31 December 2017	**31 December 2016**
Cash at bank and in hand	873.261	924.055
Short term bank deposits	-	-
Cash and Cash Equivalents	**873.261**	**924.055**
Restricted cash	145.652	157.525
Total Cash, Cash Equivalents and Restricted Cash	**1.018.913**	**1.081.580**

Restricted cash mainly relates to a deposit amounting to €144 million, placed as security for a loan agreement of an equal amount with Piraeus Bank in relation to the Company's Facility Agreement B with the European Investment Bank (Note 16). The outstanding balance under the EIB Facility Agreement B as at 31 December 2017 was €100 million, whilst the outstanding balance of the Piraeus loan as at 31 December 2017 was €144 million. The respective guarantee matured on 15 June 2017 and was renewed for an additional year. In February 2018, the EIB facility was amended in such a way that this guarantee is no longer required. The effect of the loan and the deposit with Piraeus Bank is a grossing up of the Statement of Financial Position as at 31 December 2017 with no effect to the Net Debt position and Net Equity of the Group.

The balance of US Dollars included in Cash at bank as at 31 December 2017 was $555 million (euro equivalent €463 million). The respective amount for the period ended 31 December 2016 was $510 million (euro equivalent €484 million).

The weighted average effective interest rate as at the reporting date on cash and cash equivalents was:

	As at	
	31 December 2017	**31 December 2016**
Euro	0,08%	0,14%
USD	0,10%	0,10%

13 Share capital

	Number of Shares (authorised and issued)	**Share Capital**	**Share premium**	**Total**
As at 1 January & 31 December 2016	305.635.185	666.285	353.796	1.020.081
As at 31 December 2017	305.635.185	666.285	353.796	1.020.081

All ordinary shares were authorised, issued and fully paid. The nominal value of each ordinary share is €2.18 (31 December 2016: €2.18).

Share options

During the Annual General Meeting (AGM) of Hellenic Petroleum S.A. held on 25 May 2005, a share option scheme was approved, with the intention to link the number of share options granted to management with the results and performance of the Company. Subsequent AGMs have approved and granted the share options. At the 2014 and 2015 AGM's, the shareholders approved several changes to the share option program incorporating recent tax changes, without altering the net effect in terms of benefit to the participants.

Share options outstanding at the year-end have the following expiry date and exercise prices:

Grant Date	**Vesting Date**	**Expiry Date**	**Exercise Price**	**No. of share options as at**	
		5 December	**€ per share**	**31 December 2017**	**31 December 2016**
2012	2014-18	2018	4,52	185.633	1.479.933
			Total	**185.633**	**1.479.933**

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	As at			
	31 December 2017		**31 December 2016**	
	Average Exercise Price in € per share	Options	Average Exercise Price in € per share	Options
Balance at beginning of year (1 January)	**4,52**	**1.479.933**	**4,52**	**1.479.933**
Exercised	4,52	(1.294.300)	-	-
Balance at end of year (31 December)	**4,52**	**185.633**	**4,52**	**1.479.933**

The value of lapsed stock options that were transferred to retained earnings in 2017 is nil (2016: nil).

During the year ended 31 December 2017, share options were exercised via the acquisition and subsequent issue of treasury shares to employees with a total value of €9,7 million (see note 14).

14 Reserves

	Note	Statutory reserve	Special reserves	Hedging reserve	Share-based payment reserve	Tax free & Incentive Law Reserves reserves	Other reserves	Treasury shares	Total
Balance at 1 January 2016		**118.668**	**98.420**	**(22.236)**	**747**	**263.047**	**(14.917)**	**-**	**443.729**
Fair value gains / (losses) on cash flow hedges		-	-	15.862	-	-	-	-	15.862
Derecognition of gains/(losses) on hedges through comprehensive income		-	-	19.642	-	-	-	-	19.642
Changes in the fair value on available-for-sale		-	-	-	-	-	(6.343)	-	(6.343)
Transfer of available for sale reserve to operating		-	-	-	-	-	6.414	-	6.414
Actuarial gains/(losses) on defined benefit pension		-	-	-	-	-	(7.763)	-	(7.763)
Share of other comprehensive income of associates		-	-	-	-	-	(869)	-	(869)
Currency translation differences and other movements		-	-	-	-	-	(884)	-	(884)
Balance at 31 December 2016		**118.668**	**98.420**	**13.268**	**747**	**263.047**	**(24.362)**	**-**	**469.788**
Changes in the fair value on available-for-sale financial assets		-	-	-	-	-	1	-	1
Reduction in value of land		-	-	-	-	-	(907)	-	(907)
Currency translation differences and other movements		-	-	-	-	-	718	-	718
Derecognition of gains on hedges through comprehensive income		-	-	1.979	-	-	-	-	1.979
Fair value losses on cash flow hedges		-	-	(4.590)	-	-	-	-	(4.590)
Actuarial valuation losses on defined pension plans		-	-	-	-	-	(9.584)	-	(9.584)
Share-based payments	**13**	-	-	-	(653)	-	-	-	(653)
Acquisition of treasury shares	**13**	-	-	-	-	-	-	(10.245)	(10.245)
Issue of treasury shares to employees	**13**	-	-	-	-	-	-	9.714	9.714
Transfers from retained earnings to reserves		-	-	-	-	8.797	-	-	8.797
Dividends		-	-	-	-	(106.962)	-	-	(106.962)
Balance at 31 December 2017		**118.668**	**98.420**	**10.657**	**94**	**164.882**	**(34.134)**	**(531)**	**358.056**

Statutory reserves

Under Greek law, corporations are required to transfer a minimum of 5% of their annual net profit as reflected in their statutory books to a statutory reserve until such reserve equals one third of outstanding share capital. This reserve cannot be distributed during the existence of the corporation, but can be used to offset accumulated losses.

Special reserves

Special reserves primarily relate to reserves arising from tax revaluations which have been included in the holding company accounts in accordance with the relevant legislation in prior years.

Tax free and Incentive Law reserves

These reserves include:

(i) Retained earnings which have not been taxed with the prevailing corporate income tax rate as allowed by Greek law under various statutes. Certain of these retained earnings will become liable to tax at the rate prevailing at the time of distribution to shareholders or conversion to share capital.

(ii) Retained earnings which been taxed at a rate less than the corporate tax rate as allowed by Greek law. Certain of these retained earnings will be subject to the remaining tax up to the corporate tax rate prevailing at the time of distribution to shareholders or conversion to share capital.

(iii) Taxed reserves relating to investments under incentive laws. These are available for distribution under certain conditions.

Hedging reserve

The hedging reserve is used to record gains or losses on derivatives that are designated and qualify as cash flow hedges and that are recognised in other comprehensive income, as described in Note 24. Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

Other reserves

These include:

(i) Actuarial gains / (losses) on defined benefit plans resulting from a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and b) the effects of changes in actuarial assumptions.

(ii) Changes in the fair value of investments that are classified as available-for-sale financial assets. Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

(iii) Exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income and accumulated in other reserves. The cumulative amount is reclassified to the profit or loss when the net investment is disposed of.

Treasury Shares

Treasury shares are held regarding the Share Option Plan. During the year, 1.284.656 shares were acquired at a cost of €10,2 million, while 1.214.494 shares were issued to employees following exercise of share options held. Treasury shares are recognised on a first-in-first out method (Note 13).

15 Trade and other payables

	As at	
	31 December 2017	**31 December 2016**
Trade payables	1.474.336	1.617.894
Accrued Expenses	100.810	78.584
Other payables	86.311	81.431
Total	**1.661.457**	**1.777.909**

Trade payables comprise amounts payable or accrued in respect of supplies of crude oil, products, and services.

Trade payables, as at 31 December 2017 and 31 December 2016, include amounts in respect of crude oil imports from Iran which were received between December 2011 and March 2012 as part of a long term contract with NIOC. Despite repeated attempts to settle the payment for these cargoes through the international banking system between January and June 2012, it was not possible to do so. This was due to the fact that payments to Iranian banks and state entities were not accepted for processing by the International banking system, as a result of explicit or implicit US and International sanctions. After 30 June 2012, Hellenic Petroleum was prohibited to effect payments to NIOC by virtue of EU sanctions (Council Regulation (EU) No. 267/2012 of 23 March 2012). The Group duly notified its supplier of this restriction on payments and the inability to accept further crude oil cargoes under the contract, as a result of the aforementioned international sanctions.

On 18 October 2015, by Decision (CFSP) 2015/1863, the Council of the European Union (EU) decided to terminate implementation of most of EU restrictions against Iran, taking into account UNSCR 2231 (2015) and Annex B to UNSCR 2231 (2015), simultaneously with the IAEA-verified implementation by Iran of agreed nuclear-related measures. On 16 January 2016 (“Implementation Day”), by Decision (CFSP) 2016/37, the Council decided that Decision (CFSP) 2015/1863 shall apply from that date. On the same date U.S and other International Restrictive Measures were also partially lifted. In light of the above developments, Hellenic Petroleum and NIOC executed Heads of Terms to a cooperation-agreement on 22 January 2016 for the recommencement of their commercial relationship for the supply of crude and for the settlement of the due trade payables. Implementation of the agreement will be in full compliance with prevailing EU and international framework, as well as surviving restrictions. In accordance with the aforementioned Heads of Terms, the relevant amount which falls due after twelve months is transferred from trade payables to trade and other payables in non-current liabilities (Note 20).

Where deemed beneficial to the Group, in order to achieve better terms (such as better pricing, higher credit limits, longer payment terms), the Group provides short term letters of credit or guarantee for the payment of

liabilities arising from trade creditors, making use of its existing credit lines with its banks. To the extent these liabilities materialise before the balance sheet date, they are included in the balance under trade creditors.

Accrued expenses mainly relate to accrued interest, payroll related accruals and accruals for operating expenses not yet invoiced. Accrued expenses include the estimated cost of the CO2 emission rights required under the corresponding environmental legislation amounting to €19 million as at 31 December 2017 (2016: €12 million).

Other payables include amounts in respect of payroll related liabilities, social security obligations and sundry taxes.

16 Borrowings

	As at	
	31 December 2017	**31 December 2016**
Non-current borrowings		
Bank borrowings	155.556	772.364
Eurobonds	761.607	680.111
Finance leases	3.071	3.729
Total non-current borrowings	**920.234**	**1.456.204**
Current borrowings		
Short term bank borrowings	1.855.170	1.078.095
Eurobonds	-	262.814
Current portion of long-term bank borrowings	44.444	44.815
Finance leases - current portion	655	575
Total current borrowings	**1.900.269**	**1.386.299**
Total borrowings	**2.820.503**	**2.842.503**

Non-current borrowings mature as follows:

	As at	
	31 December 2017	**31 December 2016**
Between 1 and 2 years	360.258	616.809
Between 2 and 5 years	559.976	817.174
Over 5 years	0	22.221
	920.234	**1.456.204**

The weighted average effective interest margins are as follows:

		As at	
Bank Borrowings	**Currency**	**31 December 2017**	**31 December 2016**
Short-term			
- Floating Euribor + margin	Euro	4,88%	5,32%
- Floating Belibor + margin	Serbian Dinar	5,55%	5,62%
- Floating Sofibor + margin	Bulgarian Lev	4,90%	5,58%
- Central Bank Bills + margin	FYROM Dinar	4,73%	5,48%
- Fixed coupon	US Dollar	-	4,63%
- Fixed coupon	Euro	-	8,00%
Long-term			
- Floating Euribor + margin	Euro	0,78%	3,70%
- Fixed coupon	Euro	5,04%	5,05%

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	As at	
	31 December 2017	**31 December 2016**
Euro	2.772.059	2.779.187
Serbian Dinar	14.454	19.903
Bulgarian Lev	33.990	33.000
FYROM Dinar	-	10.413
Total borrowings	**2.820.503**	**2.842.503**

The Group has centralised treasury operations which coordinate and control the funding and cash management activities of all group companies. Within this framework, Hellenic Petroleum Finance plc (HPF) was established in November 2005 in the U.K. as a wholly-owned subsidiary of Hellenic Petroleum S.A. to act as the central treasury vehicle of the Hellenic Petroleum Group.

Borrowings of the Group by maturity as at 31 December 2017 and 31 December 2016 are summarised on the table below (amounts in € million):

			Balance as at	
	Company	**Maturity**	**31 December 2017**	**31 December 2016**
1a. Syndicated credit facility €20 million	HPF plc	Jul 2018	20	20
1b. Syndicated credit facility €10 million	HPF plc	Jul 2018	10	10
1c. Syndicated bond loan €350 million	HP SA	Jul 2018	348	344
2. Bond loan €400 million	HP SA	Apr 2018	284	284
3. Bond loan €200 million	HP SA	Feb 2018	200	199
4. Bond loan SBF €400 million	HP SA	May 2018	239	72
5. European Investment Bank ("EIB")Term loan	HP SA	Jun 2022	200	244
6. Eurobond €500 million	HPF plc	May 2017	-	263
7. Eurobond €325 million	HPF plc	Jul 2019	316	313
8. Eurobond €375 million	HPF plc	Oct 2021	446	367
9. Bilateral lines	Various	Various	754	723
10. Finance leases	Various	Various	4	4
Total			**2.821**	**2.843**

Refer to 'Liquidity Risk Management' (Note 3.1c) for an analysis of the Group's plans regarding the facilities falling due in 2017.

Certain medium term credit agreements that the Group has concluded, include financial covenants, mainly for the maintenance of certain ratios such as: "Net Debt/Adjusted EBITDA", "Adjusted EBIT/Net Interest" and "Net Debt/Net Worth". Management monitors the performance of the Group to ensure compliance with the above covenants.

No loans were in default as at 31 December 2017 (none as at 31 December 2016).

1. Term loans

In July 2014, the Group concluded two new credit facilities with similar terms and conditions with a syndicate of Greek and international banks as follows:

(1a-1b) HPF concluded a €50 million syndicated credit facility guaranteed by Hellenic Petroleum S.A. The facility had a €40 million tranche which matured in July 2016 and a €10 million tranche maturing in July 2018. In July 2016, upon maturity of the € 40 million tranche, the Group proceeded with a partial repayment of € 20 million and extended the maturity of the remaining € 20 million to July 2018.

(1c) Hellenic Petroleum S.A. concluded a €350 million syndicated bond loan credit facility guaranteed by HPF maturing in July 2018.

2. Bond Loan €400 million

In September 2015 Hellenic Petroleum S.A. extended the maturity date of a €400 million syndicated bond loan agreement from December 2015 to June 2016 and subsequently to October 2017 with two six-month extension options. In October 2017, Hellenic Petroleum S.A. extended the facility maturity date to April 2018 and is in the process of renewing it. The outstanding balance of the loan as at 31 December 2017 was € 284 million.

3. Bond loan €200 million

In line with the Group's risk management strategy to increase the percentage of committed term credit facilities, Hellenic Petroleum S.A. concluded a €200 million committed credit facility in January 2015, with a tenor of 3 years, with National Bank of Greece. In January 2018, in view of the replacement of the committed credit facility by another one with a tenor of 3 years, Hellenic Petroleum S.A. extended the facility maturity date to February 2018.

4. Bond loans stand-by facility €400 million

In May 2016 Hellenic Petroleum S.A. concluded a € 400 million bond loan stand-by facility with a tenor of 18 months and an extension option for a further 6 months. The bond loan facility has two Tranches, a committed Tranche of €240 million and an uncommitted Tranche of €160 million. In May 2017, Hellenic Petroleum S.A. made an additional drawdown of €167 million under the committed Tranche of the facility. In October 2017 Hellenic Petroleum S.A. extended the facility maturity date to May 2018. The balance of the committed Tranche as at 31 December 2017 was €239 million.

5. EIB Term loans

On 26 May 2010, Hellenic Petroleum S.A. signed two loan agreements (Facilities A and B) with the European Investment Bank for a total amount of €400 million (€200 million each). The purpose of the loans was to finance part of the investment program relating to the upgrade of the Elefsina Refinery. Both loans had a maturity of twelve years with amortisation beginning in December 2013 and similar terms and conditions. Facility B is credit enhanced by a commercial bank guarantee (see note 12). This is normal practice for EIB lending particularly during the construction phase of large projects. Total repayments on both loans up to 31 December 2017 amounted to € 200 million (€44 million paid during 2017). See also note 12 - Cash and Cash Equivalents. Facility B includes financial covenant ratios which are comprised of leverage, interest cover and gearing ratios. During 2016 the Group successfully completed a covenants harmonisation process for all its commercial bank loans and Eurobonds. In February 2018, Hellenic Petroleum S.A. amended the terms of this facility in order to bring the loan covenants' definitions and ratios in line with those used for all its commercial bank loans and Eurobonds.

6. Eurobond €500m

In May 2013, the Group issued a €500 million four-year Eurobond, with an 8% annual coupon, maturing in May 2017. The Notes were issued by Hellenic Petroleum Finance Plc and are guaranteed by Hellenic Petroleum S.A. The notes were partially prepaid in October 2016 with the proceeds of a new Eurobond issue of €375 million five-year Eurobond as detailed below. In May 2017 Hellenic Petroleum Finance repaid the outstanding balance of €264 million upon maturity.

7. Eurobond $400m

In May 2014 the Group issued a $400 million two-year Eurobond, with a 4,625% annual coupon, maturing in May 2016. In May 2016 Hellenic Petroleum Finance repaid the $400 million Eurobond upon maturity. The exchange gain realised upon repayment was €12 million and is included in Currency exchange gains / (losses) for the year ended 31 December 2016 (Note 26).

8. Eurobond €325m

In July 2014 the Group issued a €325 million five-year Eurobond, with a 5,25% annual coupon, maturing in July 2019. The Notes, which were issued by Hellenic Petroleum Finance Plc and are guaranteed by Hellenic Petroleum S.A., were redeemable at the option of the Issuer in July 2017 and are listed on the Luxembourg Stock Exchange.

9. Eurobond €450m

In October 2016 HPF issued a €375 million five-year 4.875% Eurobond guaranteed by Hellenic Petroleum S.A. with the issue price being 99.453 per cent. of the principal amount. The notes mature in October 2021. The proceeds of the issue were used to repay existing financial indebtedness, including the partial prepayment of the €500 million Eurobond maturing in May 2017 through a tender offer process which was completed in October 2016 during which notes of nominal value of €225 million were accepted. In July 2017, HPF issued €74,53 million guaranteed notes due 14 October 2021, which were consolidated and form a single series with the €375 million 4.875% guaranteed notes.

10. Bilateral lines

The Group companies have credit facilities with various banks in place, for general corporate purposes. These mainly relate to short-term loans of the parent company Hellenic Petroleum S.A., which have been put in place and renewed as necessary over the past few years.

11. Finance leases

The Group leases petrol stations (buildings and plant) under finance lease agreements. Finance leases are analysed as follows:

	As at	
	31 December 2017	**31 December 2016**
Obligations under finance leases		
Within 1 year	667	575
Between 1 and 2 years	677	655
Between 2 and 5 years	2.061	1.890
After 5 years	321	1.184
Total lease payments	**3.726**	**4.304**

17 Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	As at	
	31 December 2017	**31 December 2016**
Deferred tax assets:		
Deferred tax assets to be recovered after more than 12 months	71.355	100.973
	71.355	**100.973**
Deferred tax liabilities:		
Deferred tax liabilities to be settled after more than 12 months	(131.611)	(42.736)
	(131.611)	**(42.736)**
	(60.256)	**58.237**

The gross movement on the deferred income tax asset / (liability) is as follows:

	As at	
	31 December 2017	**31 December 2016**
Beginning of the year	58.237	194.251
Income statement charge	(125.096)	(122.149)
Charged / (released) to equity	4.780	(12.106)
Other movements	1.823	(1.759)
End of year	**(60.256)**	**58.237**

Deferred tax relates to the following types of net temporary differences:

	As at	
	31 December 2017	**31 December 2016**
Intangible and tangible fixed assets	(228.980)	(205.068)
Inventory valuation	12.068	11.297
Unrealised exchange gains	4.364	(5.383)
Employee benefits provision	42.592	31.869
Provision for bad debts	42.610	26.908
Derivative financial instruments at fair value	(3.339)	(4.406)
Net interest cost carried forward (thin capitalisation)	42.860	47.625
Net tax losses carried forward	6.927	139.392
Environmental provisions	5.421	3.548
Impairment of investments	9.363	9.430
Other temporary differences	5.858	3.025
End of year	**(60.256)**	**58.237**

Deferred tax assets relating to tax loss carry-forwards are recognised if it is probable that they can be offset against future taxable profits. As at 31 December 2017, the Group recognised deferred tax assets on tax loss carry-forwards totalling €7 million (2016: €139 million) since, on the basis of the approved business plan, the Group considers it probable that these can be offset against future taxable profits.

In 2014, thin capitalization rules as per art. 49 of law 4172/2013 were applied for the first time, whereby the net interest expense is deductible up to a certain percentage of tax EBITDA (60% for 2014, 50% for 2015, 40% for 2016 and 30% thereafter). This resulted in a deferred tax asset of €43 million as at 31 December 2017 (31 December 2016: €48 million), which can be offset against future taxable profits without any time constraints.

18 Retirement benefit obligations

The table below outlines where the group's retirement benefit amounts and activity are included in the financial statements.

	As at	
	31 December 2017	**31 December 2016**
Statement of Financial Position obligations for:		
Pension benefits	131.256	110.912
Liability in the Statement of Financial Position	**131.256**	**110.912**
Statement of Comprehensive Income charge for:		
Pension benefits	10.567	9.060
Total as per Statement of Comprehensive Income	**10.567**	**9.060**
Remeasurements for:		
Pension benefits	13.299	10.171
Total as per Statement of Other Comprehensive Income	**13.299**	**10.171**

The amounts recognised in the Statement of Financial Position are as follows:

	As at	
	31 December 2017	**31 December 2016**
Present value of funded obligations	22.226	19.822
Fair value of plan assets	(9.530)	(8.370)
Deficit of funded plans	12.696	11.452
Present value of unfunded obligations	118.560	99.460
Liability in the Statement of Financial Position	**131.256**	**110.912**

The Group operates defined benefit pension plans in Greece, Bulgaria, FYROM, Montenegro and Cyprus. All of the plans are final salary pension plans. The level of benefits provided depend on members' length of service and remuneration. The majority of the plans are unfunded, however there are certain plans in Greece and Cyprus that have plan assets.

The movement in the defined benefit obligation is as follows:

	Present Value of Obligation	**Fair Value of Plan Assets**	**Total**
As at 1 January 2016	**102.480**	**(7.118)**	**95.362**
Current service cost	4.841	-	4.841
Interest expense/(income)	3.458	(174)	3.284
Past service costs and (gains)/losses on settlements	935	-	935
Statement of comprehensive income charge	**9.234**	**(174)**	**9.060**
Remeasurements:			
- Return on plan assets, excluding amounts included in Interest expense/(income)	-	(307)	(307)
- (Gain)/loss from change in demographic assumptions	(322)	-	(322)
- (Gain)/loss from change in financial assumptions	15.566	-	15.566
- Experience (gains)/losses	(4.766)	-	(4.766)
Statement of other comprehensive income charge	**10.478**	**(307)**	**10.171**
Benefits paid directly by the group/Contributions paid by the group	(2.155)	(1.526)	(3.681)
Benefit payments from the plan	(755)	755	-
As at 31 December 2016	**119.282**	**(8.370)**	**110.912**

	Present Value of Obligation	Fair Value of Plan Assets	Total
As at 1 January 2017	**119.282**	**(8.370)**	**110.912**
Current service cost	6.296	-	6.296
Interest expense/(income)	3.095	(147)	2.948
Past service costs and (gains)/losses on settlements	1.322	-	1.322
Statement of comprehensive income charge	**10.713**	**(147)**	**10.566**
Remeasurements:			
- Return on plan assets, excluding amounts included in Interest expense/(income)	-	(161)	(161)
- (Gain)/loss from change in demographic assumptions	264	-	264
- (Gain)/loss from change in financial assumptions	7.920	-	7.920
- Experience (gains)/losses	5.276	-	5.276
Statement of other comprehensive income charge	**13.460**	**(161)**	**13.299**
Benefits paid directly by the group/Contributions paid by the group	(2.224)	(1.297)	(3.521)
Benefit payments from the plan	(445)	445	-
As at 31 December 2017	**140.786**	**(9.530)**	**131.256**

The expected maturity analysis of undiscounted pension benefits is as follows:

Balance at 31 December 2017	**Less than a year**	**Between 1-2 years**	**Between 2-5 years**	**Over 5 years**	**Total**
Pension Benefits	3.757	1.727	24.688	262.257	**292.429**

Plan assets are comprised as follows:

	2017				**2016**			
	Quoted	**Unquoted**	**Total**	**%**	**Quoted**	**Unquoted**	**Total**	**%**
Equity Instruments	2.231	-	2.231	23%	1.938	-	1.938	23%
Debt Instruments								
- Government bonds	1.096	-	1.096	12%	781	-	781	9%
- Corporate bonds	3.202	-	3.202	34%	2.950	-	2.950	35%
Investment funds	1.054	-	1.054	11%	947	-	947	11%
Real Estate/ Property	1.524	-	1.524	16%	1.442	-	1.442	17%
Cash and cash equivalents	205	218	423	4%	-	312	312	4%
Total	**9.312**	**218**	**9.530**	**100%**	**8.058**	**312**	**8.370**	**100%**

The principal actuarial assumptions used were as follows:

	As at 31 December 2017	**31 December 2016**
Discount Rate	2,00%	2,50%
Future Salary Increases	0,50%	0,50%
Inflation	0,60%	0,50%
Average future working life in years	16,87	16,88

The sensitivity of the defined benefit obligation (DBO) to changes in the weighted principal assumptions is:

		Impact on Defined Benefit Obligation	
	Change in assumption	**Increase in DBO**	**Decrease in DBO**
Discount Rate	0,5%	-5,95%	5,26%
Future Salary Increases	0,5%	5,07%	Not appicable

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the statement of financial position.

Expected contributions to defined benefit plans for the following year amount to €1,0 million. The weighted average duration of the defined benefit obligation is 17 years.

19 Provisions for other liabilities and charges

The movement for provisions for 2017 and 2016 is as follows:

	Provisions for other liabilities and charges
At 1 January 2016	**6.405**
Charged / (credited) to the income statement:	
- Additional provisions	4.733
- Utilized during year	(1)
Other movements / Reclassifications	(1.831)
At 31 December 2016	**9.306**
Charged / (credited) to the income statement:	
- Additional provisions	929
- Unused amounts reversed	(1.212)
- Utilized during year	(652)
At 31 December 2017	**8.371**

The majority of the amounts reported in the above category concern provisions for pending legal claims.

20 Trade and other payables, non-current

	As at	
	31 December 2017	**31 December 2016**
Government grants	11.685	12.454
Trade and other payables	17.015	247.190
Total	**28.700**	**259.644**

Government grants

Advances by the Government to the Group's entities relate to grants for the purchase of property plant and equipment. Amortisation for 2017 amounted to €0,9 million (2016: €1,4 million).

Trade and other payables

Trade and other payables, non-current are comprised of cash guarantees received from petrol station dealers/ managers of the Group's retail companies in order to ensure that contract terms and conditions are met. The balance as at 31 December 2016 includes the long-term portion of the NIOC trade payables (Note15), which is nil as at 31 December 2017.

21 Derivative financial instruments

	31 December 2017				31 December 2016			
Commodity Derivative type	**Notional Amount**		**Assets**	**Liabilities**	**Notional Amount**		**Assets**	**Liabilities**
	MT'000	**Bbls'000**	**€**	**€**	**MT'000**	**Bbls'000**	**€**	**€**
Commodity Swaps	-	1.848	11.514	-	-	2.588	15.192	-
	-	**1.848**	**11.514**	**-**	**-**	**2.588**	**15.192**	**-**
Total	**-**	**1.848**	**11.514**	**-**		**2.588**	**15.192**	**-**

	31 December 2017		31 December 2016	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Non-current portion				
Commodity swaps	-	-	-	-
	-	**-**	**-**	**-**
Current portion				
Commodity swaps	11.514	-	15.192	-
	11.514	**-**	**15.192**	**-**
Total	**11.514**	**-**	**15.192**	**-**

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedging criteria, they are classified as 'held for trading' for accounting purposes.

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

Derivatives designated as cash flow hedges

During the year ended 31 December 2017 amounts transferred to the statement of comprehensive income, relating to contracts that were settled during the year, amounted to €1,979 million loss, net of tax (2016: €19,642 million loss, net of tax).

The remaining cash flow hedges are highly effective and the movement in their fair value, amounting to a loss of €4,590 net of tax as at 31 December 2017, (2016: €15,862 gain, net of tax), is included in the hedging reserve (see Note 14).

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the statement of financial position.

22 Expenses by nature

	For the year ended	
	31 December 2017	**31 December 2016**
Raw materials and consumables used	6.064.349	4.876.484
Employee costs	268.617	234.100
Depreciation	180.532	194.198
Amortisation	8.744	15.280
Impairment of PPE	-	8.313
Other expenses	794.565	686.490
Total cost of sales, distribution cost and administrative expenses	**7.316.807**	**6.014.865**

As explained in Note 5, during the year the Group proceeded with changes in the classification of certain transactions in order to achieve better presentation. This resulted in a reduction of the comparative figures of Cost of Sales by an amount of € 66,7 million.

Other expenses include fees paid to the Group's statutory auditor which relate to non-audit services (i.e exclude audit and tax certificate) and which amount to €0,02 million for the year ended 31 December 2017.

Employee costs

Employee costs are set out in the table below:

	For the year ended	
	31 December 2017	**31 December 2016**
Wages and salaries	189.140	164.326
Social security costs	44.212	39.628
Pension costs	10.625	8.075
Other employment benefits	24.640	22.071
Total	**268.617**	**234.100**

Other employment benefits include medical insurance, catering and transportation expenses. They also include expenses paid to employees as part of the voluntary retirement scheme (VRS) which are approximately €0,9 million (2016: €0,6 million) See Note 24.

23 Exploration and Development expenses

Geological and geophysical costs are expensed as incurred (2017: €0,2 million and 2016: €2,2 million) and relate mainly to exploration operations in the Gulf of Patraikos Lease-Area, offshore Greece, in a joint operation between HELPE Patraikos (50%, operator) & Edison International SpA (50%). The Lease Agreement for the offshore area of the Gulf of Patraikos has been ratified by the Greek Parliament and has been published in the Greek Government Gazette as Law No. 4299 - Volume A, 221/03-10-14.

Exploration license costs relating to Patraikos area have been capitalized within intangible assets (2017: €0,07 million) and are amortised over the term of the exploration period.

24 Other operating income / (expenses) and other gains / (losses)

Other operating income/ (expenses) and other gains / (losses) are analysed as follows:

	Note	For the year ended 31 December 2017	31 December 2016
Other operating income			
Income from Grants	**30**	878	1.404
Services to 3rd Parties-net		3.873	5.804
Rental income-net		8.105	8.471
Insurance compensation		926	41.727
Total other operating income-net		**13.782**	**57.406**
Other gains/(losses)			
(Loss)/ profit from the sale of PPE - net		(252)	633
Amortization of long-term contract costs		(6.272)	8.285
Voluntary retirement scheme cost		(942)	(551)
Impairment of fixed assets	**6**	(2.689)	-
Legal costs relating to Arbitration proceedings ruling		(13.679)	-
Provisions for customs related disputes		-	(7.173)
Other operating expenses		(5.836)	(5.707)
Total other (losses)/ gains		**(29.670)**	**(4.513)**
Other			
Impairment of investments		-	(9.259)
Other operating losses		-	(8.084)
Total other operating (expenses)/income and other gains/ (losses)-net		**(15.888)**	**35.550**

Rental income relates to long term rental of petrol stations, let to dealers. Insurance compensation of €42m, for 2016 relates to the settlement of an insurance claim relating to the business interruption of the Elefsina refinery flexicocker unit in 2012. Other operating income / (expenses) include income or expenses which do not relate to the trading activities of the Group.

Other operating (losses)/gains mainly comprise results from open market purchases relating to Eurobonds (Note 16).

25 Finance (Expenses) / Income - Net

	For the year ended 31 December 2017	31 December 2016
Interest income	4.600	5.129
Interest expense and similar charges	(169.653)	(205.909)
Finance costs -net	**(165.053)**	**(200.780)**

As explained in Note 6, finance costs amounting to €2,4 million (2016: €1,9 million) have been capitalised.

26 Currency exchange gains / (losses)

Foreign currency exchange losses of €8 million (31 December 2016: €21 million gains) relate mostly to unrealized gains arising from the valuation of bank accounts denominated in foreign currency (mainly USD).

27 Income tax expense

	For the year ended	
	31 December 2017	**31 December 2016**
Current tax	(10.765)	(14.787)
Deferred tax (Note 17)	(125.097)	(122.149)
Income Tax (expense) / credit	**(135.862)**	**(136.936)**

The corporate income tax rate of legal entities in Greece is 29% for 2017 (2016: 29%). In accordance with the applicable tax provisions, tax audits in Group companies are conducted as follows:

a. Audits by Certified Auditors - Tax Compliance Report

Effective for fiscal years ending 31 December 2011 onward, Greek companies meeting certain criteria can obtain an “Annual Tax Certificate” as provided for by par. 5, article 82 of L.2238/1994 from their statutory auditor in respect of compliance with tax law. The issuance of a Tax Compliance Report under certain conditions, substitutes the full tax audit by the tax authorities, however the tax authorities reserve the right of future tax audit.

All Group companies based in Greece have received unqualified Tax Compliance Reports by their respective statutory auditor, for fiscal years up to 2016 (inclusive).

b. Audits by Tax Authorities

Income tax years of the parent company and its most significant subsidiaries audited by the tax authorities are set out below:

Company name	**Financial years ended**
HELLENIC PETROLEUM SA	2011
EKO SA	2007
HELLENIC FUELS & Lubricants SA (former HELLENIC FUELS SA)	2011

As explained also in Note 31, and notwithstanding the possibility of future tax audits, the Group’s management believes that no additional material liability will arise as a result of unaudited tax years over and above the tax liabilities and provisions recognised in the consolidated financial statements for the year ended 31 December 2017.

The tax (charge) / credit relating to components of other comprehensive income, is as follows:

	For the year ended					
	31 December 2017			**31 December 2016**		
	Before tax	**Tax (charge)/ credit**	**After tax**	**Before tax**	**Tax (charge)/ credit**	**After tax**
Reduction in value of land	(1.669)		(1.669)	-	-	-
Share of other comprehensive income of associates	-	-	-	(869)	-	(869)
Available-for-sale financial assets	6	-	6	147	-	147
Cash flow hedges	(3.678)	1.063	(2.615)	50.006	(14.502)	35.504
Currency translation differences	752	-	752	(1.076)	-	(1.076)
Actuarial gains/ (losses) on defined benefit pension plans	(13.299)	3.714	(9.585)	(10.172)	2.396	(7.776)
Other comprehensive income	**(17.888)**	**4.777**	**(13.111)**	**38.036**	**(12.106)**	**25.930**

Numerical reconciliation of Group Income tax expense to prima facie tax payable:

	For the year ended	
	31 December 2017	**31 December 2016**
Profit/(Loss) before tax	**519.785**	**465.671**
Tax (expense) / credit at Greek corporation tax rate of 29% (2016 - 29%)	(150.738)	(135.044)
Difference in overseas tax rates	7.371	3.878
Tax exempt results of shipping companies	2.625	3.016
Tax on income not subject to corporate tax	6.465	5.065
Tax on expenses not deductible for tax purposes	(12.836)	(12.590)
Utilization of previously unrecognized tax losses	898	594
Tax losses for which no deferred income tax was recognised	(160)	(1.430)
Adjustments to Deferred tax due to changes in tax rate	-	3
Adjustments for deferred tax of prior periods	11.553	255
Other	(1.041)	(683)
Tax (Charge) / Credit	**(135.862)**	**(136.936)**
Effective tax rate	***26,1%***	***29,4%***

28 Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period, excluding the weighted average number of treasury shares (Note 14). Diluted earnings per ordinary share are not materially different from basic earnings per share.

	For the year ended	
Earnings per share attributable to the Company Shareholders (expressed in Euro per share):	**1,25**	**1,08**
Net income attributable to ordinary shares (Euro in thousands)	381.372	329.760
Average number of ordinary shares outstanding	305.559.147	305.635.185

29 Dividends per share

The AGM held on 23 June 2017 approved the proposal for a €0,20/share distribution as final dividend for the year 2016, out of prior year taxed reserves, which was paid out on 10 July 2017 (amounting to a total of €61,127 million).

At its meeting held on 9 November 2017, the Board of Directors decided to distribute an interim dividend of €0,15 per share (excluding treasury shares – Note 13) for the financial year 2017. The dividend amounts to a total of €45,835 million.

The relevant amounts relating to the interim dividend for 2017 and the final dividend for 2016 (total amount of €106,962 million) have been included in the Consolidated Financial Statements for the year ended 31 December 2017.

A proposal to the AGM for a final dividend €0,25 per share (excluding treasury shares – Note 13) for the year ended 2017 was approved by the Board of Directors on 22 February 2018. This amounts to €76,404 million and

is not included in the Consolidated Financial Statements for the year ended 31 December 2017, as it has not yet been approved by the shareholders' AGM.

The Board did not approve a change in dividend policy overall and will re-evaluate the payment of an additional dividend, special dividend or interim dividend during 2018.

30 Cash generated from operations

		For the year ended	
	Note	**31 December 2017**	**31 December 2016**
Profit before tax		**519.785**	**465.671**
Adjustments for:			
Depreciation and amortisation of property, plant & equipment and intangible assets	**6,7**	189.276	209.478
Impairment of fixed assets	**6**	2.689	8.313
Amortisation of grants	**20**	(878)	(1.404)
Finance costs - net	**25**	165.053	200.780
Share of operating profit of associates	**8**	(31.228)	(13.907)
Provisions for expenses & valuation charges		55.594	71.511
Foreign exchange (gains) / losses	**26**	8.173	(20.773)
Amortisation of long-term contracts costs	**24**	6.272	(8.285)
Loss / (gain) on sale of property, plant and equipment		1.685	(633)
		916.421	**910.751**
Changes in working capital			
Decrease / (increase) in inventories		(116.523)	(281.476)
(Increase) / decrease in trade and other receivables		62.948	(155.812)
Increase / (decrease) in trade and other payables		(409.535)	(790.829)
		(463.110)	**(1.228.117)**
Net cash generated from operating activities		**453.311**	**(317.366)**

31 Contingencies and litigation

The Group has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business. They are as follows:

(a) Business issues

(i) Unresolved legal claims

The Group is involved in a number of legal proceedings and has various unresolved claims pending arising in the ordinary course of business. Based on currently available information and the opinion of legal counsel, management believes the final outcome will not have a significant effect on the Group's operating results or financial position, over and above provisions already reflected in the consolidated financial statements.

(ii) Guarantees

The parent Company has provided letters of comfort and guarantees in favour of banks as security for loans granted by them to subsidiaries and associates of the Group, the outstanding amount of which as at 31 December 2017 was the equivalent of €1.016 million (31 December 2016: €1.210 million). Out of these, €928 million (31 December 2016: €1.110 million) are included in consolidated borrowings of the Group and are presented as such in the consolidated financial statements.

(iii) International operations

The Group's international operations face a number of legal issues related to changes in local permits and tax regulations, however it is considered that they do not present any material impact on the consolidated financial statements. Such cases include a dispute in connection with the local tank depots of Jugopetrol AD in Montenegro, as well as the re-opening of the Commission for the Protection of Competition in Cyprus' investigation against the Petroleum companies operating there (wholesale), for the period from 1 October 2004 to 22 December 2006. On 15 November 2017 the Commission for the Protection of Competition in Cyprus imposed a fine amounting to €5 million against Hellenic Petroleum Cyprus Ltd. Pertinent legal actions, have commenced on 30 December 2017 and are in progress. The likelihood for an outflow of resources is assessed as remote. Management believes that no additional material liabilities will arise as a result of these cases over and above those recognised in the consolidated financial statements.

(b) Taxation and customs

The tax framework and practices in Greece, which determine the tax base for the transactions of the Group's main entities, may result in inherent uncertainties, due to its complexity and it being subject to changes and alternative interpretation by relevant authorities at different points in time and across different entities. As a result, there may be types of expenses or treatments for which a company may be assessed on a different basis than the one adopted during preparation of its tax return and the financial statements. Based on past experience tax audits are carried out by tax authorities on average 5-7 years after the filing of the tax return. In addition, where a tax audit results in a different assessment to the one adopted by the Group entity, and for which the Group after consideration, disagrees with, the process for resolving the issue is usually through a court of law proceeding, which has many stages and can take a considerable number of years to reach its final and irrevocable ruling. For an entity to engage in this process, a minimum down payment of 50% of the total tax and penalties assessed is required.

All of the above result in inherent difficulties in the determination and accounting of tax liabilities. As a result, management aims to determine its policy based on specific legislation available at the time of accounting for a transaction, obtain specialist legal and tax advice on individual cases and utilise prior tax audits experience and rulings, including relevant court decisions. This process should ensure that the financial statements reflect any material tax and customs liabilities as accurately and completely as possible.

(i) Open tax years – Litigation tax cases

As disclosed in Note 27, tax audits for the Group's most important Greek legal entities have been completed by the Tax Authorities as follows:

For Hellenic Petroleum S.A.: up to and including the financial year ended 31 December 2011. The Tax audit reports for years ended 31 December 2010 and 31 December 2011 were received in December 2017 and they are subject to legal dispute by the Company. In summary, the reports assess additional taxes of € 22,5 million and penalties of €23,5 million, for items relating to stamp duty,various non-deductible expenses and other income tax adjustments. Following a detailed review of the Tax Audit Report, the Company disputes the additional taxes imposed (which are over and above the amounts already included in the Companies' normal tax returns) and has proceeded with all possible legal means and actions to appeal against these additional taxes and penalties.

Even though the Company disputes the additional taxes and penalties imposed, it is obliged to pay 50% of the assessed amounts (taxes and penalties) to the Tax Authorities in order to appeal the results of the tax audits. This was paid within the applicable deadline in January 2018.

As far as penalties are concerned, the report has assessed penalties at 120% of the original tax instead of the applicable 50%; this is also legally challenged by the Company.

At present, an audit for the year ended 31 December 2012 is in progress.

Likewise, the two main retail subsidiaries in Greece, which merged into one during 2016, Hellenic Fuels and Lubricants S.A (EKO) have been audited as follows:

(a) Former Hellenic Fuels S.A.: up to and including the financial year ended 31 December 2011, with ongoing audits for subsequent years up to and including 31 December 2013. The most recent Tax audit reports for 2010 and 2011 were delivered in December 2017, and assess additional taxes of € 1,6 million and penalties of € 1,9 million for similar reasons as Hellenic Petroleum. The process followed is identical to the one described above for Hellenic Petroleum and the Company has already proceeded with the relevant legal actions.

and

(b) EKO S.A.: up to and including 31 December 2007, with ongoing audits for subsequent years up to and including 31 December 2010.

Management believes that no additional material liability will arise either as a result of open tax years or from the outcome of current litigation cases over and above the tax liabilities and provisions already recognized in the consolidated financial statements as at 31 December 2017. The Company has recorded any down payments made for taxes and penalties assessed in previous disputes with the tax authorities in other receivables (note 11), to the extent that the Company has assessed that the amounts will be ultimately recoverable.

It is noted that for financial years ending 31 December 2011 up to and including 31 December 2016, the Group's Greek legal entities obtained unqualified "Annual Tax Certificates" from their Statutory Auditors, as provided for by par. 5, article 82 of L.2238/1994.

(ii) Assessments of customs and fines

In 2008, Customs authorities assessed additional customs duties and penalties amounting to approximately €40 million for alleged "stock shortages" during the years 2001-2005. The Company has duly filed contestations before the Administrative Court of First Instance, and Management believes that this case will have a positive outcome when the court hearings take place.

Notwithstanding the filing of the above contestations, the Customs office withheld an amount of €54 million (full payment plus surcharges) of established VAT refunds (Note 11), an action against which the Company filed two Contestations before the Administrative Courts of Athens and Piraeus. The Administrative Court of Athens ruled that the withholding effected by the Tax Office was unlawful.

The Company considers that the above amounts will be recovered.

32 Commitments

(a) Capital commitments

Significant contractual commitments of the Group amount to €20 million as at 31 December 2017 (31 December 2016: €23 million), which mainly relate to improvements in refining assets.

(b) Operating lease commitments

The Group leases offices and petrol stations (buildings and plant) under non-cancellable operating lease agreements.

The future aggregate minimum lease payments under these non-cancellable operating leases are as follows:

	For the year ended	
	31 December 2017	**31 December 2016**
No later than 1 year	33.482	33.971
Later than 1 year and no later than 5 years	105.961	112.872
Later than 5 years	106.285	113.331
Total	**245.728**	**260.174**

(c) Letters of Credit

The Group may be requested to provide bank letters of credit to suppliers in order to obtain better commercial and credit terms. To the extent that such items are already recorded as liabilities in the financial statements there is no additional commitment to be disclosed. In cases where the underlying transaction occurs after the year end, the Group is not liable to settle the letter of credit and hence no such liability exists as at the year end.

33 Related-party transactions

Included in the statement of comprehensive income are proceeds, costs and expenses, which arise from transactions between the Group and related parties. Such transactions are mainly comprised of sales and purchases of goods and services in the ordinary course of business and are conducted under normal trading and commercial terms on an arm's length basis:

Transactions have been carried out with the following related parties:

a) Associates and joint ventures of the Group which are consolidated under the equity method:

- Athens Airport Fuel Pipeline Company S.A. (EAKAA)
- Public Gas Corporation of Greece S.A. (DEPA)
- Elpedison B.V.
- Spata Aviation Fuel Company S.A. (SAFCO)
- HELPE Thraki S.A.
- D.M.E.P. HOLDCO

	For the year ended	
	31 December 2017	**31 December 2016**
Sales of goods and services to related parties		
Associates	780.852	760.269
Joint ventures	6.532	171
Total	**787.384**	**760.440**
Purchases of goods and services from related parties		
Associates	842.978	780.259
Joint ventures	13.062	3.533
Total	**856.040**	**783.792**
Balances due to related parties		
Associates	3.182	34.846
Joint ventures	1.886	639
Total	**5.068**	**35.485**
Balances due from related parties		
Associates	37.133	23.720
Joint ventures	101	9
Total	**37.234**	**23.729**

Hellenic Petroleum S.A. has provided letters of comfort and guarantees in favour of banks as security for loans granted by them to Elpedison B.V., the outstanding amount of which as at 31 December 2017 was €88 million (31 December 2016: €100 million).

b) Government related entities which are under common control with the Group due to the shareholding and control rights of the Hellenic State and with which the Group has material transactions or balances:
- Public Power Corporation Hellas S.A.
- Hellenic Armed Forces
- Road Transport S.A.
- Trainose S.A. (Up to 14 September 2017 when Ferrovie Dello Stato Italiene S.p.A acquired full ownership of Trainose).

During the year ended 31 December 2017, transactions and balances with the above government related entities are as follows:

- Sales of goods and services amounted to €417 million (31 December 2016: €141 million);
- Purchases of goods and services amounted to €43 million (31 December 2016: €51 million);
- Receivable balances of €61 million (31 December 2016: €18 million);
- Payable balances of €5 million (31 December 2016: €2 million).

c) Key management includes directors (Executive and Non-Executive Members of the board of Hellenic Petroleum S.A.) and General Managers. The compensation paid or payable to the aforementioned key management is as follows:

	For the year ended	
	31 December 2017	**31 December 2016**
Short-term employee benefits	4.131	3.603
Post-employment benefits	1.170	874
Termination benefits	-	525
Total	**5.301**	**5.002**

Share options held by key management to purchase ordinary shares have the following expiry dates and exercise prices:

Grant Date	Expiry Date	Exercise Price	No. of share options as at	
		€ per share	31 December 2017	31 December 2016
2012	2018	4,52	166.948	422.756
		Total	**166.948**	**422.756**

34 Principal subsidiaries, associates and joint ventures included in the consolidated financial statements

COMPANY NAME	ACTIVITY	COUNTRY OF REGISTRATION	EFFECTIVE PARTICIPATION PERCENTAGE	METHOD OF CONSOLIDATION
HELLENIC FUELS AND LUBRICANTS INDUSTRIAL AND COMMERCIAL S.A	Marketing	GREECE	100,00%	FULL
EKOTA KO S.A.	Marketing	GREECE	49,00%	FULL
EKO KALYPSO M.E.P.E.	Marketing	GREECE	100,00%	FULL
EKO ATHINA MARITIME COMPANY	Vessel owning / Marketing	GREECE	100,00%	FULL
EKO ARTEMIS MARITIME COMPANY	Vessel owning / Marketing	GREECE	100,00%	FULL
EKO DIMITRA MARITIME COMPANY	Vessel owning / Marketing	GREECE	100,00%	FULL
EKO IRA MARITIME COMPANY	Vessel owning / Marketing	GREECE	100,00%	FULL
EKO AFRODITI MARITIME COMPANY	Vessel owning / Marketing	GREECE	100,00%	FULL
EKO BULGARIA EAD	Marketing	BULGARIA	100,00%	FULL
EKO SERBIA AD	Marketing	SERBIA	100,00%	FULL
HELLENIC PETROLEUM INTERNATIONAL S.A.	Holding	AUSTRIA	100,00%	FULL
HELPE CYPRUS LTD	Marketing	U.K	100,00%	FULL
RAMOIL S.A.	Marketing	CYPRUS	100,00%	FULL
HELLENIC PETROLEUM BULGARIA (HOLDINGS) LTD	Holding	CYPRUS	100,00%	FULL
HELLENIC PETROLEUM SERBIA (HOLDINGS) LTD	Holding	CYPRUS	100,00%	FULL
JUGOPETROL AD	Marketing	MONTENEGRO	54,35%	FULL
GLOBAL ALBANIA S.A	Marketing	ALBANIA	99,96%	FULL
ELPET BALKANIKI S.A.	Holding	GREECE	100,00%	FULL
VARDAX S.A	Pipeline	GREECE	80,00%	FULL
OKTA CRUDE OIL REFINERY A.D	Refining	FYROM	81,51%	FULL
ASPROFOS S.A	Engineering	GREECE	100,00%	FULL
DIAXON S.A.	Petrochemicals	GREECE	100,00%	FULL
POSEIDON MARITIME COMPANY	Vessel owning / Petrochemicals	GREECE	100,00%	FULL
APOLLON MARITIME COMPANY	Vessel owning / Refining	GREECE	100,00%	FULL
HELLENIC PETROLEUM FINANCE PLC	Treasury services	U.K	100,00%	FULL
HELLENIC PETROLEUM CONSULTING	Consulting services	GREECE	100,00%	FULL
HELLENIC PETROLEUM R.E.S S.A.	Energy	GREECE	100,00%	FULL
HELPE-LARCO ENERGIAKI SERVION S.A.	Energy	GREECE	51,00%	FULL
HELPE-LARCO ENERGIAKI KOKKINOU S.A.	Energy	GREECE	51,00%	FULL
ENERGIAKI PYLOY METHONIS S.A.	Energy	GREECE	100,00%	FULL
HELPE PATRAIKOS S.A.	E&P of hydrocarbons	GREECE	100,00%	FULL
HELPE UPSTREAM S.A	E&P of hydrocarbons	GREECE	100,00%	FULL
SUPERLUBE LTD	Lubricants	CYPRUS	100,00%	FULL
ELPEDISON B.V.	Power Generation	NETHERLANDS	50,00%	EQUITY
SAFCO S.A.	Airplane Fuelling	GREECE	33,33%	EQUITY
DEPA S.A.	Natural Gas	GREECE	35,00%	EQUITY
E.A.K.A.A S.A.	Pipeline	GREECE	50,00%	EQUITY
HELPE THRAKI S.A	Pipeline	GREECE	25,00%	EQUITY
DMEP HOLDCO LTD	Trade of crude/products	U.K	48,00%	EQUITY

- On 24 November 2017, HELPE S.A. acquired the remaining 37% minority shareholding of ELPET BALKANIKI S.A., which is now a wholly owned subsidiary (100%). The total aggregate consideration for the ordinary share capital acquired is comprised of an upfront amount of €16 million payable within 2018 and of a deferred consideration of €5 million payable within a period of up to five years from the date of acquisition of the shares.

35 Events after the end of the reporting period

Acquisition of Hellenic Fuels and Lubricants Industrial & Commercial S.A. by Hellenic Petroleum S.A.

As at 31 December 2017, the shareholding structure of Hellenic Fuels and Lubricants Industrial & Commercial S.A. (HFL) was as follows:

- 64,41% owned by Hellenic Petroleum International S.A.
- 35,59% owned by Hellenic Petroleum S.A.

On 25 January 2018, the Group's Board of Directors approved the acquisition of HPI's 64,41% shareholding by Hellenic Petroleum S.A. for a consideration of €350 million.

1.2 Parent Company Financial Statements

HELLENIC PETROLEUM S.A.

Financial Statements
in accordance with IFRS
as adopted by the European Union
for the year ended 31 December 2017

GENERAL COMMERCIAL REGISTRY: 000269901000
COMPANY REGISTRATION NUMBER: 2443/06/B/86/23
REGISTERED OFFICE: 8A CHIMARRAS STR, 15125 MAROUSSI, GREECE

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Company Information

Directors	Efstathios Tsotsoros – Chairman of the Board Grigorios Stergioulis – Chief Executive Officer Andreas Shiamishis – Deputy Chief Executive Officer Ioannis Psichogios – Member Georgios Alexopoulos – Member (from 22/6/2017) Theodoros–Achilleas Vardas – Member Georgios Grigoriou – Member Dimitrios Kontofakas – Member Vasileios Kounelis – Member Panagiotis Ofthalmides – Member Theodoros Pantalakis – Member Spiridon Pantelias – Member Constantinos Papagiannopoulos – Member
Other Board Members during the year	Stratis Zafiris – Member (until 22/6/2017)
Auditors:	ERNST & YOUNG (HELLAS) Certified Auditors – Accountants S.A. 8B Chimarras Str 151 25 Maroussi Greece

Statement of Financial Position

	Note	As at 31 December 2017	31 December 2016
ASSETS			
Non-current assets			
Property, plant and equipment	**6**	2.719.172	2.706.681
Intangible assets	**7**	7.042	6.490
Investments in subsidiaries, associates and joint ventures	**8**	671.622	655.265
Deferred income tax assets	**17**	-	38.839
Available-for-sale financial assets	**3**	1.252	1.017
Loans, advances and long-term assets	**9**	19.686	35.109
		3.418.774	**3.443.401**
Current assets			
Inventories	**10**	963.746	851.423
Trade and other receivables	**11**	989.901	1.036.420
Derivative financial instruments	**21**	11.514	15.192
Cash, cash equivalents and restricted cash	**12**	813.251	888.783
		2.778.412	**2.791.818**
Total assets		**6.197.186**	**6.235.219**
EQUITY			
Share capital	**13**	1.020.081	1.020.081
Reserves	**14**	360.694	469.754
Retained Earnings		428.448	100.315
Total equity		**1.809.223**	**1.590.150**
LIABILITIES			
Non-current liabilities			
Borrowings	**16**	909.579	1.460.281
Deferred income tax liabilities	**17**	89.959	-
Retirement benefit obligations	**18**	104.331	88.521
Provisions for other liabilities and charges	**19**	6.058	6.829
Trade and other payables	**20**	15.569	246.405
		1.125.496	**1.802.036**
Current liabilities			
Trade and other payables	**15**	1.554.027	1.691.973
Current income tax liabilities		2.769	-
Borrowings	**16**	1.704.951	1.150.418
Dividends payable		720	642
		3.262.467	**2.843.033**
Total liabilities		**4.387.963**	**4.645.069**
Total equity and liabilities		**6.197.186**	**6.235.219**

The Notes on pages 9 to 63 are an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 22 February 2018.

E. Tsotsoros	G. Stergioulis	A. Shiamishis	S. Papadimitriou
Chairman of the Board	Chief Executive Officer	Deputy Chief Executive Officer & Chief Financial Officer	Accounting Director

Statement of Comprehensive Income

	Note	For the year ended 31 December 2017	31 December 2016
Sales	**5**	**7.233.600**	**5.925.776**
Cost of sales		(6.475.455)	(5.224.611)
Gross profit		**758.145**	**701.165**
Selling and distribution expenses		(59.045)	(68.559)
Administrative expenses		(81.825)	(81.516)
Exploration and development expenses	**23**	(119)	(283)
Other operating (expenses)/income and other gains/(losses) - net	**24**	(19.735)	31.081
Operating profit		**597.421**	**581.888**
Finance (expenses)/income - net	**25**	(140.271)	(175.474)
Dividend income		33.724	38.348
Currency exchange (losses)/gains	**26**	(8.483)	21.462
Profit before income tax		**482.391**	**466.224**
Income tax	**27**	(136.400)	(131.901)
Profit for the year		**345.991**	**334.323**
Other comprehensive income/(loss):			
Items that will not be reclassified to profit or loss:			
Actuarial losses on defined benefit pension plans	**14**	(7.100)	(4.568)
		(7.100)	**(4.568)**
Items that may be reclassified subsequently to profit or loss:			
Changes in the fair value on available-for-sale financial assets	**14**	-	(6.414)
Transfer of available-for-sale reserve to operating profit	**14**	-	6.414
Fair value gains / (losses) on cash flow hedges	**14**	(4.590)	15.862
Derecognition of gains/(losses) on hedges through comprehensive income	**14**	1.979	19.642
Other Comprehensive (loss)/income for the year, net of tax		**(9.711)**	**30.936**
Total comprehensive income for the period		**336.280**	**365.259**
Basic and diluted earnings per share (expressed in Euro per share)	**28**	**1,13**	**1,09**

The Notes on pages 9 to 63 are an integral part of these financial statements.

Statement of Changes in Equity

	Note	Share Capital	Reserves	Retained Earnings	Total Equity
Balance at 1 January 2016		**1.020.081**	**438.818**	**(234.008)**	**1.224.891**
Actuarial losses on defined benefit pension plans	**14**	-	(4.568)	-	(4.568)
Changes in the fair value on available-for-sale financial assets	**14**		(6.414)		(6.414)
Transfer of available-for-sale reserve to operating profit	**14**		6.414		6.414
Fair value gains / (losses) on cash flow hedges	**14**	-	15.862	-	15.862
Derecognition of gains/(losses) on hedges through comprehensive income	**14**	-	19.642	-	19.642
Other comprehensive income		**-**	**30.936**	**-**	**30.936**
Profit for the year		-	-	334.323	334.323
Total comprehensive income for the year		**-**	**30.936**	**334.323**	**365.259**
Balance at 31 December 2016		**1.020.081**	**469.754**	**100.315**	**1.590.150**
Actuarial losses on defined benefit pension plans	**14**	-	(7.100)	-	(7.100)
Fair value gains / (losses) on cash flow hedges	**14**	-	(4.590)	-	(4.590)
Derecognition of gains/(losses) on hedges through comprehensive income	**14**	-	1.979	-	1.979
Other comprehensive income / (loss)		**-**	**(9.711)**	**-**	**(9.711)**
Profit for the year		-	-	345.991	345.991
Total comprehensive income for the year		**-**	**(9.711)**	**345.991**	**336.280**
Share based payments	**14**	-	(653)	(9.061)	(9.714)
Acquisition of Treasury Shares	**14**	-	(10.245)	-	(10.245)
Issue of Treasury shares to employees	**14**	-	9.714	-	9.714
Transfers from retained earnings to reserves	**14**	-	8.797	(8.797)	-
Dividends	**29**	-	(106.962)	-	(106.962)
Balance at 31 December 2017		**1.020.081**	**360.694**	**428.448**	**1.809.223**

The Notes on pages 9 to 63 are an integral part of these financial statements.

Statement of Cash flows

	Note	For the year ended 31 December 2017	31 December 2016
Cash flows from operating activities			
Cash generated from / (used in) operations	**30**	307.783	(395.355)
Income tax paid		(20)	(1.279)
Net cash generated from / (used in) operating activities		**307.763**	**(396.634)**
Cash flows from investing activities			
Purchase of property, plant and equipment & intangible assets	**6,7**	(149.930)	(91.161)
Proceeds from disposal of property, plant and equipment & intangible assets		-	82
Dividends received		33.724	38.348
Interest received	**25**	12.834	13.541
Participation in share capital increase of subsidiaries & associates		1.584	(9.711)
Net cash used in investing activities		**(101.788)**	**(48.901)**
Cash flows from financing activities			
Interest paid		(162.494)	(180.425)
Dividends paid		(104.116)	(474)
Movement in restricted cash	**12**	11.873	(1.969)
Acquisition of treasury stock	**13**	(10.245)	-
Repayments of borrowings		(279.775)	(839.789)
Proceeds from borrowings		283.606	505.968
Net cash used in financing activities		**(261.151)**	**(516.689)**
Net decrease in cash and cash equivalents		**(55.176)**	**(962.224)**
Cash and cash equivalents at the beginning of the year	**12**	**731.258**	**1.683.600**
Exchange (losses) / gains on cash and cash equivalents		(8.483)	9.882
Net decrease in cash and cash equivalents		(55.176)	(962.224)
Cash and cash equivalents at the end of the year	**12**	**667.599**	**731.258**

The Notes on pages 9 to 63 are an integral part of these financial statements.

Notes to the financial statements

1 General information

Hellenic Petroleum S.A. (the "Company") operates mainly in the energy sector with its principal activities being those of refining of crude oil and sale of oil products and the production and marketing of petrochemical products. The Company is also engaged in exploration and production of hydrocarbons.

The Company is incorporated in Greece and the address of its registered office is 8^{A} Chimarras Str. Maroussi, Greece. The shares of the Company are listed on the Athens Stock Exchange and the London Stock Exchange through GDRs.

The financial statements of Hellenic Petroleum S.A. for year ended 31 December 2017 were authorised for issue by the Board of Directors on 22 February 2018. The shareholders of the Company have the power to amend the financial statements after their issuance.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

2.1 Basis of preparation

The financial statements of Hellenic Petroleum S.A. for the year ended 31 December 2017 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB"), as endorsed by the European Union ("EU") and present the financial position, results of operations and cash flows on a going concern basis. In this respect Management has concluded that the going concern basis of preparation of the accounts is appropriate.

The financial statements have been prepared in accordance with the historical cost basis, except for the following:

- Available-for-sale financial assets and derivative financial instruments – measured at fair value.
- Defined benefit pension plans – plan assets measured at fair value.

The preparation of financial statements, in accordance with IFRS, requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 "Critical accounting estimates and judgements". Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events as assessed to be reasonable under the present circumstances.

2.1.1 New standards, amendments to standards and interpretations

New and amended standards adopted by the Company

The accounting principles and calculations used in the preparation of the financial statements are consistent with those applied in the preparation of the financial statements for the year ended 31 December 2016, except for the following amended IFRS's, which have been adopted by the Company as of 1 January 2017. The below amendments did not have a significant impact on the financial statements for the year ended 31 December 2017:

- *IAS 12 (Amendments) "Recognition of Deferred Tax Assets for Unrealised Losses"*. The objective of the Amendments is to clarify the requirements of deferred tax assets for unrealized losses in order to address

diversity in practice in the application of IAS 12 Income Taxes. The specific issues where diversity in practice existed relate to the existence of a deductible temporary difference upon a decrease in fair value, to recovering an asset for more than its carrying amount, to probable future taxable profit and to combined-versus-separate assessment.

- *IAS 7 (Amendments) "Disclosure initiative"*. The objective of the Amendments is to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Amendments specify that one way to fulfil the disclosure requirement is by providing a tabular reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities, including changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair values and other changes.

- The IASB has issued the *Annual Improvements to IFRSs (2014 – 2016 Cycle),* which is a collection of amendments to IFRSs. The improvement did not have an effect on the Company's financial statements for the year ended 31 December 2017.

  – *IFRS 12 "Disclosures of Interests in Other Entities*". The amendments clarify that the disclosure requirements in IFRS 12, other than those of summarized financial information for subsidiaries, joint ventures and associates, apply to an entity's interest in a subsidiary, a joint venture or an associate, that is classified as held for sale, as held for distribution, or as discontinued operations in accordance with IFRS 5.

Standards issued but not yet effective and not early adopted

- *IFRS 9 "Financial Instruments – Classification and Measurement"*. The standard is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The final version of IFRS 9 Financial Instruments reflects all phases of the financial instruments project and replaces IAS 39 "Financial Instruments" and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

  The Company plans to adopt the new standard on the required effective date and will not restate comparative information. During 2017 an impact assessment of IFRS 9 was performed. Based on the above assessment the following impact from the adoption of the new standard is expected:

  Financial assets currently held will continue to be measured on the same basis under IFRS 9, and accordingly, the Company does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

  There will be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities.

  The new hedge accounting rules will align the accounting for hedging instruments more closely with the Company's risk management practices. It appears that the Company's current hedge relationships would qualify as continuing hedges upon the adoption of IFRS 9. Accordingly, the Company does not expect a significant impact on the accounting for its hedging relationships.

  The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses, as is the case under IAS 39. The Company will apply the simplified approach and record lifetime expected losses on all trade receivables. Based upon a detailed assessment carried out, the Company has determined that, upon adoption, the loss allowance will increase by an amount that does not differ significantly from the existing allowance. The Company is currently in the process of performing final checks on the determination of the transition effect.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Company's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

- *IFRS 15 "Revenue from Contracts with Customers"*. The standard is effective for annual periods beginning on or after 1 January 2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The new standard is based on the principal that revenue is recognised when control of a good or service is transferred to a customer. The Company plans to adopt the new standard on the required effective date using the modified retrospective method. During 2016, the Company performed a preliminary assessment of IFRS 15, which was continued with a detailed GAP analysis by revenue stream and which was completed in 2017. Based on the above analysis, no material differences from the current accounting policies were identified. Therefore, the new standard is not expected to have a significant impact on the Company's financial statements, upon adoption.

- *IFRS 15 (Clarifications*) *"Revenue from Contracts with Customers"* The Clarifications apply for annual periods beginning on or after 1 January 2018 with earlier application permitted. The objective of the Clarifications is to clarify the IASB's intentions when developing the requirements in IFRS 15 *Revenue from Contracts with Customers*, particularly the accounting of identifying performance obligations amending the wording of the "separately identifiable" principle, of principal versus agent considerations including the assessment of whether an entity is a principal or an agent as well as applications of control principle and of licensing providing additional guidance for accounting of intellectual property and royalties. The Clarifications also provide additional practical expedients for entities that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach.

- *IFRS 16 "Leases"* The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognise most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged.

  The standard will affect primarily the accounting for operating leases. As at the reporting date, the Company has non-cancellable operating lease commitments of € 15 million. However, the Company has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Company's profit and classification of cash flows. This is due to the fact that, some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16. The Company expects to complete the assessment of the impact from the implementation of the new standard over the next nine months.

- *IFRS 10 (Amendment) "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"*. The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. These amendments have not yet been endorsed by the EU.

- *IFRS 2 (Amendments) "Classification and measurement of Shared-based Payment transactions"*. The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligations and for modifications to the terms

and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. These Amendments have not yet been endorsed by the EU.

- *IAS 40 (Amendments) "Transfers of Investment Property"*. The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The Amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These Amendments have not yet been endorsed by the EU.

- *IFRS 9 (Amendment) "Prepayment features with negative compensation*". The Amendment is effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortised cost or at fair value through other comprehensive income. These Amendments have not yet been endorsed by the EU.

- *IAS 28 (Amendments) "Long-term Interests in Associates and Joint Ventures"*. The Amendments are effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendments relate to whether the measurement, in particular impairment requirements, of long term interests in associates and joint ventures that, in substance, form part of the 'net investment' in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendments clarify that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long- term interests that arise from applying IAS 28. These Amendments have not yet been endorsed by the EU.

- *IFRIC Interpretation 22 "Foreign currency transactions and advance consideration"*. The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognises a non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. The Interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This Interpretation has not yet been endorsed by the EU.

- *IFRIC Interpretation 23 "Uncertainty over income tax treatments"*. The Interpretation is effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. This Interpretation has not yet been endorsed by the EU.

- *IAS 19: "Plan Amendment, Curtailment or Settlement (Amendments)"*. The Amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The amendments also clarify how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements. These Amendments have not yet been endorsed by the EU.

- The IASB has issued the *Annual Improvements to IFRSs (2014 – 2016 Cycle),* which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January

2018 for IAS 28 “Investments in Associates and Joint Ventures”. Earlier application is permitted for IAS 28 “Investments in Associates and Joint Ventures”.

- *IAS 28 “Investments in associates and Joint ventures”.* The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

- The IASB has issued the Annual Improvements to IFRSs (2015 – 2017 Cycle), which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. These annual improvements have not yet been endorsed by the EU.

- *IFRS 3 “Business Combinations and IFRS 11 Joint Arrangements”.* The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

- *IAS 12 “Income Taxes”.* The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits has been recognised.

- *IAS 23 “Borrowing Costs”.* The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

2.2 Investments in subsidiaries, associates and joint ventures

Investments are presented at the cost of the interest acquired in the subsidiaries, associates, and joint ventures less any provisions for impairment.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The executive committee which is comprised of the Chairman of the Board of Directors, the Chief Executive Officer and the General Managers of the Company, is the chief operating decision-maker, who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Euro, which is the Company’s functional and presentation currency. Given that the Company’s primary activities are in oil refining and trading, in line with industry practices, most crude oil and oil product trading transactions are based on the international reference prices of crude oil and oil products in US Dollars. The Company translates this value to Euro at the time of any transaction.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the statement of comprehensive income. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses are presented in the same line as the transaction they relate to, in the statement of comprehensive income, except those that relate to borrowings and cash, which are presented in a separate line ("Currency exchange gains/ (losses)").

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets, such as equities classified as available for sale, are included in other comprehensive income.

2.5 Property, plant and equipment

Property, plant and equipment is comprised mainly of land, buildings, plant and machinery, motor vehicles and furniture and fixtures. Property, plant and equipment are shown at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the income statement as incurred. Refinery turnaround costs that take place periodically are capitalised and charged against income on a straight line basis until the next scheduled turnaround, to the extent that such costs improve either the useful economic life of the equipment or its production capacity.

Assets under construction are assets (mainly related to the refinery units) that are in the process of construction or development, and are carried at cost. Cost includes cost of construction, professional fees and other direct costs. Assets under construction are not depreciated, as the corresponding assets are not yet available for use.

Land is also not depreciated. Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful economic life, as shown on the table below for the main classes of assets:

– Buildings	13 – 40 years
– Plant & Machinery	
▪ Specialised industrial installations and Machinery	10 – 35 years
▪ Pipelines	30 – 40 years
▪ Other equipment	5 – 10 years
– Motor vehicles	5 – 10 years
– Furniture and fixtures	
▪ Computer hardware	3 – 5 years
▪ Other furniture and fixtures	4 – 10 years

Included in specialised industrial installations are refinery units, petrochemical plants and tank facilities. Based on technical studies performed, the expected useful life of the new refinery units (Elefsina refinery) has been estimated to be up to 35 years. The remaining useful economic life of other refining units has been reviewed and adjusted from 1 July 2013 and in general does not exceed 25 years.

The assets' residual values and estimated useful economic lives are reviewed at the end of each reporting period and adjusted prospectively if appropriate.

If the asset's carrying amount is greater than its estimated recoverable amount then it is written down immediately to its recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the statement of comprehensive income within 'Other operating income / (expenses) and other gains / (losses)'.

2.6 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are added to the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use.

Borrowing costs are capitalised to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. All other borrowing costs are expensed as incurred.

2.7 Intangible assets

(a) Licences and rights

Licences and rights have a definite useful life and are carried at cost less accumulated amortisation. Amortisation is being calculated using the straight-line method to allocate their cost over their estimated useful lives, which usually range from 3 to 25 years.

Licences and rights also include Upstream Exploration rights which are amortised over the period of the exploration as per the terms of the relevant licences.

(b) Computer software

These include primarily the costs of implementing the (ERP) computer software program. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight line method over their estimated useful lives (3 to 5 years).

2.8 Exploration for and Evaluation of Mineral Resources

(a) Exploration and evaluation assets

During the exploration period and before a commercial viable discovery, oil and natural gas exploration and evaluation expenditures are expensed. Geological and geophysical costs as well as costs directly associated with an exploration are expensed as incurred. Exploration property leasehold acquisition costs are capitalised within intangible assets and amortised over the period of the licence or in relation to the progress of the activities if there is a substantial difference.

(b) Development of tangible and intangible assets

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of commercially proven development wells is capitalised within tangible and intangible assets according to their nature. When development is completed on a specific field, it is transferred to production assets. No depreciation and / or amortisation is charged during development.

(c) Oil and gas production assets

Oil and gas production assets are aggregated exploration and evaluation tangible assets, and development expenditures associated with the production of proved reserves.

(d) Depreciation/amortisation

Oil and gas properties/intangible assets are depreciated/amortised using the unit-of-production method. Unit-of-production rates are based on proved developed reserves, which are oil, gas and other mineral reserves estimated to be recovered from existing facilities using current operating methods. Oil and gas volumes are considered produced once they have been measured through meters at custody transfer or sales transaction points at the outlet valve on the field storage tank.

(e) Impairment – exploration and evaluation assets

The exploration property leasehold acquisition costs are tested for impairment whenever facts and circumstances indicate impairment. For the purposes of assessing impairment, the exploration property leasehold acquisition costs subject to testing are grouped with existing cash-generating units (CGUs) of production fields that are located in the same geographical region corresponding to each licence.

(f) Impairment – proved oil and gas properties and intangible assets

Proven oil and gas properties and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

2.9 Impairment of non-financial assets

The Company assesses, at each reporting date, whether an indication of impairment exists. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. Assets that have an indefinite useful life are not subject to amortisation and, are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Assets that are subject to amortisation or depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (discounted cash flows an asset is expected to generate based upon management's expectations of future economic and operating conditions). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

2.10 Financial assets

2.10.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, held to maturity, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at every reporting date.

(a) Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as 'held for trading' unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the end of the reporting period, otherwise they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

(c) Available-for-sale financial assets

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long-term. Financial assets that are not classified in any of the other categories are also included in the available-for-sale category. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

2.10.2 Reclassification

The Company may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Company may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Company has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date.

2.10.3 Recognition and measurement

Financial assets carried at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income.

Purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'Financial assets at fair value through profit or loss' category are included in the statement of comprehensive income in the period in which they have arisen. Changes in the fair value of monetary and non-monetary financial assets classified as available for sale are recognised in other comprehensive income. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as "gains or losses from investment securities".

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's-length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis refined to reflect the issuer's specific circumstances.

2.10.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future event and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.10.5 Impairment of financial assets

(a) Assets carried at amortised cost

The Company assesses at each end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing for receivables is described in note 2.14.

(b) Assets classified as available for sale

In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income.

2.11 Derivative financial instruments and hedging activities

As part of its risk management policy, the Company utilises currency and commodity derivatives to mitigate the impact of volatility in commodity prices and foreign exchange rates. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in fair values of the derivative financial instruments are recognised at each reporting date either in the statement of comprehensive income or in other comprehensive income, depending on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

(a) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);

(b) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Company documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of

whether derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The instruments used for this risk management include commodity exchange traded contracts (ICE futures), full refinery margin forwards, product price forward contracts or options.

Cash flow hedges

The effective portion of changes in the fair value of these derivatives is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income within "Other operating income/ (expenses) and other gains/ (losses)". Amounts accumulated in equity are recycled in the statement of comprehensive income in the periods when the hedged item affects profit or loss (i.e. when the forecast transaction being hedged takes place) within cost of sales.

When a hedging instrument expires or is sold, or a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the statement of comprehensive income. When a forecast transaction is no longer expected to occur, the derivative is de-designated and the cumulative gain or loss that was reported in equity is immediately transferred to the statement of comprehensive income within "Other operating income/(expenses) and other gains/(losses)".

Derivatives held for trading

The derivatives that do not qualify for hedge accounting are classified as held-for-trading and accounted for at fair value through profit or loss. Changes in the fair value of the derivative instruments that do not qualify for hedge accounting are recognised immediately in the statement of comprehensive income.

2.12 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants related to Property, Plant and Equipment received by the Company are initially recorded as deferred government grants and included in "Other long term liabilities". Subsequently, they are credited to the statement of comprehensive income over the useful lives of the related assets in direct relationship to the depreciation charged on such assets.

2.13 Inventories

Inventories comprise crude oil and other raw materials, refined and semi-finished products, petrochemicals, merchandise, consumables and other spare parts.

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the monthly weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. It does not include borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Spare parts consumed within a year are carried as inventory and recognised in profit or loss when consumed.

2.14 Trade receivables

Trade receivables, which generally have 20-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is clear evidence that the Company will not be able to collect all amounts due.

Trade receivables include bills of exchange and promissory notes from customers.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the statement of comprehensive income and is included in "Selling and distribution expenses".

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

2.15 Cash, cash equivalents and restricted cash

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments such as marketable securities and time deposits with original maturities of three months or less. Restricted cash include bank deposits placed as security for loan agreements.

2.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in equity.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

In cases where an existing borrowing of the Company is renegotiated, this might result in modification or an exchange of borrowings with the lenders that could be carried out in a number of ways. Whether a modification or exchange of borrowings represents a settlement of the original debt, or merely a renegotiation of that debt, determines the accounting treatment that should be applied by the borrower. When the terms of the existing borrowings are substantially different from the terms of the modified or exchanged borrowings, such a modification or exchange is treated as an extinguishment of the original borrowing and any difference arising is recognised in profit and loss.

The Company considers the terms to be substantially different if either the discounted present value of the future cash flows under the new terms, including any costs or fees incurred, using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original borrowing or there is a substantial change in the terms from a qualitative perspective. Qualitative factors may include:

- the currency in which the borrowing is denominated;
- the interest rate (that is fixed versus floating rate);
- changes in covenants.

2.18 Current and deferred income tax

The tax expense or credit for the period comprises current and deferred tax.

The income tax expense or credit for the period is the tax estimated on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, , as well as additional taxes for prior years. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period that generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not recognised if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction does not affect either accounting or taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

2.19 Employee benefits

(a) Pension obligations

The Company has both defined benefit and defined contribution plans.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Company pays contributions to publicly administered Social Security funds on a mandatory basis. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period, less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the income statement.

(b) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The company recognises termination benefits at the earlier of the following dates: (a) when the company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(c) Share-based compensation

The company operates a shares option plan. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, at the date of granting. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each reporting period end, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(d) Short-term paid absences

The Company recognises the expected cost of short-term employee benefits in the form of paid absences in the case of accumulating paid absences, when the employees render service that increases their entitlement to future paid absences.

2.20 Trade and other payables

Trade and other payables are recognised initially at fair value and are subsequently measured at amortised cost, using the effective interest method. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

2.21 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value reflects current market assessments of the time value of money and the increases specific to the liability.

The obligation of the Company to meet its CO2 emission targets is treated as follows: European ETS register allocates emission rights to refineries annually. Allowances received are recognised at cost. A provision is recognised for the obligation to pay for the emission quantities that exceed the pre-allocated allowances. The provision recognised is measured at the amount that it is expected to cost the entity to settle the obligation. This will be the market price at the balance sheet date of the allowances required to cover the emissions made to date.

2.22 Environmental liabilities

Environmental expenditure that relates to current or future revenues is expensed or capitalised as appropriate. Expenditure that relates to an existing condition caused by past operations and that does not contribute to current or future earnings is expensed.

The Company has an environmental policy which complies with existing legislation and any obligations resulting from its environmental and operational licences. In order to comply with all rules and regulations, the Company has set up a monitoring mechanism in accordance with the requirements of the relevant authorities. Furthermore, investment plans are adjusted to reflect any known future environmental requirements. The above mentioned expenses are estimated based on the relevant environmental studies.

Liabilities for environmental remediation costs are recognised when environmental assessments or clean-ups are probable and the associated costs can be reasonably estimated. Generally, the timing of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites. The amount recognised is the best estimate of the expenditure required. If the effect of the time value of money is material, the amount recognised is the present value of the estimated future expenditure.

2.23 Revenue recognition

Revenue comprises the fair value of the sale of goods and services, net of value-added tax and any excise duties, rebates and discounts. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The Company assesses whether it acts as a principal or agent in each of its revenue arrangements. Revenue is recognised as follows:

(a) Sales of goods – wholesale

Revenue on sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, the Company has delivered the products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

(b) Provision of services

For sales of services, revenue is recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(c) Interest income

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

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.24 Leases

Leases of property, plant and equipment, where the Company has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in "Borrowings". The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

The Company does not presently have any leases that are classified as finance leases.

Leases where the lessor retains substantially a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are declared and appropriately authorised, or approved by the Company's Shareholders' General Meeting.

2.26 Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

2.27 Changes in accounting policies

The Company adopted the amendments included in paragraph 2.1.1 for the first time for the annual reporting period commencing 1 January 2017. The adoption of these standards did not have significant impact on the Company's policies or disclosures.

2.28 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

3 Financial risk management

3.1 Financial risk factors

The Company's activities are primarily centred on Downstream Refining (incl. Petrochemicals) & Marketing of petroleum products; with secondary activities relating to exploration of hydrocarbons. As such, the Company is exposed to a variety of financial and commodity markets risks including foreign exchange and commodity price risk, credit risk, liquidity risk, cash flow risk and interest-rate risk. In line with international best practices and within the context of local markets and legislative framework, the Company's overall risk management policies aim at reducing possible exposure to market volatility and / or mitigating its adverse effects on the financial position of the Company to the extent possible. In general, the key factors that impact the Company's operations are summarised as follows:

Greek Macros: Following a period of economic recession between 2009-2016, during which real GDP fell by 26%, the Greek economy begun recovering during 2016 and continued growing in 2017, with 3 consecutive quarters of GDP growth recorded in the first 9 months of the year. Economic recovery, improved banking system stability, completion of the second EU bailout programme review and significant progress on the third, as well as improved confidence reflected in the Greek government bond yields, improved macroeconomic backdrop in the country. Employment growth had a positive impact on income and private consumption; however, inflation and wage growth are still weak.

Total domestic fuels consumption reduced by 1,9% in 2017, mainly as a result of the reduction in demand for heating gasoil which is attributed to mild weather conditions during the last quarter of the year and higher oil product prices at the end of 2017. Motor fuels demand fell to 2015 levels, decreasing by 1,2% during the year, as gasoline consumption was lower, partly offset by higher diesel demand.

Despite the significant progress in economic recovery recorded in 2017, concerns around the banking system sustainability and government funding after the bailout programme termination remain, as reflected in debt capital and equity markets risk assessment and pricing. Economic developments in the country are beyond the Company's control, however, Management continually assesses the situation and its possible future impact to ensure that all necessary actions and measures are taken in order to minimize the impact on the Company's operations.

Currency: The Company's business is naturally hedged against functional currency risk. All petroleum industry transactions are referenced to international benchmark quotes for crude oil and oil products in USD. All international purchases and sales of crude oil and products are conducted in USD and all sales into local markets are either in USD prices or converted to local currency for accounting and settlement reasons using the USD reference on the date of the transaction.

Prices: Commodity price risk management is supervised by a Risk Management Committee which includes Finance and Trading departments' Senior Management. Non-commodity price risk management is carried out by the Finance Department under policies approved by the Board of Directors. The Finance Department identifies and evaluates financial risks in close co-operation with the Company's operating units.

Securing continuous crude oil supplies: Developments in the global and regional crude oil markets in the last 2 years have reduced the cost of raw material for the Company and increased optionality. International crude oil reference prices in December 2017 are decreased by more than 40% compared to June 2014 peak. These developments led to lower cost of crude, for both sweet and especially sour grades, which represent the key source of feedstock for complex refiners like Hellenic Petroleum, improving the competitive position of Med

refiners vs. their global peers. The Company was able to take advantage of this development and diversify its crude basket compared to previous years.

Financing of operations: Given financial market developments since 2011, the key priorities of the Company have been the management of the 'Assets and Liabilities' maturity profile, funding in accordance with its strategic investment plan and liquidity risk for operations. As a result of these key priority initiatives and in line with its medium term financing plan, Hellenic Petroleum has maintained a mix of long term, medium term and short term credit facilities by taking into consideration bank and debt capital markets' credit capacity as well as cash flow planning and commercial requirements. Approximately 40% of total debt is financed by medium to long term committed credit lines while the remaining debt is being financed by short term working capital credit facilities.

In April 2016 the company repaid a US$ 364 million loan. In May 2016 the Company concluded a € 400 million backstop facility which has two Tranches, a committed Tranche of €240 million and an uncommitted Tranche of €160 million. The facility had a tenor of 18 months with a six-month extension option, which was exercised in July 2017 and to which all participating banks consented. The new maturity date of the facility is May 2018 while the balance of the committed Tranche as at 31 December 2017 was €239 million. The balance of the uncommitted Tranche as at 31 December 2017 was nil.

In October 2016 the Company extended the maturity date of its €400 million syndicated credit facility to October 2017 with two six-month extension options. In October 2017, the Company extended the facility maturity date to April 2018 and is in the process of renewing it. In line with the Company's risk management strategy to increase the percentage of committed term credit facilities, Hellenic Petroleum S.A. concluded a €200 million syndicated committed bond loan facility in January 2015, with a tenor of 3 years. In January 2018 the company extended the facility maturity date to February 2018 and is in the process of renewing it for an additional three years.

Additional information is disclosed in paragraph c) Liquidity risk below and Note 16.

Capital management: The second key priority of the Company has been the management of its Assets. Overall the Company has around €3,6 billion of capital employed which is driven from working capital, investment in fixed assets and its investment in the DEPA Group. Current assets are mainly funded with current liabilities (incl. short term bank debt) which are used to finance working capital (inventories and receivables). As a result of the implementation of the Company's investment plan, during the period 2007-2012, net debt level has increased to approximately 50% of total capital employed while the remaining is financed through shareholders equity. The Company has started reducing its net debt levels through utilisation of the incremental operating cashflows, post completion and operation of the new Elefsina refinery. This is expected to lead to lower Debt to Equity ratio, better matched Asset and Liability maturity profiles as well as lower financing costs.

(a) Market risk

(i) Foreign exchange risk

As explained in note 2.4, the functional currency and presentation currency of the Company is the Euro. However, in line with industry practice in all international crude oil and oil trading transactions, underlying commodity prices are based on international reference prices quoted in US dollars.

Foreign currency exchange risk arises on three types of exposure:

- **Financial position translation risk:** Most of the inventory held by the Company is reported in Euro while its underlying value is determined in USD. Thus, a possible devaluation of the USD against the Euro leads to a reduction in the realisable value of inventory included in the statement of financial position. In order to manage this risk, a significant part of the Company's payables (sourcing of crude oil and petroleum products) is denominated in USD resulting to an offsetting impact to the one described above. It should be noted however, that while in the case of USD devaluation the impact on the statement of financial position is mitigated, in cases of USD appreciation the mark-to-market valuation of USD-denominated debt liabilities leads to a reported foreign exchange loss with no compensating benefit as stocks continue to be included in the statement of financial position at cost. It

is estimated, that at 31 December 2017 if the Euro had weakened against the US dollar by 5% with all other variables held constant, pre-tax results would have been approximately €13 million lower, as a result of foreign exchange losses on translation of US dollar denominated receivables, payables and cash deposits.

- **Gross Margin transactions and translation risk:** The fact that most of the transactions in crude oil and oil products are based on international Platt's USD prices leads to exposure in terms of the Gross Margin translated in Euro. Market volatility had an adverse impact on the cost of mitigating this exposure; as a result the Company did not actively hedge material amounts of the Gross margin exposure. This exposure is linearly related to the Gross margin of the Company in that the appreciation/ depreciation of Euro vs. USD leads to a respective translation loss/ (gain) on the period results.

- **Local subsidiaries exposure:** Where the Company operates in non-Euro markets there is an additional exposure in terms of cross currency translation between USD (price base), Euro reporting currency and local currency. Where possible the Company seeks to manage this exposure by transferring the exposure for pooling at Group levels. Although material for local subsidiaries' operations, the overall exposure is not considered material for the Company.

(ii) Commodity price risk

The Company's primary activity as a refiner involves exposure to commodity prices. Changes in current or forward absolute price levels vs acquisition costs affect the value of inventory while exposure to refining margins (combination of crude oil and product prices) affect the future cash flows of the business.

In the case of price risk, the level of exposure is determined by the amount of priced inventory carried at the end of the reporting period. In periods of sharp price decline, as Company policy is to report its inventory at the lower of historical cost and net realisable value, results are affected by the reduction in the carrying value of the inventory. The extent of the exposure relates directly to the level of stocks and rate of price decrease. This exposure is partly hedged with paper derivatives to the extent that the cost of such instruments is considered attractive, from a risk-return point of view and subject to the structure of the market (contango vs. backwardation) as well as credit capacity for long dated transactions.

Refining margin exposure relates to the absolute level of margin generated by the operation of the refineries. This is determined by Platt's prices and varies on a daily basis; as an indication of the impact to the Company financial results, a change in the refinery margins has a proportionate impact on the Company's profitability. Where possible, the Company aims to hedge the part of its production which will be sold in the future and hence will be exposed to forward pricing, thus generating higher price risk upon completion of the sale. This, however, is not possible to do in all market conditions, such as a backwardated market structure, where future prices are below their spot levels, or when there is no credit capacity for derivatives transactions.

(iii) Cash flow and fair value interest rate risk

The Company's operating income and cash flows are not materially affected by changes in market interest rates, given the low level of prevailing reference rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk, while borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's borrowings are at variable rates of interest. Depending on the levels of net debt at any given period of time, any change in the base interest rates (EURIBOR or LIBOR), has a proportionate impact on the Company results. At 31 December 2017, if interest rates on Euro denominated borrowings had been 0,5% higher with all other variables held constant, pre-tax profit for the year would have been €13 million lower.

(b) Credit risk

(i) Risk Management

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale

customers, including outstanding receivables and committed transactions. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

(ii) ii) Credit quality

The credit quality of cash, cash equivalents and restricted cash is assessed by reference to external credit ratings obtained from Moody's in the table below:

Bank rating (in €million)	31 December 2017	31 December 2016
Baa2	380	408
BBB-	1	0
Caa3	432	481
Total	**813**	**889**

Due to market conditions, the approval of credit risk is subject to a more strict process involving all levels of senior management. A Group credit committee monitors material credit exposures on a Group wide basis. See Note 11 for further disclosure on credit risk.

(c) Liquidity risk

Prudent liquidity risk management entails maintaining sufficient cash reserves and financial headroom, through committed credit facilities. Due to the dynamic nature of the underlying businesses, the Company aims to maintain flexibility in its funding operations through the use of cash and committed credit facilities.

Where deemed beneficial to the Company, and in order to achieve better commercial terms (e.g. better pricing, higher credit limits, longer payment terms), the Company provides for the issuance of short term letters of credit or guarantee for the payment of liabilities arising from trade creditors. These instruments are issued using the Company's existing credit lines with local and international banks, and are subject to the approved terms and conditions of each bank, regarding the amount, currency, maximum tenor, collateral etc. To the extent the liabilities covered materialise before the balance sheet date, they are included in the balance sheet under trade creditors. Further details of the relevant loans are provided in Note 16.

The Company's plans with respect to facilities expiring within the next 12 months are presented below

(€ million)	1H18	2H18	2018	Schedule for repayment	Schedule for refinancing
Syndicated Bond loan €350 million	-	348	348	-	348
Bond loan €400 million	284	-	284	-	284
Bond loan €200 million	200	-	200	-	200
Bond loan SBF €400 million	239	-	239	239	-
European Investment Bank ("EIB") Term loan	22	22	44	44	-
HPF Loan €488m	-	-	-	-	-
	745	370	1.115	283	832

The Company is in the process of executing a refinancing plan for the above bond loans and syndicated credit facilities. Following negotiations with the banks concerned, the Company obtained proposed key terms for refinancing certain of the above facilities, as well as head of terms for a new bilateral loan facility. The Board of Directors approved the proposed refinancing plan and further steps for conclusion of the new loan agreements. The Company expects the refinancing to be completed in due time before maturity of existing loans.

The table below analyses the Company's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
31 December 2017				
Borrowings	1.559.476	372.000	614.717	-
Derivative financial instruments	-	-	-	-
Trade and other payables	1.533.676	-	-	-
31 December 2016				
Borrowings	1.187.756	651.529	913.546	23.239
Derivative financial instruments	-	-	-	-
Trade and other payables	1.668.664	-	-	-

The amounts included as loans in the table above do not correspond to the balance sheet amounts as they are contractual (undiscounted) cash flows which include capital and interest.

Trade and other payables do not correspond to the balance sheet amounts as they include only financial liabilities.

3.2 Capital risk management

The Company's objective with respect to capital structure, which includes both equity and debt funding, is to safeguard its ability to continue as a going concern, to have in place an optimal capital structure from a cost perspective and at the same time to ensure that the requirements of loan financial covenants are met.

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

Consistent with the industry convention, the Company monitors capital structure and indebtedness levels on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the statement of financial position) less "Cash & cash equivalents" and "Available for Sale financial assets". Total capital employed is calculated as "Total Equity" as shown in the statement of financial position plus net debt.

The gearing ratios at 31 December 2017 and 2016 were as follows:

		As at	
	Note	31 December 2017	31 December 2016
Total Borrowings	**16**	2.614.530	2.610.699
Less: Cash, Cash Equivalents and restricted cash	**12**	(813.251)	(888.783)
Less: Available for sale financial assets		(1.252)	(1.017)
Net debt		**1.800.027**	**1.720.899**
Total Equity		1.809.223	1.590.150
Total Capital Employed		**3.609.250**	**3.311.049**
Gearing ratio		50%	52%

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2017:

	Level 1	**Level 2**	**Level 3**	**Total balance**
Assets				
Derivatives used for hedging	-	11.514	-	11.514
Available for sale financial assets	1.252	-	-	1.252
	1.252	**11.514**	**-**	**12.766**
Liabilities				
Derivatives used for hedging	-	-	-	-
	-	**-**	**-**	**-**

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2016:

	Level 1	**Level 2**	**Level 3**	**Total balance**
Assets				
Derivatives used for hedging	-	15.192	-	15.192
Available for sale financial assets	1.017	-	-	1.017
	1.017	**15.192**	**-**	**16.209**
Liabilities				
Derivatives used for hedging	-	-	-	-
	-	**-**	**-**	**-**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of commodity swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

For the years ended 31 December 2017 and 31 December 2016, there were no transfers between levels.

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Borrowings

4 Critical accounting estimates and judgements

Estimates and judgements are continuously evaluated and are based on historical experience as adjusted for current market conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Critical accounting estimates and assumptions

(a) Income taxes

The Company is subject to periodic audits by tax authorities and the assessment process for determining the company's current and deferred tax balances is complex and involves high degree of estimation and judgement. There are some transactions and calculations for which the ultimate tax determination is uncertain. Where tax positions are not settled with the tax authorities, Management takes into account precedent and the advice of tax and legal experts in analyzing the specific facts and circumstances, interpreting the relevant tax legislation, assessing other similar positions taken by the tax authorities, to form a view about whether a provision needs to be recorded, or a contingent liability needs to be disclosed. Where the Company is required to make payments in order to appeal against positions of tax authorities, the respective payments are recorded as assets (Note 11). Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(b) Recoverability of deferred tax assets

Deferred tax assets include certain amounts which relate to carried forward tax losses. In most cases, such tax losses are available for set off for a limited period of time since they are incurred. The Company makes assumptions on whether these deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets.

(c) Provision for environmental restoration

The Company operates in the oil industry with its principal activities being that of exploration and production of hydrocarbons, refining of crude oil and sale of oil products, and the production and trading of petrochemical products. Environmental damage caused by such substances may require the Company to incur restoration costs to comply with the regulations in the various jurisdictions in which the Company operates, and to settle any legal or constructive obligation. Analysis and estimates are performed by the Company together with its technical and

legal advisers, in order to determine the probability, timing and amount involved with probable required outflow of resources. Estimated restoration costs, for which disbursements are determined to be probable, are recognised as a provision in the Company's financial statements. When the final determination of such obligation amounts differs from the recognised provisions, the Company's statement of comprehensive income is impacted.

(d) Estimates in value-in-use calculations

The recoverable amount of a cash- generating unit (CGU) is determined for impairment tests purposes based on value-in-use calculations which require the use of assumptions. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The calculations use cash flow projections based on financial budgets approved by management. These budgets and forecast calculations generally cover a period of five years. Cash flows beyond the period over which projections are available are extrapolated using estimated growth rates. These growth rates are consistent with forecasts included in country or industry reports specific to the country and industry in which each CGU operates. The key assumptions used to determine the recoverable amount for the different CGUs, or assets, including a sensitivity analysis, are disclosed and further explained in Note 6, for Property, Plant and Equipment, and Note 8 for Investments in Subsidiaries, Associates and Joint Ventures.

(e) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives and certain available-for-sale investments) is determined by using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(f) Provision for impairment of receivables

Management evaluates the estimated allowance based on specific reviews of customer balances taking into account its experience with collection trends in the oil market industry, the current economic conditions and also the securities and collaterals obtained from specific customers. The Company regularly reassesses the allowance for doubtful accounts receivable in conjunction with the customer's commercial behaviour taking into consideration reports from its legal department, prepared after processing historical data and recent developments of cases they are handling. Estimates are involved of amounts expected to be recovered in the case of defaulted customers taking into account any settlement arrangements, whether the customer is repaying agreed instalments, and expected recoveries from any collaterals held.

(g) Pension benefits

The present value of the pension obligations for the Company's defined benefit plans depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/ (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency and jurisdiction in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 18.

(h) Provisions for legal claims

The Company has a number of legal claims pending against it. Management uses its judgement, as well as the available information from the Legal Counsel to assess the likely outcome of these claims and if it is more likely than not that the Company will lose a claim, then a provision is recognised. Provisions for legal claims, if

required, are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

(i) Depreciation of property, plant and equipment

The Company periodically assesses the useful lives of its property, plant and equipment to determine whether the original estimated lives continue to be appropriate. To this respect, the Company may obtain technical studies and use external sources to determine the lives of its assets, which can vary depending on a variety of factors such as technological innovation and maintenance programs

(ii) Critical judgements in applying the Company's accounting policies

(j) Impairment of available-for-sale investments

The Company follows the guidance of IAS 39 to determine when an available-for-sale equity investment is impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; the financial health and the short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(k) Impairment of non-financial assets and investments

The Company assesses at each reporting date, whether indicators for impairment exist, for its non-financial assets (Note 2.9) and its investments in subsidiaries, associates and joint ventures for possible impairment. If any indication exists, the Company estimates the asset's recoverable amount. Judgment is involved to some extent in determining whether indicators exist and also the determination of the cash generating units at which the respective assets are tested.

5 Segment information

All critical operating decisions are made by the Executive Committee, which reviews the Company's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The committee considers the business from a number of measures which may vary depending on the nature and evolution of a business segment by taking into account the risk profile, cash flow, product and market considerations. Information provided to the committee is measured in a manner consistent with that of the financial statements.

The Company's key operating segments are:

a) Refining, Supply and Trading (Refining)

Activities revolve around the operation of the Company's three refineries located in Aspropyrgos, Elefsina and Thessaloniki, which account for approximately 65% of the country's total refining capacity. The three refineries combine a storage capacity of 6,65 million m³ of crude oil and petroleum products.

More information about the activities of this segment can be found in the Company's Annual Report.

b) Petrochemicals

Petrochemical activities mainly focus on the production and marketing of polypropylene, BOPP films and solvents, as well as the trading of imported plastics and chemicals. The polypropylene production plant in Thessaloniki mainly receives propylene produced in the Aspropyrgos refinery. Part of the production of the produced polypropylene is the raw material used in the BOPP film production unit in Komotini.

More information about the activities of this segment can be found in the Company's Annual Report

Financial information regarding the Company's operating segments for the year ended 31 December 2017 is presented below:

Year ended 31 December 2017	**Note**	**Refining**	**Petro-chemicals**	**Exploration & Production**	**Other**	**Total**
Sales		6.966.669	266.931	-	-	7.233.600
EBITDA (*)		**660.070**	**85.452**	**(3.981)**	**(4.119)**	**737.422**
Depreciation and amortisation	**6,7**	(136.282)	(3.457)	(204)	(58)	(140.001)
Operating profit / (loss)		**523.788**	**81.995**	**(4.185)**	**(4.177)**	**597.421**
Finance (expenses)/income - net	**25**	(100.491)	(1.840)	-	(37.940)	(140.271)
Dividend income		-	-	-	33.724	33.724
Currency exchange gains/(losses)	**26**	(8.483)	-	-	-	(8.483)
Profit / (Loss) before income tax		**414.814**	**80.155**	**(4.185)**	**(8.393)**	**482.391**
Income tax expense	**27**					(136.400)
Profit for the year						**345.991**

(*) EBITDA is calculated as Operating profit/(loss) per the statement of comprehensive income plus depreciation and amortisation

Financial information regarding the Company's operating segments for the year ended 31 December 2016 is presented below:

Year ended 31 December 2016		**Refining**	**Petro-chemicals**	**Exploration & Production**	**Other**	**Total**
Sales		5.673.389	252.387	-	-	5.925.776
EBITDA (*)		**659.660**	**88.226**	**(2.746)**	**(11.800)**	**733.340**
Depreciation and amortisation		(146.226)	(5.041)	(121)	(64)	(151.452)
Operating profit / (loss)		**513.434**	**83.185**	**(2.867)**	**(11.864)**	**581.888**
Finance (expenses)/income - net	**25**	(138.974)	(1.845)	-	(34.655)	(175.474)
Dividend income		-	-	-	38.348	38.348
Currency exchange gains/(losses)	**26**	21.462	-	-	-	21.462
Profit / (Loss) before income tax		**395.922**	**81.340**	**(2.867)**	**(8.170)**	**466.224**
Income tax expense	**27**					(131.901)
Profit for the year						**334.323**

(*) EBITDA is calculated as Operating profit/(loss) per the statement of comprehensive income plus depreciation and amortisation

During the year 2017, management reconsidered the treatment of oil products exchanged or swapped for oil products of a similar nature and value. Previously, sales and purchases arising from such transactions were recognised at their gross sales value within "Revenue" and "Cost of sales" respectively. Following the reconsideration the above transactions are no longer regarded as sales and to this effect comparative figures were restated by reclassifying an amount of € 66,7 million from "Sales" to "Cost of Sales" so as to conform to the change in presentation. There were no other changes in the basis of segmentation or in the basis of measurement of segment profit or loss, as compared to the annual financial statements for the year ended 31 December 2016.

An analysis of the Company's net sales by type of market (domestic, aviation & bunkering and exports) is presented below:

	For the year ended	
	31 December 2017	**31 December 2016**
Domestic	2.545.349	2.009.811
Aviation & Bunkering	966.203	697.378
Exports	3.722.048	3.218.587
Total net sales	**7.233.600**	**5.925.776**

The segment assets and liabilities at 31 December 2017 and 2016 are as follows:

Year ended 31 December 2017	Refining	Petro-chemicals	Exploration & Production	Other	Total
Total Assets	5.000.604	521.652	3.266	671.664	**6.197.186**
Total Liabilities	3.384.430	247.654	14.017	741.862	**4.387.963**

Year ended 31 December 2016	Refining	Petro-chemicals	Exploration & Production	Other	Total
Total Assets	5.195.527	378.808	5.577	655.307	**6.235.219**
Total Liabilities	3.746.061	161.077	13.350	724.581	**4.645.069**

There has been no material change in the definition of segments or the segmental analysis of total assets or total liabilities from the amounts disclosed in the annual financial statements for the year ended 31 December 2016.

6 Property, plant and equipment

	Land	Buildings	Plant & Machinery	Motor vehicles	Furniture and fixtures	Assets Under Cons-truction	Total
Cost							
As at 1 January 2016	**115.396**	**527.747**	**3.741.680**	**14.283**	**84.649**	**52.813**	**4.536.568**
Additions	-	9	825	813	1.709	86.367	89.723
Capitalised projects	-	3.094	52.569	-	16	(55.679)	-
Disposals	-	-	(2.912)	(42)	(427)	(94)	(3.475)
Transfers and other movements	-	-	(1.847)	-	-	(2.748)	(4.595)
As at 31 December 2016	**115.396**	**530.850**	**3.790.315**	**15.054**	**85.947**	**80.659**	**4.618.221**
Accumulated Depreciation							
As at 1 January 2016	**-**	**182.950**	**1.501.991**	**10.148**	**74.171**	**-**	**1.769.260**
Charge for the year	-	17.490	125.342	362	2.435	-	145.629
Disposals	-	-	(2.882)	(40)	(427)	-	(3.349)
As at 31 December 2016	**-**	**200.440**	**1.624.451**	**10.470**	**76.179**	**-**	**1.911.540**
Net Book Value at 31 December 2016	**115.396**	**330.410**	**2.165.864**	**4.584**	**9.768**	**80.659**	**2.706.681**
Cost							
As at 1 January 2017	**115.396**	**530.850**	**3.790.315**	**15.054**	**85.947**	**80.659**	**4.618.221**
Additions	27.454	33	1.776	330	3.326	115.708	148.627
Capitalised projects	-	3.676	105.576	114	298	(109.664)	-
Disposals	-	-	-	(45)	(97)	(280)	(422)
Transfers and other movements	-	-	2.968	-	-	(3.136)	(168)
As at 31 December 2017	**142.850**	**534.559**	**3.900.635**	**15.453**	**89.474**	**83.287**	**4.766.258**
Accumulated Depreciation							
As at 1 January 2017	**-**	**200.440**	**1.624.451**	**10.470**	**76.179**	**-**	**1.911.540**
Charge for the year	-	16.047	116.983	389	2.269	-	135.688
Disposals	-	-	-	(45)	(97)	-	(142)
As at 31 December 2017	**-**	**216.487**	**1.741.434**	**10.814**	**78.351**	**-**	**2.047.086**
Net Book Value at 31 December 2017	**142.850**	**318.072**	**2.159.201**	**4.639**	**11.123**	**83.287**	**2.719.172**

(1) The Company has not pledged any property, plant and equipment as security for borrowings.

(2) During 2017 an amount of €2,4 million (2016: €1,9 million) in respect of interest has been capitalised within Assets under construction relating to the refining segment, at an average borrowing rate of 5,34% (2016: 5,85%).

(3) 'Transfers and other movements' mainly include the transfer of spare parts for the refinery units from inventories to fixed assets and the transfer of computer software development costs to intangible assets. During 2017, the Company proceeded with changes in the allocation of the provision for consumables and spare parts. As a result the comparative figures of Plant and Machinery (cost) changed as follows: Opening Balance as at 1 January 2016 was reduced by € 6,7 million whilst PPE – Transfers and other movements was reduced by € 5,4 million (see Note 10).

(4) The Company performed its annual assessment for indicators of impairment of property, plant and equipment in December 2017 and 2016. Based on this assessment test, the Company concluded that there were no indications for impairment, therefore no formal impairment test was performed and consequently no impairment charge was recorded.

(5) Depreciation expense of €133,7 million (2016: €145,6 million) and amortisation expense of €4,3 million (2016: €5,8 million) is allocated in the following lines of the statement of comprehensive income:

- Cost of Sales €126,3 million (2016: €138,2 million),
- Selling and distribution expenses €5,5 million (2016: €5,8 million),
- Administration expenses €6,3 million (2016: €7,3 million), and
- Exploration and development expenses €0 million (2016: €0,1 million)

7 Intangible assets

	Computer software	Licences & Rights	Total
Cost			
As at 1 January 2016	**86.445**	**24.299**	**110.744**
Additions	1.438	-	1.438
Disposals	(47)	-	(47)
Transfers & other movements	2.504	-	2.504
As at 31 December 2016	**90.340**	**24.299**	**114.639**
Accumulated Amortisation			
As at 1 January 2016	**79.271**	**23.102**	**102.373**
Charge for the year	4.638	1.185	5.823
Transfers & other movements	(47)	-	(47)
As at 31 December 2016	**83.862**	**24.287**	**108.149**
Net Book Value 31 December 2016	**6.478**	**12**	**6.490**
Cost			
As at 1 January 2017	**90.340**	**24.299**	**114.639**
Additions	1.303	-	1.303
Transfers & other movements	3.562	-	3.562
As at 31 December 2017	**95.205**	**24.299**	**119.504**
Accumulated Amortisation			
As at 1 January 2017	**83.862**	**24.287**	**108.149**
Charge for the year	4.313	-	4.313
As at 31 December 2017	**88.175**	**24.287**	**112.462**
Net Book Value 31 December 2017	**7.030**	**12**	**7.042**

'Transfers and other movements' in computer software mainly relate to completed IT software projects capitalised during the year and thus transferred from assets under construction. These projects are monitored

within assets-under-construction as implementation of the relevant software takes place over a period of time. They are transferred to Intangible Assets when the implementation of the software has been completed and tested as being ready for use.

8 Investment in subsidiaries, associates and joint ventures

	As at	
	31 December 2017	**31 December 2016**
Beginning of the year	**655.265**	**656.326**
(Decrease) / Increase in share capital of subsidiaries	(1.688)	9.811
Partial acquisition of minority holding in subsidiary	21.045	-
Impairment of investments	(3.000)	(10.872)
End of the year	**671.622**	**655.265**

A list of the Company's principal investments is as follows:

Name	**Participating interest**	**Country of Incorporation**	**Classification**
ASPROFOS S.A.	100,0%	Greece	Subsidiary
DIAXON S.A.	100,0%	Greece	Subsidiary
HELLENIC FUELS AND LUBRICANTS S.A. (EKO)	35,6%	Greece	Subsidiary
ELPET BALKANIKI S.A.	100,0%	Greece	Subsidiary
HELLENIC PETROLUEM INTERNATIONAL AG	100,0%	Austria	Subsidiary
HELPE APOLLON MARITIME Co	100,0%	Greece	Subsidiary
HELPE POSEIDON MARITIME Co	100,0%	Greece	Subsidiary
HELLENIC PETROLEUM FINANCE PLC	100,0%	United Kingdom	Subsidiary
HELPE RENEWABLE ENERGY SOURCES S.A.	100,0%	Greece	Subsidiary
HELPE UPSTREAM S.A.	100,0%	Greece	Subsidiary
HELPE PATRAIKOS S.A.	100,0%	Greece	Subsidiary
GLOBAL ALBANIA S.A.	99,9%	Albania	Subsidiary
PUBLIC GAS CORPORATION OF GREECE S.A. (DEPA)	35,0%	Greece	Associatte
ATHENS AIRPORT FUEL PIPELINE COMPANY S.A.	50,0%	Greece	Associatte
HELPE THRAKI S.A.	25,0%	Greece	Associatte
ELPEDISON B.V.	5,0%	Netherlands	Joint Venture

a) Decrease in share capital of subsidiaries in 2017 relates to DIAXON. In 2016 increase in share capital of subsidiaries mainly relates to HELPE Patraikos S.A. and Asprofos S.A..

b) On 24 November 2017, HELPE S.A. acquired the remaining 37% minority shareholding of ELPET BALKANIKI S.A., which is now a wholly owned subsidiary (100%). The total aggregate consideration for the ordinary share capital acquired is comprised of an upfront amount of €16 million payable within 2018 and of a deferred consideration of €5 million payable within a period of up to five years from the date of acquisition of the shares.

c) As at 31 December 2017, the shareholding structure of Hellenic Fuels and Lubricants Industrial & Commercial S.A. (HFL) was as follows:

- 64,41% owned by Hellenic Petroleum International AG (HPI)
- 35,59% owned by Hellenic Petroleum S.A.

On 25 January 2018, the Board of Directors approved the acquisition of HPI's 64,41% shareholding by Hellenic Petroleum S.A., for a consideration of €350 million (Note 34).

a) Impairment of investments

Elpedison B.V.

The Company owns a 5% shareholding in Elpedison B.V., a joint venture entity with EDISON International. As at 31 December 2016 Elpedison B.V. management carried out an impairment test according to the requirements of IAS 36, based on the post-tax cash flows produced by the company. The anticipated future developments in the market and regulatory environment (change in remuneration mechanisms and/or delay of their enforcement, intensification of competition) in which the company operates, were considered as indicators of impairment, as they could impact the future cash flows of its assets.

The valuation analysis considered Elpedison S.A.'s two gas fired power plants and the supply business unit as a single cash generation unit (CGU). The analysis was carried out by identifying the recoverable value ("value in use") of the CGU. The estimation of the value in use was performed through the application of the Discounted Cash Flow Valuation Method. The discount rate applied was 8,9% and was estimated as the post-tax Weighted Average Cost of Capital (WACC) of the company.

The year 2016 was highly volatile with significant developments taking place in the power industry (e.g. delay/change of temporary Annual Flexibility remuneration mechanism). This led to the re-evaluation of Elpedison's impairment indicators by management, resulting in the recognition of an additional impairment provision of €10,9 million during 2016 (in 2015 a provision of €7 million was raised), resulting in the recognition of a total impairment provision of €18 million in the carrying value of Elpedison B.V. (Note 24).

Since uncertainty in the power market and regulatory environment remained during 2017 the impairment test was updated using a WACC of 7,5% as of 31 December 2017. Based on this impairment test, the Company concluded that the carrying amount of its investment is recoverable and consequently no further impairment charge was recorded.

It should be noted that the assumptions and scenarios used could further change in the future, particularly in an environment characterized by high volatility. Relevant changes in the assumptions used e.g. in the future Annual Flexibility remuneration and in discount rates, could have an impact on the value in use of the assets.

Asprofos S.A.

As at 31 December 2017 Management carried out an impairment test according to the requirements of IAS 36, based on the post-tax cash flows produced by the Asprofos S.A.. The company's continuing losses and the anticipated future developments in the engineering market in which the company operates, were considered as indicators of impairment.

The valuation analysis considered Asprofos S.A. as a single cash generation unit (CGU). The analysis was carried out by identifying the recoverable value ("value in use") of the CGU. The estimation of the value in use was performed through the application of the Discounted Cash Flow Valuation Method, using a WACC of 7%, as of 31 December 2017.

Based on this impairment test, the Company recognised an additional impairment provision of €3,0 million (total provisions of €7,0 million were raised in previous years) in the carrying value of Asprofos S.A. in the statement of financial position as at 31 December 2017 and a respective impairment loss in the statement of comprehensive income, which was included in other income and expenses (Note 24).

b) Sale of DESFA

DEPA Group operates in the wholesale, trading, transmission, distribution and supply of natural gas. It is currently owned 65% by HRADF ("Hellenic Republic Assets Development Fund") and 35% by Hellenic Petroleum SA.

The Depa Group fully consolidates its 100% shareholding in DESFA SA. (Administrator of the Natural Gas High Pressure Transmission System) and its 100% shareholding in DEDA SA (Administrator of the Natural Gas Medium & Low Pressure Distribution System for areas other than the areas in which EDA THESS S.A.

& EDA Attica S.A. are active). Other major entities accounted for using the equity method of accounting are EDA THESS S.A. (gas Distribution Company for the Thessaloniki and Thessalia regions), EPA Thessaloniki-Thessalia S.A. (gas Supply Company for the Thessaloniki and Thessalia regions), EDA Attica S.A. (gas Distribution Company for the Attica region) and EPA Attica S.A. (gas Supply Company for the Attica region). Depa S.A. has a 51% shareholding in each of these companies.

On 16 February 2012, Hellenic Petroleum S.A. and HRADF (jointly the "Sellers") agreed to launch a joint sale process of their shareholding in DEPA Group aiming to dispose 100% of the supply, trading and distribution activities, as well as 66% of their shareholding in the high pressure transmission network (DESFA S.A., a 100% subsidiary of DEPA S.A.).

The sale process resulted in the submission of a binding offer of €400 million by SOCAR (Azerbaijan's Oil and Gas National Company) for the purchase of the 66% of DESFA. The amount corresponding to the Company's 35% effective shareholding was €212 million.

On 21 December 2013, the Share Purchase Agreement (SPA) for the above sale was signed by HRADF, Hellenic Petroleum S.A. and SOCAR, while the completion of the transaction was agreed to be subject to the clearance of EU's responsible competition authorities.

On 30 November 2016, the deadline for the fulfilment of all prerequisites for the finalisation of the transaction expired without the desired outcome.

By decision of the Governmental Economic Policy Council (ΚΥΣΟΙΠ) on 1 March 2017, the Greek State decided, inter alia, to launch a new tender procedure for the disposal of the 66% of the shares of DESFA, i.e. the 31% of the 65% of the shares held by HRADF combined with the 35% of the shares owned by HELPE, as well as the termination of the respective selling process which was launched in 2012. In addition, article 103 of the most recent law 4472/2017 provides that by 31 December 2017, the participation of DEPA in DESFA (66%) will be sold and transferred through an international tender process, which will be carried out by HRADF, while the remaining balance of 34% will be transferred to the Greek State. Furthermore, the above law provides that at the end of the tender process, DESFA should constitute an Unbundled Natural Gas Transmission System Operator, in accordance with the provisions of articles 62 & 63 of Law 4001/2011 as in force, and be certified as such, in accordance with Articles 9 & 10 of the 2009/73/EC (Full Ownership Unbundled System Operator - FOU).

The Board of Directors of HELPE, at its meeting on 12 June 2017, evaluated the strategic choices of HELPE regarding its minority participation in DESFA and considered that the disposal (jointly with HRADF) of the 66% of DESFA's shares is in the interest of the Company. For this purpose, a draft Memorandum of Understanding (MOU) between the Greek State, HRADF and HELPE was drawn up, based on the corresponding text of 2012. At the abovementioned meeting, the Board of Directors also convened the Extraordinary General Assembly of the Company's shareholders in order to obtain a special permit, in accordance with the provisions of article 23a of the Codified Law 2190/1920, for the conclusion of the MOU between the Greek State, HRADF and HELPE. The MOU was signed by the three parties on 26 June 2017 and the special permit of the General Assembly was provided retrospectively on 6 July 2017, pursuant to the provision of article 23a par.4 of L.2190/1920. On 26 June 2017 the Invitation for the Non-Binding Expression of Interest was published. Four parties expressed interest and two of them have been notified on 22 September 2017, by the Sellers that they have qualified to participate in the next phase of the Tender Process (Binding Offers Phase), and are now considered as Shortlisted Parties. The two Shortlisted Parties are on the one hand, a consortium formed by SNAM S.p.A., FLUXYS S.A., Enagas Internacional S.L.U. and N.V. Nederlandse Gasunies and on the other hand Regasificadora del Noroeste S.A..

The Shortlisted Parties submitted their binding offers on 16 February 2018, pursuant to the Sellers' Request on 10 October 2017 for the Submission of Binding Offers.

The cost of investment of the DEPA group in the Company's financial statements is €237 million. DEPA Group, as it currently stands, continues to be accounted for and included in these financial statements as an associate.

c) The Company participates, directly or indirectly through its subsidiaries, in the following jointly controlled operations with other third parties relating to exploration and production of hydrocarbons in Greece and abroad:

- Edison International SpA – HELPE Patraikos, 100% subsidiary (Greece, Patraikos Gulf)

- Calfrac Well Services Ltd – Hellenic Petroleum S.A. (Greece, Sea of Thrace concession)

9 Loans, Advances & Long Term assets

	As at	
	31 December 2017	**31 December 2016**
Loans and advances	17.340	32.905
Other long term assets	2.346	2.204
Total	**19.686**	**35.109**

Loans and advances as at 31 December 2016 include a three-year bond loan of €14,9 million to ELPET Balkaniki, a subsidiary of Hellenic Petroleum S.A. The loan was repaid in December 2017. They also include trade receivables due in more than one year as a result of settlement arrangements. These are discounted at a rate of 7,30% (2016: 7,30%) over their respective lives.

10 Inventories

	As at	
	31 December 2017	**31 December 2016**
Crude oil	330.840	371.829
Refined products and semi-finished products	559.312	410.560
Petrochemicals	21.670	20.387
Consumable materials and other	79.454	75.254
- Less: Provision for Consumables and spare parts	(27.530)	(26.607)
Total	**963.746**	**851.423**

Under IEA and EU regulations Greece is obliged to hold crude oil and refined product stocks in order to fulfil the EU requirement for compulsory Stock obligations (90 days stock directive), as legislated by Greek Law 3054/2002. This responsibility is passed on to all companies, including Hellenic Petroleum S.A., which import and sell in the domestic market and who have the responsibility to maintain and finance the appropriate stock levels. Such stocks are part of the operating stocks and are valued on the same basis.

The cost of inventories recognised as an expense and included in "Cost of sales" amounted to €6,0 billion (2016: €4,8 billion). The Company has reported a loss of €0,04 million as at 31 December 2017 arising from inventory valuation which is reflected in a write-down of the year-end values (2016: €0,2 million). This was recognised as an expense in the year ended 31 December 2017 and included in 'Cost of Sales' in the statement of comprehensive income. Overall for 2017, management has estimated that the impact on the results of the Company from the fluctuations of crude oil and product prices during the year was positive and equal to approx. €58 million (2016: positive impact of €100 million).

During the year management reconsidered the allocation of the provision for consumables and spare parts. Based upon this reconsideration the comparative figures include a restatement of €12,1 million from inventories to Plant and Machinery (see Note 6).

11 Trade and other receivables

	As at	
	31 December 2017	**31 December 2016**
Trade receivables	450.922	444.395
- Less: Provision for impairment of receivables	(117.305)	(118.186)
Trade receivables net	**333.617**	**326.209**
Other receivables	670.606	679.848
- Less: Provision for impairment of receivables	(20.060)	(17.481)
Other receivables net	**650.546**	**662.367**
Deferred charges and prepayments	5.738	47.844
Total	**989.901**	**1.036.420**

As part of its working capital management, the Company utilises factoring facilities to accelerate the collection of cash from its customers in Greece. Non-recourse factoring, is excluded from balances shown above, since all risks and rewards of the relevant invoices have been transferred to the factoring institution.

'Other receivables' include balances in respect of VAT, income tax prepayment, advances to suppliers and advances to personnel. Other receivables also include the following:

a) Advances of €327 million extended to Hellenic Petroleum International A.G. (a Group company) for the transfer of 100% of the share capital of Hellenic Fuels S.A. (currently a direct subsidiary of Hellenic Petroleum International A.G.) (31 December 2016: €327 million). On 25 January 2018, the Board of Directors approved the acquisition of the remaining 64,41% of Hellenic Fuels S.A.'s shares by Hellenic Petroleum S.A., for a total consideration of €350 million (Notes 8, 34).
b) €54m of VAT approved refunds (31 December 2016: €54 million), which had been withheld in previous years by the customs office due to a dispute relating to stock shortages (see Note 31). The Company has filed a specific legal objection and claim against this action and expects to fully recover this amount, following the conclusion of the relevant legal proceedings.
c) A one-year bond loan of €138 million extended to EKO ABEE, a Group company (Note 33).

The fair values of trade and other receivables approximate their carrying amount.

Deferred charges and prepayments have decreased during the year ended 31 December 2017, due to the settlement of an insurance claim, amounting to €41 million, which related to property damage and business interruption of the Elefsina refinery during 2013 – 2015.

The table below analyses total trade receivables:

	As at	
	31 December 2017	**31 December 2016**
Not past due and not impaired	259.024	255.615
Past due, not impaired receivables	74.593	70.594
Past due, doubtful and impaired receivables	117.305	118.186
Total trade receivables	**450.922**	**444.395**

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. Provision is made for receivables that are doubtful of collection and have been assessed that they will result in a loss, net of any respective securities or collaterals obtained. Collaterals include primarily first or second class pre-notices over properties of the debtor, personal and bank guarantees.

Overdue days of trade receivables that were past due but not impaired are as follows:

	As at	
	31 December 2017	**31 December 2016**
Up to 30 days	53.235	51.927
30 - 90 days	6.808	2.148
90 -120 days	127	1.170
Over 120 days	14.423	15.349
Total	**74.593**	**70.594**

The overdue days of trade receivables that were past due and impaired are as follows:

	As at	
	31 December 2017	**31 December 2016**
Up to 30 days	-	-
30 - 90 days	-	-
Over 90 days	117.305	118.186
Total	**117.305**	**118.186**

The movement in the provision for impairment of trade receivables is set out below:

	As at	
	31 December 2017	**31 December 2016**
Balance at 1 January	118.186	109.391
Charged / (credited) to the income statement:		
- Additional provisions	-	8.795
- Unused amounts reversed	(881)	-
Balance at 31 December	**117.305**	**118.186**

The movement in the provision for impairment of other receivables is set out below:

	As at	
	31 December 2017	**31 December 2016**
Balance at 1 January	17.481	13.299
Charged / (credited) to the income statement:		
- Additional provisions	4.539	4.182
Used during year	(1.960)	-
Balance at 31 December	**20.060**	**17.481**

12 Cash, cash equivalents and restricted cash

	As at	
	31 December 2017	**31 December 2016**
Cash at Bank and in Hand	667.599	731.258
Cash and cash equivalents	**667.599**	**731.258**
Restricted Cash	145.652	157.525
Total cash, cash equivalents and restricted cash	**813.251**	**888.783**

Restricted cash mainly relates to a deposit amounting to €144 million, placed as security for a loan agreement of an equal amount with Piraeus Bank, in relation to the Company's Facility Agreement B with the European Investment Bank (Note 16).

The outstanding balance under the EIB Facility Agreement B as at 31 December 2017 was €100 million, whilst the outstanding balance of the Piraeus loan as at 31 December 2017 was €144 million. The respective guarantee matured on 15 June 2017 and was renewed for an additional year. In February 2018, the EIB facility was amended in such a way that this guarantee is no longer required. The effect of the loan and the deposit with Piraeus Bank is a grossing up of the Statement of Financial Position, as at 31 December 2017 with no effect to the Net Debt position and Net Equity.

The balance of US Dollars included in Cash at bank as at 31 December 2017 was US$549 million (Euro equivalent €458 million). The respective amount for the year ended 31 December 2016 was US$ 503 million (Euro equivalent €477 million).

The weighted average effective interest rate as at the reporting date on cash and cash equivalents was:

	As at	
	31 December 2017	**31 December 2016**
Euro	0,06%	0,07%
USD	0,10%	0,10%

13 Share capital

	Number of Shares (authorised and issued)	Share Capital	Share premium	Total
As at 1 January & 31 December 2016	**305.635.185**	**666.285**	**353.796**	**1.020.081**
As at 31 December 2017	**305.635.185**	**666.285**	**353.796**	**1.020.081**

All ordinary shares were authorised, issued and fully paid. The nominal value of each ordinary share is €2.18 (31 December 2016: €2.18).

Share options

During the Annual General Meeting (AGM) of Hellenic Petroleum S.A. held on 25 May 2005, a share option scheme was approved, with the intention to link the number of share options granted to management with the results and performance of the Company. Subsequent AGMs have approved and granted the share options. At the 2014 and 2015 AGM's, the shareholders approved several changes to the share option program incorporating recent tax changes, without altering the net effect in terms of benefit to the participants.

Share options outstanding at the year-end have the following expiry date and exercise prices:

Grant Date	Vesting Date	Expiry Date	Exercise Price € per share	No. of share options as at 31 December 2017	31 December 2016
2012	2014-18	2018	4,52	185.633	1.479.933
			Total	**185.633**	**1.479.933**

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	As at			
	31 December 2017		**31 December 2016**	
	Average Exercise Price in € per share	Options	Average Exercise Price in € per share	Options
Balance at beginning of year (1 January)	**4,52**	**1.479.933**	**4,52**	**1.479.933**
Exercised	4,52	(1.294.300)	-	-
Balance at end of year (31 December)	**4,52**	**185.633**	**4,52**	**1.479.933**

During the year ended 31 December 2017 share options were exercised via the acquisition and subsequent issue of treasury shares to employees, of a total value of €9,7 million (Note 14).

14 Reserves

	Note	Statutory reserve	Special reserves	Tax reserves	Hedging reserve	Share-based payment reserve	Actuarial gains/ (losses)	Available-for-sale gains/ (losses)	Treasury shares	Total
Balance at 1 January 2016		**118.668**	**86.495**	**263.146**	**(24.718)**	**746**	**(5.519)**	**-**	**-**	**438.818**
Cash flow hedges:								-		
- Fair value gains/(losses) on cash flow hedges		-	-	-	15.862	-	-	-	-	15.862
- Derecognition of gains/(losses) on hedges through comprehensive income		-	-	-	19.642	-	-	-	-	19.642
Actuarial losses on defined benefit pension plans		-	-	-	-	-	(4.568)	-	-	(4.568)
Changes in the fair value on available-for-sale financial assets		-	-	-	-	-	-	(6.414)	-	(6.414)
Transfer of available-for-sale reserve to operating profit		-	-	-	-	-	-	6.414	-	6.414
Balance at 31 December 2016		**118.668**	**86.495**	**263.146**	**10.786**	**746**	**(10.087)**	**-**	**-**	**469.754**
Cash flow hedges:										
- Fair value gains/(losses) on cash flow hedges		-	-	-	(4.590)	-	-	-	-	(4.590)
- Derecognition of gains/(losses) on hedges through comprehensive income		-	-	-	1.979	-	-	-	-	1.979
Actuarial losses on defined benefit pension plans		-	-	-	-	-	(7.100)	-	-	(7.100)
Share-based payments		-	-	-	-	(653)	-	-	-	(653)
Acquisition of Treasury Shares		-	-	-	-	-	-	-	(10.245)	(10.245)
Issue of Treasury shares to employees		-	-	-	-	-	-	-	9.714	9.714
Dividends	29	-	-	(106.962)	-	-	-	-	-	(106.962)
Transfers to/ from retained earnings		-	-	8.797	-	-	-	-	-	8.797
Balance at 31 December 2017		**118.668**	**86.495**	**164.981**	**8.175**	**93**	**(17.187)**	**-**	**(531)**	**360.694**

Statutory reserves

Under Greek law, corporations are required to transfer a minimum of 5% of their annual net profit as reflected in their statutory books to a statutory reserve until such reserve equals one third of outstanding share capital. This reserve cannot be distributed during the existence of the entity, but can be used to offset accumulated losses.

Special reserves

Special reserves primarily relate to reserves arising from tax revaluations in accordance with the relevant legislation in prior years.

Tax-free and incentive law reserves

These reserves include:

(i) Retained earnings, which have not been taxed with the prevailing corporate income tax rate as allowed by Greek law under various statutes. Certain of these retained earnings will become liable to tax at the rate prevailing at the time of distribution to shareholders or conversion to share capital.

(ii) Retained earnings, which have been taxed at a rate less than the corporate tax rate as allowed by Greek law. Certain of these retained earnings will be subject to the remaining tax up to the corporate tax rate prevailing at the time of distribution to shareholders or conversion to share capital.

(iii) Taxed reserves relating to investments under incentive laws. These are available for distribution under certain conditions.

Hedging reserve

The hedging reserve is used to record gains or losses on derivatives that are designated and qualify as cash flow hedges and that are recognised in other comprehensive income., as described in Note 21. Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

Other reserves

These include:

(i) Actuarial gains / (losses) on defined benefit plans resulting from a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and b) the effects of changes in actuarial assumptions.

(ii) Changes in the fair value of investments that are classified as available-for-sale financial assets. Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

Treasury shares

Treasury shares are held regarding the Share Option Plan. During the year, 1.284.656 shares were acquired at a cost of €10,2 million, while 1.214.494 shares were issued to employees, following exercise of share options held. Treasury shares are recognised on a first-in-first out basis (Note 13).

15 Trade and other payables

	As at	
	31 December 2017	**31 December 2016**
Trade payables	1.417.731	1.579.039
Accrued Expenses	84.535	81.590
Other payables	51.761	31.344
Total	**1.554.027**	**1.691.973**

Trade payables comprise amounts payable or accrued in respect of supplies of crude oil, products and services.

Trade payables, as at 31 December 2017 and 31 December 2016, include amounts in respect of crude oil imports from Iran, which were received between December 2011 and March 2012 as part of a long-term contract with NIOC. Despite repeated attempts to settle the payment for these cargoes through the international banking system between January and June 2012, it was not possible to do so. This was due to the fact that payments to Iranian banks and state entities were not accepted for processing by the International banking system as a result of explicit or implicit US and International sanctions. After 30 June 2012, Hellenic Petroleum was prohibited to effect payments to NIOC by virtue of EU sanctions (Council Regulation (EU) No. 267/2012 of 23 March 2012). The Company duly notified its supplier of this restriction on payments and the inability to accept further crude oil cargoes under the contract, as a result of the aforementioned international sanctions.

On 18 October 2015, by Decision (CFSP) 2015/1863, the Council of the European Union (EU) decided to terminate implementation of most of EU restrictions against Iran, taking into account UNSCR 2231 (2015) and Annex B to UNSCR 2231 (2015), simultaneously with the IAEA-verified implementation by Iran of agreed nuclear-related measures. On 16 January 2016 (“Implementation Day”), by Decision (CFSP) 2016/37, the

Council decided that Decision (CFSP) 2015/1863 shall apply from that date. On the same date, U.S and other International Restrictive Measures were also partially lifted. In light of the above developments, Hellenic Petroleum and NIOC executed Heads of Terms to a cooperation agreement on 22 January 2016 for the recommencement of their commercial relationship for the supply of crude and for the settlement of the due trade payables. Implementation of the agreement will be in full compliance with prevailing EU and international framework as well as surviving restrictions. In accordance with the aforementioned Heads of Terms, the relevant amount, which falls due after twelve months, is transferred from trade payables to trade and other payables in non-current liabilities (Note 20).

Where deemed beneficial to the Company, in order to achieve better terms (such as better pricing, higher credit limits, longer payment terms), the Company provides short term letters of credit or guarantee for the payment of liabilities arising from trade creditors, making use of its existing credit lines with its banks. To the extent these liabilities materialise before the balance sheet date, they are included in the balance under trade creditors.

Accrued expenses mainly relate to accrued interest, payroll-related accruals and accruals for operating expenses not yet invoiced.

Accrued expenses include the estimated cost of the CO_2 emission rights required under the corresponding environmental legislation amounting to €19 million as at 31 December 2017 (2016: €12 million).

Other payables include amounts in respect of payroll-related liabilities, social security obligations and sundry taxes.

16 Borrowings

	As at	
	31 December 2017	**31 December 2016**
Non-current borrowings		
Bank borrowings	188.556	233.000
Bond loan	721.023	1.227.281
Non-current borrowings	**909.579**	**1.460.281**
Current borrowings		
Short term bank borrowings	1.660.507	1.105.974
Current portion of long-term bank borrowings	44.444	44.444
Total current borrowings	**1.704.951**	**1.150.418**
Total borrowings	**2.614.530**	**2.610.699**

Non-current borrowings mature as follows:

	As at	
	31 December 2017	**31 December 2016**
Between 1 and 2 years	318.944	587.175
Between 2 and 5 years	557.635	817.884
Over 5 years	33.000	55.222
	909.579	**1.460.281**

The weighted average effective interest margins are as follows:

Bank Borrowings	**Currency**	**As at** **31 December 2017**	**31 December 2016**
Short-term			
- Floating Euribor + margin	Euro	4,84%	5,79%
- Floating Libor + margin	USD	-	5,82%
Long-term			
- Floating Euribor + margin	Euro	4,92%	5,49%
- Floating Libor + margin	USD	-	-

The carrying amounts of borrowings are denominated in Euro

Hellenic Petroleum and its subsidiaries (the "Group") has centralised treasury operations which coordinate and control the funding and cash management activities of all group companies. Within this framework, Hellenic Petroleum Finance plc ("HPF") was established in November 2005 in the U.K. as a wholly-owned subsidiary of Hellenic Petroleum S.A. to act as the central treasury vehicle of the Hellenic Petroleum Group.

Gross borrowings of the Company by maturity as at 31 December 2017 and 31 December 2016 are summarised on the table below (amounts in € million):

	Maturity	**As at** **31 December 2017** **(€ million)**	**31 December 2016** **(€ million)**
Syndicated Bond loan €350 million	Jul 2018	348	344
Bond loan €400 million	Apr 2018	284	284
Bond loan €200 million	Feb 2018	200	199
Bond loan SBF €400 million	May 2018	239	72
European Investment Bank ("EIB") Term loan	Jun 2022	200	244
HPF Loan €488m	May 2017	-	170
HPF Loan €317,6m	Jul 2019	274	318
HPF Loan €367m	Oct 2021	447	367
Bilateral lines	Various	623	613
Total		**2.615**	**2.611**

Refer to 'Liquidity Risk Management' (Note 3.1) for an analysis of the Company's plans regarding the facilities falling due in 2018.

Certain medium term credit agreements that the Company has concluded, include financial covenants, mainly for the maintenance of certain ratios such as: "Net Debt/Adjusted EBITDA", "Adjusted EBIT/Net Interest" and "Net Debt/Net Worth". Management monitors the performance of the Group to ensure compliance with the above covenants.

No loans were in default as at 31 December 2017 (none as at 31 December 2016).

Significant movement in borrowings for the year ended 31 December 2017 are as follows:

Syndicated bond loan €350 million

The Company concluded a €350 million syndicated bond loan credit facility guaranteed by HPF, maturing in July 2018.

Bond Loan €400 million

In September 2015, Hellenic Petroleum S.A. extended the maturity date of a €400 million syndicated bond loan agreement from December 2015 to June 2016 and subsequently to October 2017 with two six-month extension options. In October 2017, Hellenic Petroleum S.A. extended the facility maturity date to April 2018 and is in the process of renewing it.

Bond Loan €200 million

In line with its risk management strategy to increase the percentage of committed term credit facilities, Hellenic Petroleum S.A. concluded a €200 million committed credit facility in January 2015, with a tenor of 3 years, with National Bank of Greece. In January 2018, in view of the replacement of the committed credit facility by another one with a tenor of 3 years, the Company extended the facility maturity date to February 2018.

Bond loans stand-by facility €400 million

In May 2016, Hellenic Petroleum S.A. concluded a € 400 million bond-loan stand-by facility with a tenor of 18 months and an extension option for a further six months. The bond loan facility has two Tranches, a committed Tranche of €240 million and an uncommitted Tranche of €160 million. In May 2017, Hellenic Petroleum S.A. made an additional drawdown of €167 million under the committed Tranche of the facility. In October 2017 Hellenic Petroleum S.A. extended the facility maturity date to May 2018. The balance of the committed Tranche as at 31 December 2017 was €239 million.

EIB Term loans

On 26 May 2010, Hellenic Petroleum S.A. signed two loan agreements (Facilities A and B) with the European Investment Bank for a total amount of €400 million (€200 million each). The purpose of the loans was to finance part of the investment programme relating to the upgrade of the Elefsina Refinery. Both loans had a maturity of twelve years with amortisation beginning in December 2013 and similar terms and conditions. Facility B is credit enhanced by a commercial bank guarantee (see Note 12). This is normal practice for EIB lending particularly during the construction phase of large projects. Total repayments on both loans up to 31 December 2017 amounted to €200 million (€44 million paid during 2017). Facility B includes financial covenant ratios which are comprised of leverage, interest cover and gearing ratios. During 2016 the Group successfully completed a covenants harmonisation process for all its commercial bank loans and Eurobonds. In February 2018, Hellenic Petroleum S.A. amended the terms of this facility in order to bring the loan covenants' definitions and ratios in line with those used for all its commercial bank loans and Eurobonds.

HPF Loan €488m (Eurobond €500m)

In May 2013, HPF issued a €500 million four-year Eurobond, with an 8% annual coupon, maturing in May 2017. The notes were guaranteed by Hellenic Petroleum S.A. Subsequently the Company concluded a €488 million loan agreement with HPF, which was partially prepaid, in October 2016. Hellenic Petroleum SA repaid the outstanding balance in April 2017.

HPF Loan €317,6m (Eurobond €325m)

In July 2014, HPF issued a €325 million five-year Eurobond, with a 5,25% annual coupon, maturing in July 2019. The notes are guaranteed by Hellenic Petroleum S.A., were redeemable at the option of the Issuer in July 2017 and are listed on the Luxembourg Stock Exchange. Subsequently the Company concluded a €317,6 million loan agreement with HPF and the proceeds were used for general corporate purposes. Total repayments up during 2017 amounted to €44 million.

HPF Loan €367m (Eurobond €450m)

In October 2016 HPF issued a €375 million five-year 4.875% Eurobond guaranteed by Hellenic Petroleum S.A., with the issue price being 99.453 per cent of the principal amount. The notes mature in October 2021. The proceeds of the new issue were used to repay existing financial indebtedness, including the partial prepayment of the €500 million Eurobond maturing in May 2017, through a tender offer process which was completed in October 2016, during which notes of nominal value of €225 million were accepted. Subsequently the Company

concluded a €367 million loan agreement with HPF and the proceeds were used to prepay existing indebtedness, including part of the €488 million maturing in May 2017 and for general corporate purposes.

In July 2017, HPF issued €74,5 million guaranteed notes, due 14 October 2021, which were consolidated to form a single series with HPF's €375 million 4.875% guaranteed notes. Subsequently the Company increased its existing loan agreement with HPF.

Bilateral lines

The Company has credit facilities with various banks in place, for general corporate purposes. These mainly relate to short-term loans which have been put in place and renewed as necessary over the past few years.

17 Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The gross movement on the deferred income tax asset / (liability) is as follows:

	As at	
	31 December 2017	**31 December 2016**
Beginning of the year	38.839	177.639
Income statement recovery / (charge)	(132.766)	(126.164)
Charged / (released) to equity	3.968	(12.636)
End of year	**(89.959)**	**38.839**

Deferred tax relates to the following types of net temporary differences:

	As at	
	31 December 2017	**31 December 2016**
Intangible and tangible fixed assets	(205.222)	(181.995)
Inventory valuation	11.902	11.230
Environmental provision	5.420	3.548
Unrealised exchange gains	4.352	(5.371)
Employee benefits provision	35.915	27.337
Provision for bad debts	11.646	11.362
Derivative financial instruments at fair value	(3.339)	(4.406)
Provision for write-down in investments of associates	11.791	10.988
Net operating losses carried forward	-	121.563
Net interest cost carried forward (thin capitalisation)	37.307	41.966
Other temporary differences	269	2.617
Net deferred income tax asset/(liability)	**(89.959)**	**38.839**

In 2014, thin capitalisation rules as per art. 49 of law 4172/2013 were applied for the first time, whereby the net interest expense is deductible up to a certain percentage of tax EBITDA (60% for 2014, 50% for 2015 and 40% for 2016 and 30% thereafter). This resulted in a deferred tax asset of €37 million as at 31 December 2017 (2016: €42 million), which can be offset against future taxable profits without any time constraints.

18 Retirement benefit obligations

The table below outlines where the Company's retirement benefit amounts and activity are included in the financial statements.

	As at	
	31 December 2017	**31 December 2016**
Statement of Financial Position obligations for:		
Pension benefits	104.331	88.521
Total as per Statement of Financial Position	**104.331**	**88.521**

	For the year ended	
	31 December 2017	**31 December 2016**
Statement of Comprehensive Income charge for:		
Pension benefits	7.349	7.060
Total as per Statement of Comprehensive Income	**7.349**	**7.060**

	For the year ended	
	31 December 2017	**31 December 2016**
Remeasurements for:		
Pension benefits	10.002	6.432
Total as per Statement of Other Comprehensive Income	**10.002**	**6.432**

The amounts recognised in the statement of financial position are as follows:

	As at	
	31 December 2017	**31 December 2016**
Present value of funded obligations	6.863	5.896
Fair value of plan assets	(1.842)	(1.296)
Deficit of funded plans	**5.021**	**4.600**
Present value of unfunded obligations	99.310	83.921
Liability in the Statement of Financial Position	**104.331**	**88.521**

The plans are final salary pension plans. The level of benefits provided depend on members' length of service and remuneration.

The movement in the defined benefit obligation is as follows:

	Present Value of Obligation	Fair Value of Plan Assets	Total
As at 1 January 2016	**77.709**	**(209)**	**77.500**
Current service cost	4.031	-	4.031
Interest expense/(income)	2.642	(11)	2.631
Past service costs and (gains)/losses on settlements	398	-	398
Statement of comprehensive income charge	**7.071**	**(11)**	**7.060**
Remeasurements:			
- Return on plan assets, excluding amounts included in Interest expense/(income)	-	(262)	(262)
- (Gain)/loss from change in financial assumptions	11.706	-	11.706
- Experience (gains)/losses	(5.012)	-	(5.012)
Statement of other comprehensive income charge	**6.694**	**(262)**	**6.432**
Benefits paid directly by the Company/Contributions paid by the Company	(1.532)	(939)	(2.471)
Benefit payments from the plan	(125)	125	-
As at 31 December 2016	**89.817**	**(1.296)**	**88.521**
Current service cost	4.806	-	4.806
Interest expense/(income)	2.363	(32)	2.331
Past service costs and (gains)/losses on settlements	212	-	212
Statement of comprehensive income charge	**7.381**	**(32)**	**7.349**
Remeasurements:			
- Return on plan assets, excluding amounts included in Interest expense/(income)	-	2	2
- (Gain)/loss from change in financial assumptions	5.868	-	5.868
- Experience (gains)/losses	4.132	-	4.132
Statement of other comprehensive income charge	**10.000**	**2**	**10.002**
Benefits paid directly by the Company/Contributions paid by the Company	(935)	(606)	(1.541)
Benefit payments from the plan	(89)	89	-
As at 31 December 2017	**106.174**	**(1.843)**	**104.331**

The expected maturity analysis of undiscounted pension benefits is as follows:

Balance at 31 December 2017	**Less than a year**	**Between 1-2 years**	**Between 2-5 years**	**Over 5 years**	**Total**
Pension Benefits	3.294	1.179	19.116	211.698	**235.287**

Plan assets are comprised as follows:

	31 December 2017				31 December 2016			
	Quoted	**Unquoted**	**Total**	**%**	**Quoted**	**Unquoted**	**Total**	**%**
Equity Instruments	74	-	74	*4%*	0	-	0	*0%*
Debt Instruments:								
- Government bonds	882	-	882	*48%*	626	-	626	*48%*
- Corporate bonds	558	-	558	*30%*	386	-	386	*30%*
Investment funds	123	-	123	*7%*	283	-	283	*22%*
Cash and cash equivalents	206	-	206	11%	1	-	1	0
Total	**1.843**	**-**	**1.843**		**1.296**	**-**	**1.296**	

The principal actuarial assumptions used were as follows:

	As at	
	31 December 2017	**31 December 2016**
Discount Rate	2,00%	2,50%
Future Salary Increases	0,50%	0,50%
Inflation	0,60%	0,50%

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on Defined Benefit Obligation		
	Change in assumption	**Increase in DBO**	**Decrease in DBO**
Discount Rate	0,50%	-5,95%	5,05%
Future Salary Increases	0,50%	5,05%	-

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

Expected contributions to defined benefit plans for the following year amount to €0,6 million. The weighted average duration of the defined benefit obligation is 17 years.

19 Provisions for other liabilities and charges

The movement for provisions for 2017 and 2016 is as follows:

	Provisions for other liabilities and charges
At 1 January 2016	**3.000**
Charged / (credited) to the income statement:	
- Additional provisions	3.829
At 31 December 2016	**6.829**
Charged / (credited) to the income statement:	
- Additional provisions	2.269
Utilised during year	(3.040)
At 31 December 2017	**6.058**

The amounts reported in the above category concern provisions for pending legal claims.

20 Trade and other payables, non-current

	As at	
	31 December 2017	**31 December 2016**
Government grants	8.764	9.379
Trade and other payables	6.805	237.026
Total	**15.569**	**246.405**

Government grants

Advances by the Government relate to grants for the purchase of property, plant and equipment. Amortisation for 2017 amounted to €0,7 million (2016: €1,3 million).

Trade and other payables

Trade and other payables, non-current include sundry operating items and risks arising from the Company's ordinary activities. The balance at 31 December 2016 includes the long-term portion of NIOC payables (Note 15), which is nil as at 31 December 2017.

21 Derivative financial instruments

Derivatives designated as Cash Flow Hedges

	31 December 2017				31 December 2016			
Commodity Derivative type	**Notional Amount**		**Assets**	**Liabilities**	**Notional Amount**		**Assets**	**Liabilities**
	MT'000	**Bbls'000**	**€**	**€**	**MT'000**	**Bbls'000**	**€**	**€**
Commodity Swaps	-	1.848	11.514	-	-	2.588	15.192	-
	-	**1.848**	**11.514**	**-**	**-**	**2.588**	**15.192**	**-**
Total			**11.514**	**-**			**15.192**	**-**

	31 December 2017		31 December 2016	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Non-current portion				
Commodity swaps	-	-	-	-
	-	-	-	-
Current portion				
Commodity swaps	11.514	-	15.192	-
	11.514	**-**	**15.192**	**-**
Total	**11.514**	**-**	**15.192**	**-**

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedging criteria, they are classified as 'held for trading' for accounting purposes.

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months

Derivatives designated as cash flow hedges

During the year ended 31 December 2017 amounts transferred to the statement of comprehensive income, relating to contracts that were settled during the year, amounted to €1.979 loss, net of tax (2016: €19.642 loss, net of tax).

The remaining cash flow hedges are highly effective and the movement in their fair value, amounting to a loss of €4.590 net of tax as at 31 December 2017 (2016: €15.862 gain, net of tax), is included in the hedging reserve (see Note 14).

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the statement of financial position.

22 Expenses by nature

	For the year ended	
	31 December 2017	**31 December 2016**
Raw materials and consumables used	6.020.873	4.775.013
Employee costs	202.704	175.312
Depreciation	135.688	145.629
Amortization	4.313	5.823
Other expenses	252.747	272.909
Total cost of sales, distribution cost and administrative expenses	**6.616.325**	**5.374.686**

As explained in Note 5, during the year the Company proceeded with changes in the classification of certain transactions in order to achieve better presentation. This resulted in a reduction of the comparative figures of Cost of Sales by an amount of € 66,7 million.

Other expenses include fees paid to the Company's statutory auditor, which relate to non-audit services (i.e. excluding audit and tax certificate) and which amount to €0,02 million for the year ended 31 December 2017.

Employee costs are set out in the table below:

	For the year ended	
	31 December 2017	**31 December 2016**
Wages and salaries	141.683	122.471
Social security costs	33.913	30.380
Pension costs	8.876	6.429
Other employment benefits	18.232	16.032
Total	**202.704**	**175.312**

Other employment benefits include medical insurance, catering and transportation expenses.

23 Exploration and development expenses

Geological and geophysical costs are expensed as incurred and relate to the Company's exploration activities.

24 Other operating income / (expenses) and other gains / (losses)

Other operating income/(expenses) and other gains / (losses) are analysed as follows:

	For the year ended	
	31 December 2017	**31 December 2016**
Income from grants	725	1.272
Services to third parties	4.172	3.442
Rental income	1.362	1.329
Accrued income from insurance compensation	1.100	41.000
Total other operating income	**7.359**	**47.043**
Amortization of long-term contracts costs	(6.523)	5.475
Legal costs relating to arbitration proceedings ruling	(13.679)	-
Other income / (expenses)	(3.892)	(1.532)
Other operating income / (expenses)	**(16.735)**	**50.986**
Impairment of investments	(3.000)	(19.905)
Total other operating income / (expenses) - net	**(19.735)**	**31.081**

Other operating income / (expenses) – net, include income or expenses which do not relate to the trading activities of the Company (e.g. rental income and sales of personnel services to subsidiaries). Insurance compensation of €41 million in 2016, relates to the settlement of an insurance claim relating to the business interruption of the Elefsina refinery flexicocker unit in 2012.

Impairment of investments includes the impairment in Asprofos, while as at 31 December 2016 the amounts related to Elpedison B.V. (Note 8) and the impairment of available-for-sale financial assets.

25 Finance (Expenses)/ Income-Net

	As at	
	31 December 2017	**31 December 2016**
Interest income	12.834	13.541
Interest expense and similar charges	(153.105)	(189.015)
Finance (expenses)/income - net	**(140.271)**	**(175.474)**

As explained in Note 6, finance costs amounting to €2,4 million of finance costs (2016: €1,9 million) have been capitalised.

26 Currency exchange gains / (losses)

Foreign currency exchange losses of €8 million (31 December 2016: €21 million gains) relate to unrealized losses arising from the valuation of bank accounts denominated in foreign currency (mainly US$).

27 Income tax expense

	For the year ended	
	31 December 2017	**31 December 2016**
Current tax	(3.634)	(5.737)
Deferred tax (Note 17)	(132.766)	(126.164)
Total	**(136.400)**	**(131.901)**

The corporate income tax rate is 29% for 2017 and 2016. In accordance with the applicable tax provisions, tax audits are conducted as follows:

Audits by Certified Auditors – Tax Compliance Report

Effective for fiscal years ending 31 December 2011 onward, Greek companies meeting certain criteria can obtain an "Annual Tax Certificate" as provided for by par.5, article 82 of L.2238/1994 from their statutory auditor in respect of compliance with tax law. The issuance of a Tax Compliance Report, under certain conditions, substitutes the full tax audit by the tax authorities; however, the tax authorities reserve the right of future tax audit. The Company has received unqualified Tax Compliance Reports, for fiscal years up to 2016 (inclusive).

Audits by Tax Authorities

The Company has undergone full tax audits for the financial years ended 31 December 2011.

As explained also in Note 31 and notwithstanding the possibility of future tax audits, Management believes that no additional material liability will arise as a result of unaudited tax years over and above the tax liabilities and provisions recognised in the financial statements for the year ended 31 December 2017.

The tax (charge) / credit relating to components of other comprehensive income, is as follows:

	For the year ended					
	31 December 2017			31 December 2016		
	Before tax	Tax (charge)/ credit	After tax	Before tax	Tax (charge)/ credit	After tax
Cash flow hedges	(3.678)	1.067	(2.611)	50.006	(14.502)	35.504
Actuarial gains/ (losses) on defined benefit pension plans	(10.001)	2.901	(7.100)	(6.434)	1.866	(4.568)
Other comprehensive income	**(13.679)**	**3.968**	**(9.711)**	**43.572**	**(12.636)**	**30.936**

Numerical reconciliation of income tax expense to prima facie tax payable:

	For the year ended	
	31 December 2017	31 December 2016
Profit / (loss) before Tax	**482.391**	**466.224**
Tax calculated at tax rates applicable to profits	(139.893)	(135.205)
Tax on income not subject to tax	9.780	11.121
Tax on expenses not deductible for tax purposes	(7.874)	(7.949)
Adjustments for deferred tax of prior periods	1.607	1.411
Other movements	(20)	(1.279)
Tax (Charge) / Credit	**(136.400)**	**(131.901)**

28 Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding the weighted average number of treasury shares (Note 14). Diluted earnings per ordinary share are not materially different from basic earnings per share.

	As at	
	31 December 2017	31 December 2016
Earnings per share attributable to the Company Shareholders (expressed in Euro per share):	**1,13**	**1,09**
Net income attributable to ordinary shares (Euro in thousands)	345.991	334.323
Weighted average number of ordinary shares	305.559.147	305.635.185

29 Dividends per share

The AGM held on 23 June 2017 approved the proposal for a €0,20/ share distribution as final dividend for the year 2016, out of prior-year taxed reserves, which was paid out on 10 July 2017 (amounting to a total of €61.127).

At its meeting held on 9 November 2017, the Board of Directors decided to distribute an interim dividend of €0,15 per share (excluding treasury shares – Note 13) for the financial year 2017. The dividend amounts to a total of €45.835.

The relevant amounts relating to the interim dividend for 2017 and the final dividend for 2016 (total amount of €106.962) have been included in the financial statements for the year ended 31 December 2017.

A proposal to the AGM for a final dividend of €0,25 /share (excluding treasury shares – Note 13) for the year ended 31 December 2017 was approved by the Board of Directors on 22 February 2018. This amounts to a total of €76.404 and is not included in the financial statements for the year ended 31 December 2017, as it has not yet been approved by the shareholders' AGM.

The Board did not approve a change in dividend policy overall and will re-evaluate the payment of an additional dividend, special dividend, or interim dividend during 2018.

30 Cash generated from operations

		For the year ended	
	Note	31 December 2017	31 December 2016
Profit before tax		**482.391**	**466.224**
Adjustments for:			
Depreciation and amortisation of property, plant & equipment and intangible assets	6,7	140.001	151.452
Amortisation of grants		(725)	(1.272)
Financial expenses / (income) - net	25	140.271	175.474
Provisions for expenses and valuation changes		43.259	55.413
Losses from disposal of PPE		280	71
Foreign exchange losses / (gains)	26	8.483	(21.462)
Dividend income		(33.724)	(38.348)
		780.236	**787.552**
Changes in working capital			
Increase in inventories		(117.608)	(272.911)
Decrease / (increase) in trade and other receivables		57.287	(83.302)
Decrease in payables		(412.132)	(826.694)
		(472.453)	**(1.182.907)**
Net cash generated from / (used in) operating activities		**307.783**	**(395.355)**

31 Contingencies and litigation

The Company has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business. They are as follows:

Business Issues

(i) *Unresolved legal claims*

The Company is involved in a number of legal proceedings and has various unresolved claims pending arising in the ordinary course of business. Based on currently available information and the opinion of legal counsel, management believes the final outcome will not have a significant effect on the Company's operating results or financial position, over and above provisions already reflected in the financial statements (Note 19).

(ii) *Guarantees*

The Company has provided letters of comfort and guarantees in favour of banks as security for loans granted by them to subsidiaries and associates of the Group, the outstanding amount of which as at 31 December 2017 was the equivalent of €1.016 (31 December 2016: €1.210).

Taxation and customs

The tax framework and practices in Greece, which determine the tax base for the Company's transactions, may result in inherent uncertainties, due to its complexity and it being subject to changes and alternative interpretation by relevant authorities at different points in time and across different entities. As a result, there may be types of expenses or treatments for which an entity may be assessed on a different basis than the one adopted during the preparation of its tax return and of the financial statements. Based on past experience, tax audits are carried out by tax authorities on average 5-7 years after the filing of the tax return. In addition, where a tax audit results in a different assessment to the one adopted by the Company, and for which the Company after consideration, disagrees with, the process for resolving the issue is usually through a court of law proceeding, which has many stages and can take a considerable number of years to reach its final and irrevocable ruling. For an entity to engage in this process, a minimum down payment of 50% of the total tax and penalties assessed is required.

All of the above result in inherent difficulties in the estimation and accounting of tax liabilities. As a result, management aims to determine its policy based on specific legislation available at the time of accounting for a transaction, obtain specialist legal and tax advice on individual cases and utilise prior tax audits experience and rulings, including relevant court decisions. This process should ensure that the financial statements reflect any material tax and customs liabilities as accurately and completely as possible.

(i) *Open tax years – litigation tax cases:*

As disclosed in Note 27, tax audits have been completed up to and including the financial year ended 31 December 2011. The Tax audit reports for years ended 31 December 2010 and 2011 were received in December 2017 and they are subject to legal dispute by the Company. In summary, the reports assess additional taxes of €22,5 million and penalties of €23,5 million for items relating to stamp duty, various non-deductible expenses and other income tax adjustments. Following a detailed review of the Tax Audit Reports, the Company disputes the additional taxes imposed (which are over and above the amounts already included in the Company's normal tax returns) and has proceeded with all possible legal means and actions to appeal against these additional taxes and penalties. Even though the Companys dispute the additional taxes and penalties imposed, it is obliged to pay 50% of the assessed amounts to the Tax Authorities, in order to appeal the results of the tax audits. This was paid within the applicable deadline in January 2018.

As far as penalties are concerned, the report has assessed penalties at 120% of the original tax instead of the applicable 50%; this is also legally challenged by the Company.

At present, an audit for the year ended 31 December 2012 is in progress.

Management believes that no additional material liability will arise either as a result of open tax years or from the outcome of current litigation cases over and above the tax liabilities and provisions already recognised in the financial statements as at 31 December 2017. The Company has recorded any down payments made for taxes and penalties assessed in previous disputes with the tax authorities in other receivables (Note 11), to the extent, that the Company has assessed that the amounts will be ultimately recoverable.

It is noted that for financial years ending 31 December 2011 up to and including 31 December 2016, the Company obtained unqualified "Annual Tax Certificates" from their Statutory Auditors, as provided for by par. 5, article 82 of L.2238/1994.

(ii) *Assessments of customs and fines*

In 2008, Customs authorities assessed additional customs duties and penalties amounting to approximately €40 million for alleged "stock shortages" during the years 2001-2005. The Company has duly filed contestations before the Administrative Court of First Instance and Management believes that this case will have a positive outcome when the court hearings take place.

Notwithstanding the filing of the above contestations, the Customs office withheld an amount of €54 million (full payment plus surcharges) of established VAT refunds (Note 11), an action against which the Company filed two Contestations before the Administrative Courts of Athens and Piraeus. The Administrative Court of Athens ruled that the withholding effected by the Tax Office was unlawful.

The Company considers that the above amounts will be recovered.

32 Commitments

(a) Capital commitments

Significant contractual commitments amount to €20 million as at 31 December 2017 (31 December 2016: €22 million), which mainly relate to improvements in refining assets.

(b) Operating lease commitments

The Company leases offices under non-cancellable operating lease agreements.

The future aggregate minimum lease payments under these non-cancellable operating leases are as follows:

	For the year ended	
	31 December 2017	**31 December 2016**
No later than 1 year	4.871	4.557
Later than 1 year and no later than 5 years	10.124	14.523
Later than 5 years	-	-
Total	**14.995**	**19.080**

(c) Letters of Credit

The Company is requested to provide bank letters of credit to suppliers in order to obtain better commercial and credit terms. To the extent that such items are already recorded as liabilities to suppliers in the financial statements there is no additional commitment to be disclosed. In cases where the underlying transaction occurs after the year end, the Company is not liable to settle the letter of credit and hence no such liability exists as at the year end.

33 Related party transactions

Included in the statement of comprehensive income are proceeds, costs and expenses, which arise from transactions between the Company and related parties. Such transactions are mainly comprised of sales and purchases of goods and services in the ordinary course of business and are conducted under normal trading and commercial terms on an arm's length basis.

	For the year ended	
	31 December 2017	**31 December 2016**
Sales of goods and services to related parties		
Group entities	2.522.184	1.954.336
Associates	780.031	759.558
Joint ventures	434	170
Total	**3.302.649**	**2.714.064**
Purchases of goods and services from related parties		
Group entities	56.408	55.792
Associates	841.513	778.872
Joint ventures	10.954	1.966
Total	**908.875**	**836.630**

The statement of financial position includes balances, which derive from sales / purchases of goods and services in the ordinary course of business.

	As at	
	31 December 2017	**31 December 2016**
Balances due to related parties		
Group entities	37.726	42.292
Associates	3.094	34.750
Joint ventures	1.677	400
Total	**42.497**	**77.442**
Balances due from related parties		
Group entities	458.313	462.804
Associates	34.144	20.938
Joint ventures	30	3
Total	**492.487**	**483.745**

Transactions have been carried out with the following related parties:

a) Hellenic Petroleum Group companies. Interests in subsidiaries are set out in Note 8.

b) Associates and joint ventures of the Group, which are consolidated under the equity method:
- Athens Airport Fuel Pipeline Company S.A. (EAKAA)
- Public Gas Corporation of Greece S.A. (DEPA)
- Elpedison B.V.
- Spata Aviation Fuel Company S.A. (SAFCO)
- HELPE Thraki S.A.
- D.M.E.P. HOLDCO

The Company has provided letters of comfort and guarantees in favour of banks as security for loans granted by them to Elpedison B.V., The outstanding amount of which as at 31 December 2017 was €88 million (31 December 2016: €100 million)

c) Government related entities which are under common control with the Company due to the shareholding and control rights of the Hellenic State and with which the Company has material transactions or balances:
- Public Power Corporation Hellas S.A.
- Hellenic Armed Forces

During the year ended 31 December 2017, transactions and balances with the above government related entities are as follows:

- Sales of goods and services amounted to €190 million (2016: €99 million);
- Purchases of goods and services amounted to €43 million (2016: €50 million);
- Receivable balances of €26 million (31 December 2016: €8 million); and
- Payable balances of €5 million (31 December 2016: €2 million).

d) Key management includes directors (Executive and Non-Executive Members of the board of Hellenic Petroleum S.A.) and General Managers. The compensation paid or payable to the aforementioned key management amounted as follows:

	For the year ended	
	31 December 2017	**31 December 2016**
Short-term employee benefits	4.055	3.515
Post-employment benefits	1.170	874
Termination benefits	-	523
Total	5.225	4.912

Share options held by key management to purchase ordinary shares have the following expiry dates and exercise prices:

Grant Date	Expiry Date	Exercise Price € per share	No. of share options as at 31 December 2017	31 December 2016
2012	2018	4,52	166.948	422.756
		Total	**166.948**	**422.756**

(i) The Company has extended loans to its subsidiaries (see Notes 9 and 11). The outstanding balance of these loans as at 31 December 2017 was €138 million (31 December 2016: €153 million). Interest income for the year was €10 million (2016: €10 million). All loans are at variable interest rates. The average interest rate on inter-company loans due was 6,33% (2016: 6,57%).

The Company has also received loans from its subsidiaries. The outstanding balance of these loans as at 31 December 2017 was €754 million (31 December 2016: €888 million). All loans are at variable interest rates. The average interest rate on inter-company loans was 6,10% (2016: 8,14%).

34 Events after the end of the reporting period

Acquisition of Hellenic Fuels and Lubricants Industrial & Commercial S.A. by Hellenic Petroleum S.A.

As at 31 December 2017, the shareholding structure of Hellenic Fuels and Lubricants Industrial & Commercial S.A. (HFL) was as follows:

- 64,41% owned by Hellenic Petroleum International AG (HPI)
- 35,59% owned by Hellenic Petroleum S.A.

On 25 January 2018, the Board of Directors approved the acquisition of HPI's 64,41% shareholding by Hellenic Petroleum S.A., for a consideration of €350 million, closing the advance payment of €327 million, as disclosed in Note 11.

2. Board of Directors’ Consolidated Annual Report for 2017

HELLENIC PETROLEUM

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HELLENIC PETROLEUM

Annual Report of the Board of Directors of HELLENIC PETROLEUM SA on the Consolidated and Company Financial Statements for the Financial Year from January 1st to December 31st, 2017

Introduction

Dear Shareholders,

This Board of Directors' report covers the twelve-month period ending 31.12.2017. The report has been prepared in accordance with the relevant provisions of Codified Law 2190/1920, Law 3556/2007, article 4, and decision 7/448/11.10.2007 of the Hellenic Capital Markets Commission. The Consolidated and Company Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union.

This report includes a summary of the financial position and results of the Group (HELLENIC PETROLEUM) and the parent company HELLENIC PETROLEUM SA, description of significant events that took place during the current financial year, a description of anticipated significant risks and uncertainties for the following financial year, a disclosure of material transactions that took place between the Company and the Group and their related parties as well as a presentation of qualitative information and estimates relating to the development of operations of the Company and the Group for the following financial year.

A. The Company and the Group

The Group is comprised of 44 companies, including the Parent Company, which is listed on the Athens and London Stock Exchanges. The list of subsidiaries, the nature of their business, the percentage of ownership and consolidation method for each one of them, are included in an Appendix to this report. The present legal form of the Group is the result of the initial merger that took place in 1998 when the parent company was initially listed, as well as subsequent corporate transactions (acquisitions).

The Group has a business structure in place for the management and the monitoring of its activities. Specifically, all Group activities are categorized in the following key segments (Strategic Business Units) as below:

- Refining, Supply and Trading
- Marketing (Domestic and International)
- Production and Trading of Petrochemicals
- Exploration and Production of Hydrocarbons
- Electricity Generation & Trading and Natural Gas

The Group is also involved in other activities, which, despite their strategic importance (Engineering Services, Renewable Energy Sources), do not yet form a significant part of the Group's financial position.

HELLENIC PETROLEUM

A.1 HELLENIC PETROLEUM SA (Parent Company)

The Parent Company is listed on the Athens Exchange, while its shares are also traded in the form of GDRs (Global Depository Receipts) on the London Stock Exchange and its bonds on the Luxemburg Stock Exchange. Its shareholder structure on 31.12.2017 was:

- Paneuropean Oil and Industrial Holdings SA: 45.47%
- Greek State: 35.48%
- Institutional and private investors: 19.05%

A.2 Main Group Activities

The main activities of the Group cover a wide spectrum of the energy sector, making HELLENIC PETROLEUM one of the most important energy groups in South-Eastern Europe.

Key points per activity are summarised below:

a) Refining, Supply and Trading

The Refining, Supply and Trading segment is the Group's core business and main source of revenues and profitability.

Activities in Greece

Activities in Greece revolve around the operation of the Group's three refineries located in Aspropyrgos, Elefsina and Thessaloniki, which account for approximately 65% of the country's total refining capacity. The three refineries combine a storage capacity of 6.65 million m^3 of crude oil and petroleum products.

Each refinery has distinct technical characteristics, as outlined in the table below, which determine their financial performance and profitability.

Refinery	Daily Refining Capacity (Kbpd)	Annual Refining Capacity (mil. MT)	Configuration Type	Nelson Complexity Index
Aspropyrgos	148	7.5	Cracking (FCC)	9.7
Elefsina	100	5.0	Hydrocracking	12
Thessaloniki	93	4.5	Hydroskimming	5.8

In 2017, production recorded further small increase to 15 million tons due to higher production at both the Aspropyrgos and Thessaloniki refineries, which outweighed for the reduced production at the Elefsina refinery (due to maintenance during the third quarter of 2017). This production growth led to a 4% increase in sales to 16.1 million tons, with exports accounting for 52% of total sales, confirming the Group's position as one of the most export-oriented in the region. The domestic market as well as aviation and marine fuels sales also contributed to the increase in total sales.

Reduced production at the Elefsina refinery during the maintenance shutdown, which took place in Q317, affected the Group's refineries' production mix. The middle distillates (diesel, jet) yield came in at 48%, with gasoline yield at 22%. Overall, the production of high value-added products amounted to 80%; among the highest in the European refining industry, highlighting the competitiveness of our manufacturing base after considerable investments implemented during the five-year period 2007-2012.

Benchmark refining margins in Europe and in particular in the Mediterranean increased vs. 2016, which coupled with the strong dollar, led to improved profitability in Refining, Supply and Trading. The further recovery in international crude oil prices, following the OPEC member states' agreement to control the global supply of crude oil, has had a positive impact in inventory valuation for yet another year, resulting in Reported results coming up higher than Adjusted.

Crude Oil Supply

Crude oil supplies are controlled centrally and carried through term contracts and spot purchases.

Crude oil supply rose at a slower rate than in 2016 due to the implementation of decisions taken by OPEC member states as well as other oil producing countries to control oil production. Nevertheless, significant opportunities were available in the pricing structure of various crude types in the Mediterranean, which HELLENIC PETROLEUM took advantage of, mainly due to improved financial liquidity. As a result, it adjusted its crude mix, reflecting the attractiveness of certain crude types over others, resulting in an increase in the supply of heavier crudes from Iran and Iraq (22%), a reduction in supplies from Russia and Kazakhstan to 10%, while supply from Saudi Arabia remained stable (5%). Regarding Mediterranean crude supplies, a significant increase was recorded in Libya (9%), with a corresponding decrease from Egypt (4%), while supply from other sources (13%) was slightly increased.

The ability to access and the flexibility of the Group's refineries to process a wide range of crude oil types constitute one of its main competitive advantages, proved to be particularly important, both as a contributor for profitability, as well as the ability of the company to respond to sharp supply shortages of specific types of crude oil, thus ensuring the uninterrupted supply of the markets where the Group operates.

Refinery Sales (Wholesale Trading)

HELLENIC PETROLEUM S.A. is engaged in ex-refinery sales of petroleum products to marketing companies in Greece, including its subsidiary, EKO ABEE, as well as to other specialty customers, such as the country's armed forces, while 50% of the production is exported. All of the Group's refinery products comply with the European standards (Euro V).

International Activities

Group's international refining activities refer to the OKTA facility which is located in Skopje and is connected to Thessaloniki refinery through a pipeline for the transportation of high value-added products (e.g. diesel). OKTA's location is one of its significant competitive advantages for the domestic distribution of products through marketing companies as well as for exports to neighbouring Balkan markets.

b) Marketing

Marketing business is split into Domestic activities, through Greek subsidiary EKO ABEE and International activities.

Domestic Marketing

In Greece, the Group, through its subsidiary EKO ABEE, possesses the most comprehensive fuel supply network in the country via the EKO and BP brand names, which includes a total of 1,760 service stations, 201 of which are company-operated.

EKO ABEE offers the most wide-ranging fuels supply network in the country comprising 15 fuel storage and distribution facilities, 23 aircraft refuelling stations in the major Greek airports, 2 LPG bottling plants and 1 lubricants production and packing site.

EKO and BP's market share, according to company's estimates, improved in 2017 in most products. In motor fuels, the overall market share, also taking into account industrial customers, exceeded 31%, while EKO's leading position in aviation and marine fuels stayed the same, with a significant increase in sales, mainly due to increased tourist traffic and increased market share.

The Group has agreed with BP plc to extend the exclusive use of the BP trademarks for ground fuels in Greece until the end of 2020, with the option of a further renewal until the end of 2025.

International Marketing

The Group is also active through subsidiary companies in Cyprus, Bulgaria, Serbia, Montenegro and FYROM, with a total network of 302 petrol stations – including the 25 OKTA branded petrol stations in FYROM-. In Cyprus and Montenegro, the local subsidiaries (from the acquisition of pre-existing companies) hold leading positions in their markets. In Bulgaria and Serbia, where activities began greenfield, the Group's subsidiaries recorded rapid growth since 2005 and are currently among the top five companies in their sector.

c) Production and Trading of Petrochemicals/Chemicals

Petrochemicals activities mainly focus on the production and marketing of polypropylene, BOPP films and solvents, as well as the trading of imported plastics and chemicals.

Based on its financial contribution, the propylene-polypropylene-BOPP value chain represents the main activity for petrochemicals. The polypropylene production plant in Thessaloniki mainly receives propylene produced in the Aspropyrgos refinery. Part of the production of the produced polypropylene is the raw material used in the BOPP film production unit in Komotini.

70% of sales volumes are directed to the markets of Turkey, Italy, the Balkans and the Iberian Peninsula for use as raw materials in local industries.

d) Exploration and Production of Hydrocarbons

The Group is also engaged in the exploration and production of hydrocarbons. The main activities in Greece are listed below:

- HELLENIC PETROLEUM has a 25% participation interest in a Joint Venture with Calfrac Well Services Ltd (75%) in the sea of Thrace concession, North Aegean, covering a total area of 1,600 sq. km. Geological studies are currently in progress.
- HELLENIC PETROLEUM has a 50% interest, as Operator, through its 100% affiliate HELPE Patraikos, in a Joint Venture with EDISON International SpA (50%) in the offshore block of Patraikos Gulf (West) of an area of 1,892 sq. km. The Lease Agreement was ratified by the Greek Parliament and has been published in the Greek Government Gazette as Law No. 4299 - Volume A, 221/03-10-14. During the 1st exploration phase, the completed activities exceeded the minimum work obligations, including the 2D seismic acquisition of 325 km and the 3D seismic acquisition of 1,822 sq. km. Additionally, the reprocessing of 2,000 km existing seismic data was completed. Numerous geological, geophysical and environmental studies carried out, in order to better understand the geology of the area and evaluate the oil-promising prospects, with the main targets already mapped.
- Following an international tender process, HELLENIC PETROLEUM has been awarded with the exploration and production rights for two onshore areas ''Arta-Preveza'' and ''NW Peloponnese'' where the relevant Lease Agreements are expected to be ratified by the Greek Parliament. Moreover, the consortium of Total 50% (Operator), Edison (25%) and HELPE (25%) has received exploration and production rights in the offshore Block 2, west of Corfu Island, whereby the relevant Lease Agreement is expected to be ratified by the Greek Parliament. HELLENIC PETROLEUM has also been announced as the Selected Applicant (100%) for the offshore Block 10, in the Kyparissiakos Gulf, Ionian Sea, and the negotiations of the relevant Lease Agreement are in progress. HELPE has submitted an offer for the offshore Block 1, north of Corfu Island, Ionian Sea and expected to be the Selected Applicant. The consortium of HELPE, Total and ExxonMobil also has expressed an official interest in exploring Hydrocarbons in two offshore blocks in Crete.

e) Electric Power and Natural Gas

Power Generation and Trading

The Group is active in the production, trading and supply of power in Greece through its participation (50%) in the JV Elpedison B.V. (the remaining 50% is held by EDISON International). Elpedison B.V. Group owns a 75.78% of the share capital of Elpedison S.A. (Elpedison S.A. resulted from the absorption of Elpedison Energy S.A. by Elpedison Power S.A.). ELLAKTOR (22.74%) and HALCOR (1.48%) are also shareholders.

ELPEDISON S.A. is currently the second largest independent power producer in Greece with a total installed capacity of 810 MW (comprising a 390 MW plant in Thessaloniki, since 2005, and a 420 MW plant in Thisvi, since 2010).

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On the supply sector, ELPEDISON S.A. is one of the largest alternative independent electricity suppliers with sales of 1,650 GWh, a 3.5% market share in high, medium and low voltage customers and has recorded rapid growth over the course of the year.

Natural Gas

The Group is active in the natural gas sector through its 35% participation in DEPA S.A., with the remaining 65% owned by the HRDAF. DEPA Group is active in the supply of natural gas in Greece through import pipelines and the Revithoussa LNG terminal, as well as in the trading of natural gas to selected end-users (annual consumption> 100 GWh). DESFA, a 100% owned subsidiary of DEPA, manages and develops the National Natural Gas Transmission System. DEPA holds a 51% share in local supply companies (EPAs) which distribute Natural Gas to small and medium scale customers through the low-pressure gas network as well as distribution companies (EDAs) who manage the low pressure distribution network, following the unbundling of transportation and supply activities. DEPA also participates in international gas transportation projects.

In March 2017, the sellers (HELLENIC PETROLEUM and the HRDAF) in the context of value maximization of their participation in the high pressure transmission network (DESFA SA - 100% subsidiary of DEPA SA), announced a new tender for the sale of 66% of its share capital alongside the parallel termination of the previous tender. On February 16, 2018, two (2) bids were received from consortia of European companies. Tenders are in evaluation process, as specified in the tender terms.

B. Major Events of Financial Year 2017

B.1 Business Environment

a) Global Economy[1]

The global economy continued its recovery in 2017, reflecting a rebound in investment, manufacturing activity and trade. Global GDP growth is estimated to have picked up from 2.4% in 2016 to 3% in 2017 (above earlier forecasts), with growth increasing in most of the world's economies. Global investment growth was supported by favorable financing costs, rising corporate profits and improved business sentiment across both advanced and emerging economies. This, combined with a recovery in global manufacturing, strengthened the global trade significantly. Energy and metals prices were higher in 2017.

In Euro Area, growth gained substantial momentum in 2017, reaching an estimated 2.4%, 0.7% higher than previously expected. The unemployment rate reached its lowest level since 2009. Domestic demand, exports, and imports improved. Strong economic growth led European equity markets higher (Eurostoxx 600 +7.6%, UK FTSE 100 +4.3%, Germany DAX 30 +13.8%).

In United States, growth picked up in 2017 to an estimated 2.3%, supported mainly by strengthening private investments, rising corporate profits, a weakening dollar and robust demand. The U.S. Federal

[1] *Source: World Bank, World Economic Outlook Update, January 2018*

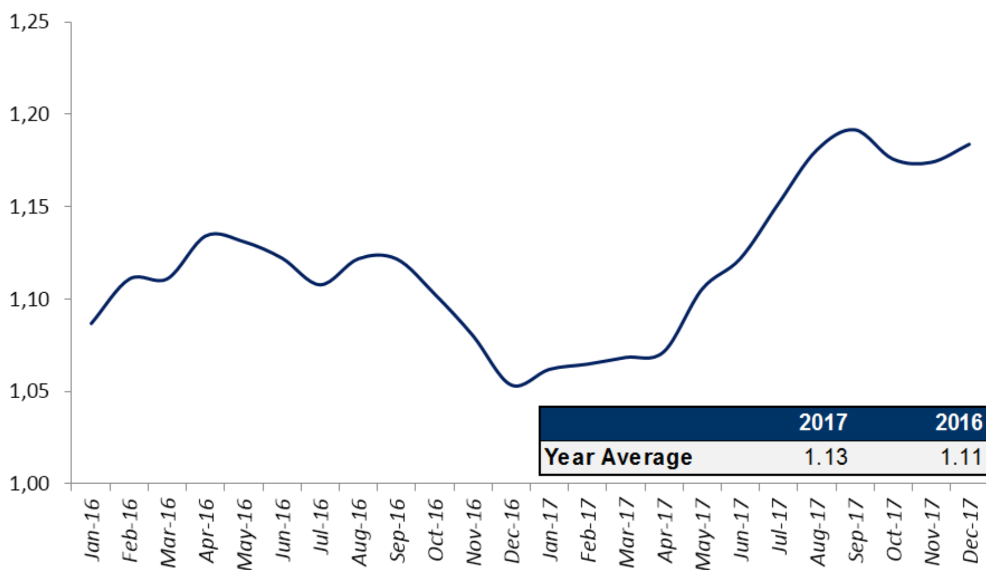
Reserve continued to normalize monetary policy in 2017, raising interest rates and starting to gradually reduce the size of its balance sheet.

Growth in China is estimated to have reached 6.8% in 2017, also higher than forecasts, reflecting continued fiscal support and the effects of reforms, as well as a stronger than expected exports increase. In Russia, economic activity in 2017 was stronger than previously expected, with growth reaching an estimated 1.7%, driven by higher oil prices.

b) Financial indicators

In 2017, EUR/USD exchange rate averaged 1.13 versus 1.11 in 2016. The main drivers were political developments in both United States and the Eurozone, as well as the monetary policy directions, with FED increasing short-term interest rates and ECB extending its bond-buying program.

EUR/USD Exchange rate (€/$)



c) Petroleum Industry[2]

World oil demand growth is estimated to have reached 1.53 mb/d in 2017, well above the initial forecast and at similar levels as in the last three years, taking global demand to 96.94 mb/d. Higher than expected consumption in transport and industrial sectors in OECD Europe contributed most of the upward revisions. Regarding non-OECD, China oil demand growth has been robust in 2017 as the petrochemical and the transportation sectors continued to expand at a high pace, and the overall economic activities improved from initial expectations.

Non-OPEC oil supply growth in 2017 was above initial market expectations at an estimated 0.81 mb/d, partly offsetting the effect of OPEC decision to control production and exports, with global non-OPEC

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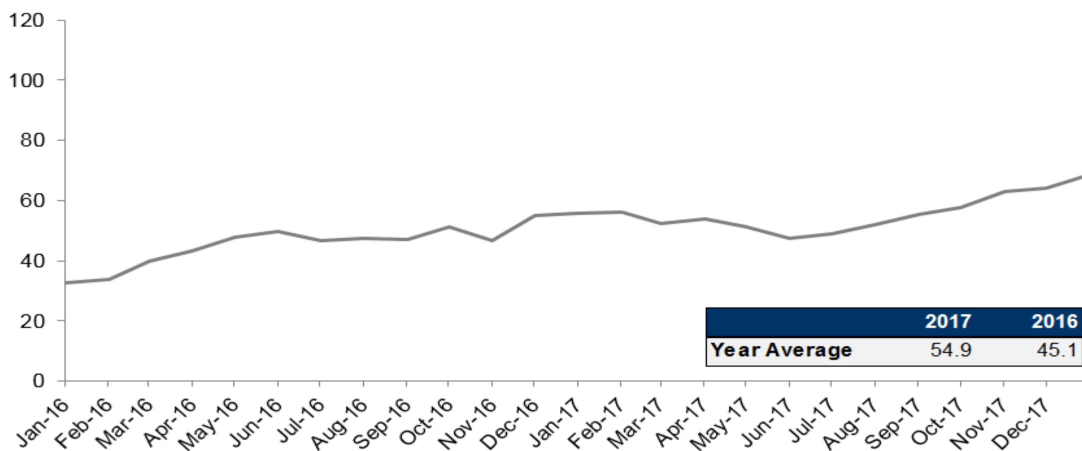
[2] *Source: OPEC, "Monthly Oil Market Report", December 2017*

supply at 57.82 mb/d. Higher production mainly in the US, as well as Canada and Kazakhstan have been the key contributors to non-OPEC supply growth.

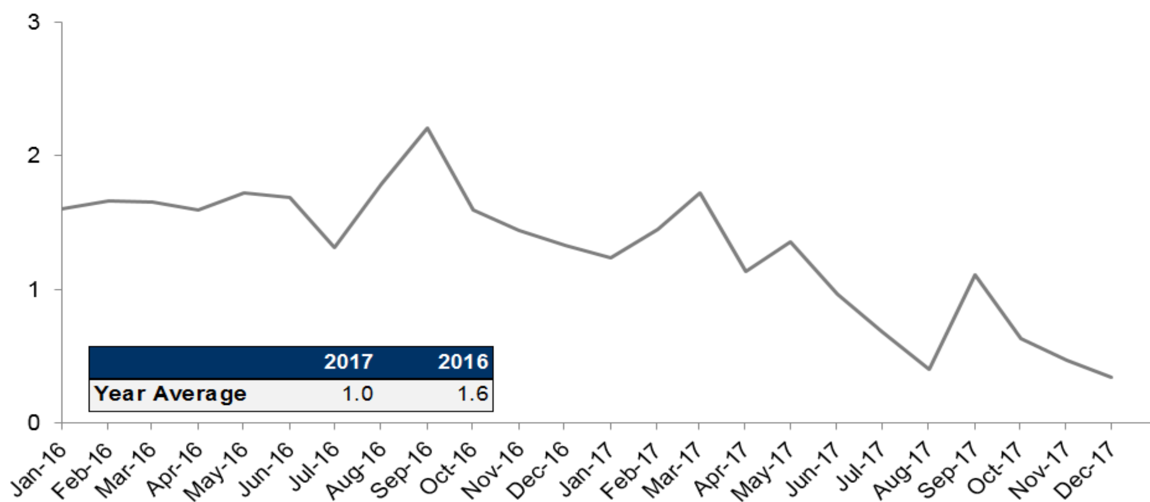
Brent oil averaged $55/bbl in 2017, up 22% from 2016, while being volatile throughout the year. Despite an agreement by OPEC and non-OPEC producers to cut production, oil prices dropped to $46 in mid-2017, reflecting a rebound in U.S. crude oil output and rising production from Libya and Nigeria before increasing later in the year on strengthening demand, falling inventories and an extension of the production cuts agreement until the end of 2018.

In terms of crude differentials, the Brent-WTI spread widened in 2H17, averaging $3.9/bbl in FY17. Brent vs Urals in 2017 decreased by $0.6/bbl, to $1.0/bbl as Russian exports, particularly from the Baltic ports, were lower, while crude demand in the region was strong.

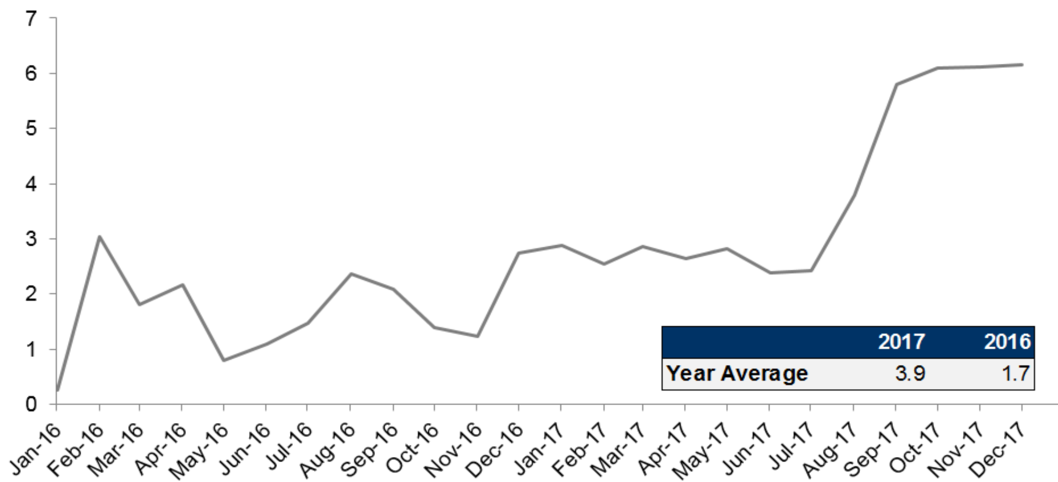
Crude oil price - Brent ($/bbl)



Brent - Ural spread ($/bbl)

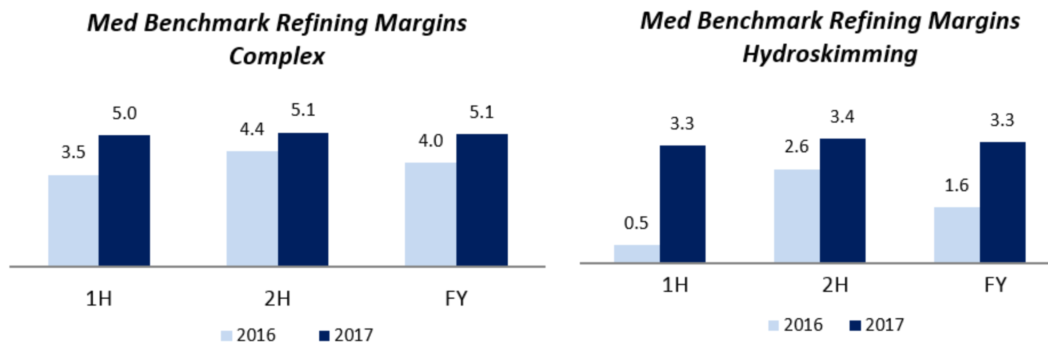


Brent - WTI spread ($/bbl)



Benchmark refining margins

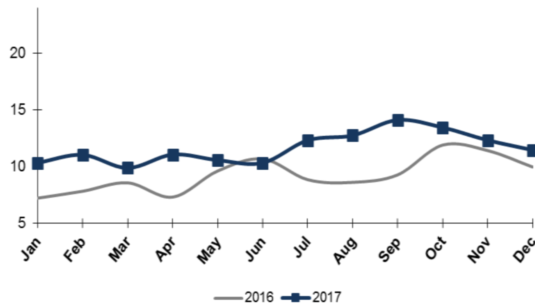
Refining margins had a strong 2017, on the back of tight supply / demand balances and significant outages, especially in 3Q. More precisely and according to Reuters, Med benchmark cracking margin averaged $5.1/bbl, +$1.1/bbl higher y-o-y and Med benchmark Hydroskimming margin $3.3/bbl, increasing by +$1.7/bbl y-o-y.



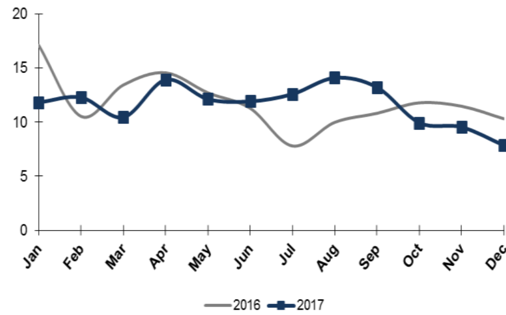
Global oil product cracks ($/ bbl)

Fuel oil rose to the highest levels in recent years and was the key driver of margins in the Mediterranean mainly due to the reduced availability of heavy crude, following reduction in supply from OPEC, while diesel recovered from the lows of 2016. Light-ends cracks were almost unchanged during 1H17, while during the second semester of 2017, increasing oil prices and unplanned refining downtime affected benchmark margins.

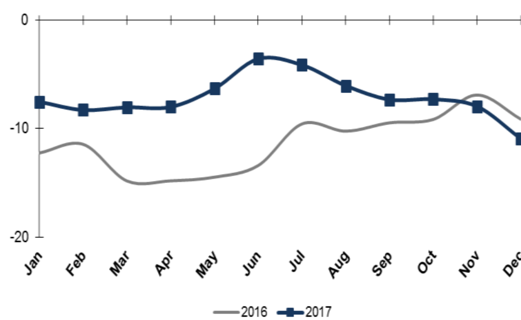
Diesel



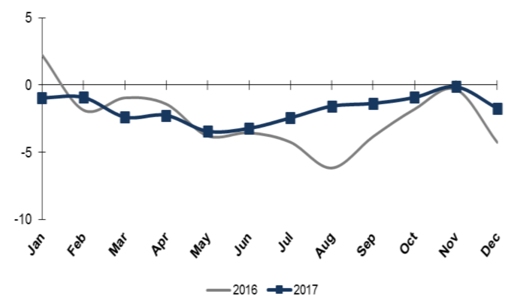
MOGAS



HFO



Naptha



d) Greek Market

The Greek economic recovery continued in 2017, with 3 consecutive quarters of GDP growth recorded in the first 9 months of the year. Economic growth, completion of the second EU programme review and significant progress on the third, as well as the Greek government bond issue during summer 2017 supported confidence and improved macroeconomic backdrop in the country. Banks' reliance on ECB liquidity and Emergency Liquidity Assistance (ELA) from the Bank of Greece has fallen below EUR25 bln for the first time since the Greek crisis and deposits have been starting to improve. Employment growth had a positive impact on income and private consumption and international recovery is supporting tourism revenue. Yields on 10Y Greek bonds fell, particularly in 4Q. However, inflation and wage growth are still weak and concerns around the unemployment, the banking system and Greek debt sustain.

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B.2 Business Developments

a) Financial highlights

Tables below present the main financial and operational Group indicators for 2017:

Operational Data	2017	2016
Refinery sales (in million metric tons)	16.07	15.47
Marketing sales (in million metric tons)	5.16	4.67
Refinery production (in million metric tons)	15.04	14.84
Group employees	3,409	3,303

Financial Data (in million €)	2017	2016
Net sales	7,995	6,613
Reported EBITDA[3]	851	841
Inventory effect – Loss (gain)[3]	-59	-102
One offs[3]	41	-8
Adjusted EBITDA[3]	**834**	**731**
Reported net income (attributable to the owners of the Parent Company)	384	329
Adjusted net income[3]	**372**	**265**

The Group's operating profitability increased in 2017, with Adjusted EBITDA at €834 million (2016: €731 million), due to the strengthening in international refining margins, the exploitation of opportunities in the crude oil pricing structure in the Mediterranean, increased sales and strong performance in all activities.

Production at the Group's refineries rose slightly, leading to an increase in sales which came to 16.1 million tons, despite the shutdown at the Elefsina Refinery for maintenance during the 3rd. Quarter. The stable euro/dollar exchange rate – at 1.13 on average - also played an important role despite the strengthening of the euro in the second half of the year.

In terms of Adjusted Net Income, the Group significantly improved its performance as, in addition to increased operating profitability, the financial cost was significantly decreased, following the bond issues

[3] *The selected alternative performance measure indicators are listed in Chapter G*

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and bank loan refinancing, while the contribution from affiliated companies increased, on DEPA Group's improved performance.

The rise in crude oil prices, mainly in the second half of 2017, which led to higher average prices than in the previous year ($55/bbl vs. $45/bbl), had a positive effect on the reported results, strengthening pre-tax profits in 2017 by approximately €59 million.

Balance Sheet / Cash Flow (in million €)	2017	2016
Total Assets	7,160	7,189
Total Equity	2,372	2,142
Capital Employed[3]	4,173	3,903
Net Debt[3]	1,800	1,759
Net Cash Flows (operating & investing cash flows)	258	-450
Capital Investments	209	126
% of debt on capital employed - Debt Gearing	43%	45%

b) Share performance

In 2017, the improved European economic growth, the Greek economy's performance, the completion of the second assessment and the re-issuance of Greek government bonds, were among the key drivers that the ASE General Index higher by + 24%. In the refining sector, European stocks performed well in 2017; HELLENIC PETROLEUM'S shares gained + 72%, exceeding the performance of the ASE General Index. The share price closed at €7.61, with an annual average transaction volume of 115 thousand and an average share price of €6.51 over the course of the year.

On November 9, 2017, the Board of Directors decided to distribute an interim dividend of €0.15 per share and proposed - to the General Meeting - the distribution of a final dividend of €0.25 per share, resulting in the total proposed dividend for 2017 amounting to €0.40 per share.

c) Key Developments

The key business developments were as follows:

- Stronger international refining margins and increased production at the Aspropyrgos and Thessaloniki refineries, as well as improved performance in all refineries, offsetting the impact of the unplanned shutdown at the Elefsina refinery.

- Increase in sales to 16.1 million tons, mainly due to increased volumes in the domestic market as well as in the marine and aviation sectors.

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- Successful implementation of the Group's financial strategy, with the refinancing of bank loans, as well as a reduction in total borrowing, which amounted to €2.8 billion with a decrease of over €650 million in recent years. This led to a 18% reduction in the financial cost compared to 2016, amounting to €165 million.

C. Review per Segment – Performance and Financial Position

The key developments and financial indicators for each of the Group main activities are:

a) Refining, Supply and Trading

Financial results and operational indicators:

Financial Results (€ million)	2017	2016
Sales	7,001	5,707
Adjusted EBITDA[3]	**639**	**536**
Operational Indicators		
Sales Volume (000s of MT)	16,056	15,455
FCC refining margin	\$5.9/bbl	\$5.0/bbl
Safety Index – AIF	5.9	3.7

Key points for Refining, Supply and Trading in 2017:

- The recovery in international crude oil prices which began at the end of 2016 continued in 2017 due to the agreement for the control of oil production by Russia and OPEC member countries, as well as the increase in demand. The above, led Brent crude prices to \$55/bbl in 2017 compared to \$45/bbl in 2016.

- Significant increase in refining margins for all types of refineries, as well all product margins, mainly for fuel oil and diesel, moved upwards, despite the decline in the Brent-Urals differential.

- Production at the Group's refineries increased to 15 million tons with significant improvement in the performance of the Group's refineries, despite the unplanned shutdown and capturing of opportunities in the crude oil pricing structure in the Mediterranean.

- Significant sales growth in the domestic market by 11%, to 4.9 million tons mainly due to increased sales to industrial customers. Additionally, sales of marine and aviation fuels increased on higher tourism to 2.7 million tons (+ 15%), leading to total sales of 16.1 million tons (+ 4%).

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b) Marketing

Financial Results (€ million)	2017	2016
Sales	2,912	2,336
EBITDA	95	93
Adjusted EBITDA[3]	**107**	**101**
Operational Indicators		
Sales Volume (k mT) – Total	5,165	4,668
Sales Volume (k mT) – Greece	4,058	3,538
Fuel stations – Greece	1,760	1,739
Fuel stations – International	277	274

Key points for the Domestic Marketing activities in 2017:

- Increased transport fuels sales through the retail network with further increase of differentiated fuels (100-octane gasoline and premium diesel).
- Improvement in transport fuels market share, which collectively for both brands exceeded 31%.
- Emphasis on the development of company-operated stations which presently exceed 200, as well as the range of products and services provided through points of sale.
- Increased lubricants and LPG sales.
- Significant increase in sales and market shares in aviation and marine fuels due to increased tourist traffic.

Key points for the International Marketing activities in 2017:

- The increased demand for individual products and markets, retail network growth and continuous marketing activities led to an increase in sales in most of the Group's companies abroad. The above, combined with improved margins, led the Group to increased profitability for all International Activities. At the same time, the vertical integration of commercial subsidiaries with the Group's refineries is continuing aiming to maximize economic benefits through the continuous supply chain optimization.
- In Cyprus, the network growth by the end of 2016, as well as increased demand for individual products and markets, led to higher retail and wholesale sales, mainly in the C & I and the aviation sector, resulting in improved profitability.
- In Bulgaria the network also increased and non-fuel retailing (NFR) profitability improved, however profitability was reduced due to increased competition and higher operating costs.

- In Montenegro, the demand growth in the aviation sector has led to increased sales and profitability. At the same time, investments focused on the retail network expansion, as well as the revamping of existing service stations also took place.
- EKO Serbia's profitability improved due to higher retail margins, increased sales mainly to wholesale customers, but also increased profits from NFR sales.

c) Petrochemicals

Financial Data and basic operational indicators:

Financial Results (€ million)	2017	2016
Sales	267	252
Adjusted EBITDA[3]	**95**	**100**
Operational Indicators		
Sales Volume (kMT) – Total	243	256
Polypropylene margin ($/ton)	538	548

Key points for Petrochemicals in 2017:

- In 2017, profitability in the petrochemical sector remained high, recording an EBITDA of €95 million.

- Main factors that negatively impacted profitability were the reduced production of polypropylene (-7%) due to the scheduled shutdown, and propylene from the Aspropyrgos Refinery (-4%), as well as the decline of international polypropylene margins (-3%) and the strengthening of the euro in the second half, that affected margins.

d) Exploration and Production of Hydrocarbons

In Patraikos Gulf (West) block area, in the 1st three-year exploration phase, the Company as operator of the JV HELPE PATRAIKOS (50%) – Edison (50%) carried out exploration activities which exceeded the minimum work obligations. The activities included the 2D seismic acquisition of 325 km and the 3D seismic acquisition of 1,822 sq. km. Additionally, the reprocessing of data of 2,000km existing seismic data was completed. The total cost of the exploration activities reached the amount of EUR9.3m (EUR4.6m – HELPE's participation) of the initial budget amount of EUR12m. As per the provisions of the Lease Agreement for entering in the 2nd exploration phase, a 25% of the total area has to be decided to be relinquished. In the 2nd two-year exploration phase, which commences on 03 April 2018, the Lessee is committed to drill one exploration well.

On 25th May 2017, the Lease Agreements for the onshore blocks 'Arta-Preveza' and 'NW Peloponnese' were officially signed, while for the offshore Block 2, on 31 October 2017. On February 28th 2018, the

Lease Agreements for the above blocks are expected to be ratified by the Greek Parliament, while the environmental, geological and geophysical studies, are scheduled to begin immediately after.

The Company has been monitoring recent developments in the E&P sector in Greece and has been studying the offshore areas in Western Greece and North Aegean including the Sea of Thrace concession (1.600 sq. km), where it holds a 25% participating interest in a joint venture with Calfrac Well Services Ltd.

Finally, on 31st May 2017, Total, ExxonMobil and HELLENIC PETROLEUM have submitted to the Ministry of Environment & Energy and to Hellenic Hydrocarbons Resources Management (HHRM) an official express of interest for exploration of hydrocarbons in two (2) offshore blocks in Crete. The respective application, following the approval of HHRM, has been approved by the Minister of Environment & Energy while the relevant tender for the offers submission is in progress.

e) Electric Power and Natural Gas operations

The Group's activities in electricity and natural gas concern its holdings in ELPEDISON BV (50% HELLENIC PETROLEUM S.A., 50% EDISON) and DEPA S.A. (35% HELLENIC PETROLEUM S.A., 65% Private Use Fund - HRADF) respectively. The participation of the aforementioned companies in the Group's results, according to their interim financial statements, amounted to €40 million in 2017, up 72.5% compared to 2016.

ELPEDISON S.A.'s results declined compared to 2016, with EBITDA amounting to €31 million. Despite the production increase in the company's two units, due to the improved competitiveness of natural gas as a fuel for power generation, the delay in establishing flexibility remuneration scheme for the producers of electricity from Natural Gas, proved to be a negative factor. In addition, intense competition in the retail electricity market as well as the imposition of supplier billing to cover the Special Renewable Energy Account deficit also proved to be negative factors.

DEPA's results were stronger in 2017 vs 2016, as the increase in demand from power generators led to higher natural gas sales volumes. Also, DESFA's increased profitability was an important factor in improving results, as more natural gas was passed through the National Natural Gas System (2017 demand at 4.7 bcm, + 20% vs. 2016). DEPA's contribution to HELPE's results for 2017 amounts to €46 million.

D. Corporate Governance Statement

General

Corporate Governance refers to a set of principles on the basis of which the proper organization, operation, management and control of a company is evaluated with the aim of maximizing value and safeguarding the legitimate interests of all those related with it.

In Greece, the Corporate Governance framework has been developed mainly through the adaptation of mandatory rules, such as Law 3016/2002. This law imposes the participation of non-executive and independent non-executive members on the Boards of Directors of Greek listed companies, the

establishment and operation of internal audit units and the adoption of Internal Procedures Manual. Moreover, a significant number of other legislative acts incorporated in the Greek legal framework the EU directives concerning corporate law, thus creating a new set of rules regarding corporate governance, such as Law 3693/2008, requiring the creation of audit committees and incorporating significant disclosure obligations, concerning the ownership as well as the governance of a company, Law 3884/2010, dealing with the rights of shareholders and additional corporate disclosure obligations in the context of preparation of the General Meeting of shareholders and Law 3873/2010, incorporating in the Greek legal framework the Directive 2006/46/EC of the European Union, concerning the annual and consolidated accounts of companies of a certain legal form. Finally, in Greece, as well as in most countries, the Company Law (codified law 2190/1920, which is modified by numerous guidelines derived from many of the aforementioned EU Directives) includes the basic legal framework of company governance.

D.1 Corporate Governance Code

The Company has voluntarily decided to adopt the **Corporate Governance Code for listed companies of the Hellenic Corporate Governance Council (HCGC)** (or "Code"). The Code can be located on the Hellenic Corporate Governance Council (HCGC), at the following address:

http://www.helex.gr/esed

Apart from HCGC's website, the Code is also available to all the employees through the intranet as well as in hard copy through Group Finance and Human Resources.

During 2017, the Company complied with the provisions of the above Code with the deviations mentioned below in paragraph D.2. and intends to consider appropriate actions to further minimize existing deviations from the provisions of the Code.

The Company, in addition to the provisions of the Code, complied in 2017 with all the relevant provisions of the Greek Legislation (Law 2190/1920 as currently in force and Law 3016/2002).

D.2 Deviations from the Corporate Governance Code

The Company, on occasion, deviates or does not apply in its entirety certain provisions of the Code (noted in *italics*).

- With regard to the size and composition of the Board of Directors (or "BoD"):
  - Certain rules of appointing and replacing members of the BoD exist, which are explicitly mentioned in the Company's Articles of Association in accordance with Law 3429/2005. The "Greek State" appoints seven members out of a total of thirteen (13), as long as it holds, directly or indirectly, through the Hellenic Republic Asset Development Fund at least 35% of the shares. The shareholder "Paneuropean Oil and Industrial Holdings SA" and its related companies appoint two members of the BoD, under the precondition that they hold at least 16.654% of the total voting shares of the Company. Two members of the BoD are elected representatives of the employees and two more are representatives of the minority shareholders, elected by the Special General Meeting of minority shareholders (excluding the Greek State and Paneuropean Oil and Industrial Holdings SA and/or companies related to the latter) *A.II (2.4)*

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- With regard to the role and attributes of the Chairman of the BoD:
    - As long as the roles of the Chairman of the BoD and the CEO remain distinct, as it is currently the case, there is no provision for a Vice-Chairman role. *A.III (3.1 & 3.3)*

- With regard to BoD member election:
    - All rules noted above on appointing and replacing board members apply. The BoD term is set at five years, extended until the end of the period, within which the Annual General Meeting of shareholders must be held. A.*V (5.1, 5.2, 5.4, 5.5, 5.6, 5.7, 5.8)*

- With regard to the functioning and evaluation of the BoD:
    - Apart from the evaluation of the BoD through the report submitted to the Annual General Meeting of shareholders, the BoD monitors and re-examines the implementation of its decisions annually. In addition to the above, the introduction of an evaluation system for the BoD and its committees is currently being examined. *A.VII (7.1 & 7.2)*

- With regard to the System of Internal Controls:
    - The Internal Audit Department reports to the Chairman of the BoD and to the Audit Committee of the Company which is appointed by the General Meeting of company's shareholders. The law 3693/2008 and international best practices provide for the main duties of the Audit Committee. The BoD has updated the Rules of Procedure of the Audit Committee with its 1248/13.10.2015 decision. In 2018, it is expected that the Regulation of Operation of the Audit Committee will be updated in order to describe its additional responsibilities and obligations according to the provisions of the recent Law 4449/2017. The duties and responsibilities of the Audit Committee as well as its Operation Regulation after its update, will be posted on the Web site of the Company. (1.7) *B.I (1.7)*

    - According to the relevant provisions of law 3016/2002, as long as the minority shareholders are represented in the Company's BoD, the existence of independent members is not mandatory. In the Company's BoD there are two independent non-executive members who are also members of the Audit Committee in its current composition. According to the applied Rules of Procedures of the Audit Committee, in the composition of the Audit Committee of the BoD calls for the participation of one independent non-executive member of BoD. *B.I (1.4)*

- With regard to the level and structure of compensation:
    - The compensation of the Chairman of the BoD, the CEO, and all members of the BoD, for their participation in the meetings of the BoD and its committees, are approved by the General Meeting of Shareholders, following a relevant proposal by the Remuneration & Succession Planning Committee of the BoD. *C.I (1.4).*

  - The activities of the Remuneration & Succession Planning Committee are not governed by a specific charter, but rather by the operational rules of collective bodies (invitation of Chairman, Daily Agenda, Minutes, etc.). *C.I (1.6, 1.7, 1.8, 1.9)*

- With Regard to the General Meeting of shareholders:

  - the Company complies with all provisions of Law 3884/2010 and thus to relevant provisions of the Code, with the reservation of the points regarding the election of BoD members, mentioned above. *D.II (1.1)*
  - With regard to the special practice of electronic voting or the voting via mail, its application is not possible at the moment, as the respective ministerial decision is still pending, as stipulated in Law 3884/2010. *D.II (1.2)*

D.3 Corporate Governance Practices Exceeding Legal Requirements

The Company, within the framework of implementing a satisfactory and well-structured system of corporate governance, has applied specific practices of good corporate governance, some of which exceed relevant legal requirements (Codified Law 2190/1920, Law 3016/2002 and Law 3693/2008).

Specifically, the Company has adopted the following additional corporate governance practices, all of which are related to the size, composition, responsibilities and overall operation of the BoD:

- Due to the nature and purpose of the Company, the complexity of matters and the necessary legal support of the Group, which includes a number of operations and subsidiaries in Greece and abroad, the BoD – numbering thirteen members, which is ten more than the minimum required by law – has established committees that comprise of its members, with advisory, supervisory and authorizing responsibilities, aiming to support the BoD. These committees are briefly stated below (they are analysed in detail at the end of this Statement, under the paragraph “Other Committees”).

  I. Crude oil and Petroleum Products Supply Committee
  II. Finance & Financial Planning Committee
  III. Labour Issues Committee
  IV. Remuneration & Succession Planning Committee

- In addition to the above committees of the BoD, executive and non-executive committees have been established in the Company, mainly with an advisory and coordinating role. They comprise of senior executives of the Company and their goal is to support the work of Management. The most important such committees are:

  I. Group Executive Committee
  II. Group Manufacturing Activities Committee
  III. Fuels Marketing Committee
  IV. Non-core Energy Activities Committee
  V. Group Credit Committee
  VI. Investment Evaluation Committee

VII. Electricity, Natural Gas & Renewable Energy Sources Committee
VIII. Exploration and Production Committee

- The BoD has included specific provisions in the Company's Internal Procedures Manual, banning transactions of shares for the Chairman of the BoD, the CEO and for other members of the BoD, as long as they serve as either Chairman of the BoD or CEO of a related company. The BoD has also implemented a Procedure of Monitoring and Disclosure of Significant Participations and Transactions on the Company's shares, as well as a procedure of Disclosing and Monitoring Transactions and Financial Activity with the Company's major clients and suppliers.
- The company adopted Code of Conduct in accordance with the 1175/24.11.2011 BoD decision, and created a Code of Conduct Compliance Unit which has the responsibility of implementing the Code.

D.4 Main Features of the System of Internal Controls and Risk Management in relation to the Financial Reporting Process

The System of Internal Controls and Risk Management of the Company in relation to the financial reporting process include controls and audit mechanisms at different levels within the Organization, that are described below:

a) Group Level Controls

Risk identification, assessment, measurement and management

The range, the size and the complexity of the activities of the Group requires a comprehensive system of methodical approach and risk management, which is applied by all the Group's companies.

The prevention and management of the risks is a core part of the Group's strategy.

The identification and assessment of risks takes place mainly during the strategic planning and the annual preparation of the business plan. The benefits and opportunities are examined not only within the context of the company's activities, but also in relation to the several and different stakeholders who may be affected.

The issues examined vary subject to market and industry conditions and include indicatively, political developments in the markets where the Group operates or procures significant quantities of crude oil, changes in technology, changes in the regulation, macro-economic indicators and the competitive environment.

Planning and Monitoring / Budget

Group performance is monitored through a detailed budget by operating sector and market. The budget shall be adjusted systematically to take into account the development of the Group's financials that depend greatly on external factors, such as the international refining environment, crude oil prices and the euro / dollar exchange rate. Management monitors the development of the Group's financial results through regularly issued reports, budget comparisons with the actual results, as well as through Management Team meetings.

Adequacy of the Internal Controls System

The Internal Control System consists of the policies, procedures and tasks which have been designed and implemented by the Management Team and the human resources of the Group for the effective management of risks, achievement of business objectives, reliability of financial and administrative information and compliance with the laws and regulations.

The Group's Independent Internal Audit Department, by means of periodic assessments, ensures that the identification procedures and risk management applied by the Management are sufficient, that the Internal Control System operates effectively and that information provided to the BoD relative to the Internal Control System, is reliable and of good quality.

The Internal Audit Department shall draw up short-term (annual) and long-term (three-year) rolling content Audit Plan based on ad-hoc risk assessment, as well as on other issues identified by the Audit Committee and the Management Team. The Audit Committee is the supervisory body of the Internal Audit Department. The overall Audit Plan is approved by the Audit Committee.

The Internal Audit Department submits quarterly reports to the Audit Committee, so that the monitoring of the adequacy of the Internal Control System is systematic.

The reports of the Management Team and the Internal Audit Department provide the assessment of significant risks and the effectiveness of the Internal Control System relative to their management. Through these reports the identified weaknesses together with their possible impact, as well as with the actions of the Management team to resolve them are being communicated. The results of the controls and the monitoring of the implementation of the agreed improvement actions considered the Risk Management System of the company.

To ensure the independence of the audit of the Group's annual financial statements, the BoD has a specific policy to form recommendations to the General Meeting of shareholders for the election of the External Auditor. This policy, among others, calls for the selection of the same auditing company for the whole Group, as well as the audit of the consolidated financial statements and local statutory financial statements. The selection of the independent External Auditor is made among leading internationally acclaimed firms.

Roles and Responsibilities of the BoD

The role and responsibilities of the BoD are described in the Internal Procedures Manual of the Company, which is approved by the BoD.

Fraud prevention and detection

In the context of risk management, the areas that are considered to be of high risk for financial fraud are monitored through appropriate internal controls and enhanced security measures. Examples include the existence of detailed organizational charts, process manuals on several areas (procurement, purchasing of petroleum products, credit, treasury management), as well as detailed procedures and approval authority levels. In addition to the internal controls applied by each department, all Company activities are subject to audits from the Internal Audit Department, the results of which are presented to the BoD.

Internal Procedures Manual

The Company has drafted an Internal Procedures Manual, which is approved by the BOD of the company. The Internal Procedures Manual includes definitions of the roles and responsibilities of each position emphasising the segregation of duties within the Company.

Group's Code of Conduct

The company in the context of the fundamental obligation of good corporate governance, it has drafted and adopted since 2011 the Code of Conduct, approved by the BoD of the company. The Code of Conduct summarizes the principles according to which any person, employee or third party involved in the operation of the Group, as well as collective body, should act within the framework of their duties. For this reason, the Code constitutes a practical guide of the day-to-day tasks of all employees of the Group, but also of third parties who cooperate with it.

b) Information Technology General Controls

The Group's IT Department is responsible for developing the IT strategy and for staff training to cover any arising needs. It is also responsible for the support of IT systems and applications through the drafting and updating of operation manuals, in cooperation with external consultant where this is necessary.

The Company has developed a sufficient framework to monitor and control its IT systems, which is defined by a set of internal controls, policies and procedures. Among these are documented job descriptions, roles and responsibilities of the Group IT Department as well as the development of an IT Strategic Plan. In addition, a specific procedure has been designed to ensure safe operation in the Group's systems through the existence of alternative systems in case of disaster (Disaster Recovery Sites). Also, the approved Business Continuity Plan is under development. Finally, access rights have been set in several information systems for all employees, according to their position and role, while an entry log for all the Group's IT systems is also kept.

c) Internal Controls over Financial Reporting

As part of the process for the preparation of financial statements, specific controls are in place, utilising tools and methodologies in line with the best international practices. Some of the main areas of such controls, relevant to the preparation of the financial statements, are the following:

Organisation – Segregation of Duties

- The assignment of duties and authorities to senior Management of the Company, as well as middle and lower management levels, ensures the effectiveness of the Internal Control System and safeguards appropriate segregation of duties.
- Adequate staffing of financial services with individuals who possess the necessary technical skills and experience to carry out their duties.

Accounting monitoring and preparation of financial statements

- Existence of common policies and monitoring procedures of accounting departments of the Group's subsidiaries which include, amongst others, definitions, accounting principles adopted by the Company and its subsidiaries, guidelines for the preparation of financial statements and consolidation.

- Automatic checks and validations between different transactional and reporting systems. In cases of non-recurring transactions special approval is required.

Safeguarding of assets

- Existence of internal controls regarding fixed assets, inventories, cash and cash equivalents and other assets of the company, such as physical security of cash or warehouses, inventory counts and reconciliations of physically counted quantities with the recorded ones.

- Schedule of monthly inventory counts to confirm inventory levels of physical and accounting warehouses. Use of a detailed manual to conduct inventory counts.

Chart of Authorities

- Existence of a chart of authorities, which depicts assigned authorities to various Company executives, in order to complete certain transactions or actions (e.g. payments, receipts, contracts, etc.).

D.5 Information Required by Article 10, Paragraph 1 of the EU Directive 2004/25/EC on Public Takeover Bids

The required information is included in part K of this Report.

D.6 General Meeting of Shareholders and Shareholders' Rights

The roles, responsibilities, participation, the ordinary or extraordinary quorum of participants, the Chairmanship, Agenda and the conduct of procedures of the General Meeting of the Company's Shareholders are described in its Articles of Association, as updated based on the provisions of Codified Law 2190/1920 (following integration of Law 3884/2010 on minority voting rights).

Shareholders are required to prove their shareholder status and the number of shares they own at the exercise of their rights as shareholders. Usual forms of proof are custodian or Central Depository certificates or electronic communication though specialised secured electronic platforms.

D.7 Composition & Operation of the Board of Directors, Supervisory Bodies and Committees of the Company

Board of Directors (BoD)

General

The Company is managed by a BoD, comprising of 13 members, with a term of five years, which expires on 26.06.2018 and is extended until the end of the period provided for convening the next Ordinary General Assembly. In detail:

- Efstathios Tsotsoros, Chairman, Representative of the Greek State (from 7/5/2015)
- Grigorios Stergioulis, CEO, Representative of the Greek State (from 7/5/2015)
- Andreas Shiamishis, Deputy CEO & CFO, Representative of Paneuropean Oil and Industrial Holdings
- Theodoros-Achilleas Vardas, Representative of Paneuropean Oil and Industrial Holdings
- Ioannis Psychogios, Representative of the Greek State (from 15/10/2015)
- Georgios Grigoriou, Representative of the Greek State (from 07/05/2015)
- Stratis Zafeiris, Representative of the Greek State (from 07/05/2015- 21/6/2017)
- Georgios Alexopoulos, Representative of the Greek State (22/06/2017)
- Dimitrios Kontofakas, Representative of the Greek State (from 15/10/2015)
- Vasilios Kounelis, Representative of the Greek State (from 10/11/2016)
- Konstantinos Papagiannopoulos, Employees' representative
- Panagiotis Ofthalmidis, Employees' representative
- Theodoros Pantalakis, independent member –minority shareholders' representative
- Spyridon Pantelias, independent member –minority shareholders' representative

Messrs Efstathios Tsotsoros, Grigorios Stergioulis, Andreas Shiamishis and Ioannis Psychogios are executive members of the board.

The size and composition of the BoD is described in detail in section D.2 of this report. The BoD convened twenty-one (21) times in 2017 and all members were present either in person or by proxy.

Roles and Responsibilities of the BoD

The BoD is the supreme executive body of the Company and principally formulates its strategy, its development policy and supervises and controls the management of its assets. The composition and characteristics of the members of the BoD are determined by Law and the Company's Articles of Association. First and foremost, among the duties of BoD is to constantly pursue the strengthening of the Company's long-term economic value and to protect its interests.

To achieve corporate goals and uninterrupted operation of the Company, the BoD may grant some of its authorities, except the ones that demand collective action, as well as the administration or management of the affairs or representation of the Company to the Chairman of the BoD, the CEO, the Deputy CEO or to one or more BoD members (executive and non-executive), to the Heads of Company Departments or to employees. BoD members and any third party that has been granted authorities from the BoD is not permitted to pursue personal interests that conflict the interests of the Company. BoD members and any third party that has been granted authorities from the BoD must disclose in a timely manner to the rest of the BoD any personal interests that might arise as a result of transactions with the Company that fall under their duties.

- Indicatively, the BoD decides and approves, the following:

I. The Business Plan of the Company and the Group,
II. The Annual Business Plan and Budget of the Company and the Group,
III. Any necessary change to the above,
IV. The issue of bond loans
V. The Annual Report of transactions between the Company and its related parties, according to Codified Law 2190/1920 art. 42. (e), par. 5,
VI. The Annual and Interim Financial Reports, including the Financial Statements of the Company and the Group,
VII. The establishment of / participation in companies or joint ventures, company acquisitions, installation or termination of facilities – in all cases of such transactions with minimum value of €1 million,
VIII. The agreements for participation in consortia for the exploration and production of hydrocarbons,
IX. The final termination of manufacturing operations,
X. The regulations that govern the operation of the Company and any amendments to them,
XI. The basic organizational structure of the Company and any amendments to it,
XII. The appointment / dismissal of General Managers
XIII. The Collective Labour Agreement,
XIV. The Internal Procedures Manual,
XV. The determination of the Company's remuneration policy of the Management Team,
XVI. The hiring processes for executives and the assessment of their performance,
XVII. Any other matter stipulated by the existing Company regulations.

Executive and non-executive members of the BoD

The BoD determines the responsibilities and status of its members as executive or non-executive. At any time, the number of non-executive members of the BoD cannot be less than one-third of the total number of its members.

The company by adopting the basic principle of corporate governance, which is the clear identification and the delegation of administrative responsibilities and duties among the executive members of the BoD, in order to avoid duplication of duties, proceeded with the no. 1296/22.6.2017 decision of the BoD in the allocation of administrative responsibilities and duties between the Executive Chairman, the Chief Executive Officer and Deputy Chief Executive Officer.

Chairman of the BoD

The Executive Chairman, apart from the responsibility to preside over and administer the meetings of the BoD and sign the respective decisions, and performs all acts that fall under his responsibilities according to the Company's Articles of Association has the responsibility of the:

- The Group Legal Services
- The Group Corporate Affairs

The General Manager of Group's Internal Audit reports to the Executive Chairman

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Chief Executive Officer

The Chief Executive Officer (CEO) is the legal representative of the company and has the responsibility of:

- The Group Refining, Supply and Sales Activities
- The Group Human Resources and Administrative Services
- Health, Safety, Environment and Sustainable Development
- The Group International Marketing

Both the Chairman of the Board of Directors and the Chief Executive Officer of ASPROFOS SA report to the Chief Executive Officer.

Deputy Chief Executive Officer

The Deputy Chief Executive Officer replaces the Chief Executive Officer in case of absence or impediment and has the responsibility of:

- The Group Financial Services, including the finance departments of all the Group's companies
- The Group Strategic Planning and Development
- The Group Supply
- The Group Information Technology and Systems

A short version of the BoD members' CVs is included in the Appendix.

Audit Committee

The Audit Committee is appointed by the General Meeting of Shareholders and is comprised of three (3) non-executive members of the Board of Directors (Spyridon Pantelias, Chairman, Theodoros Pantalakis, member and Vassilios Kounelis, member), two of whom must be independent (Spyridon Pantelias and Theodoros Pantalakis). The Audit Committee held fifteen (15) meetings in 2017, attended by all its members.

The Audit Committee has the following responsibilities:

1. It monitors the process and the performance of the statutory audit for the Company's individual and consolidated financial statements. It then informs the Board of Directors by reporting on the issues arising from the audit, explaining in detail:
a) Monitoring how the statutory audit contributes to the quality and integrity of the Company's financial reporting, i.e. the accuracy, completeness and correctness of the financial information, including disclosures, that is then approved by the Board of Directors and made public.
b) Its role in the above-mentioned procedure, i.e. the recording of the actions carried out by the Audit Committee in the process of conducting the statutory audit.
2. It monitors, reviews and evaluates the preparation of financial information, i.e. the mechanisms and production systems, and the flow and dissemination of the financial information produced by the Company's organizational units that are involved in the process. The Audit Committee informs the Board of Directors of its findings and submits proposals for any improvements in the procedure, if deemed appropriate.

3. With regards to the internal audit function, the Audit Committee monitors and ensures that the Group's Internal Audit Division is functioning properly, and evaluates its work, adequacy and effectiveness, without however hindering its independence. It also reviews any disclosures regarding the internal audit and the Company's main risks and uncertainties with respect to financial reporting. In this context, the Audit Committee informs the Board of Directors of its findings and makes suggestions for improvement, if deemed appropriate.
4. It reviews and monitors the independence of the statutory auditors or audit firms in accordance with Law 4449/2017 (Articles 21, 22, 23, 26 and 27) and Article 6 of Regulation (EU) no. 537/2014 of the European Parliament and of the Council of 16 April 2014, and in particular, the appropriateness of providing non-audit services to the audited entity in accordance with Article 5 of the Regulation.
5. It is responsible for selecting auditors or audit firms and for proposing statutory auditors or audit firms to be appointed by decision of the General Meeting.

Remuneration and Succession Planning Committee

The Company's Remuneration and Succession Planning Committee consists of two (2) non-executive members and one (1) executive member (Theodoros Pantalakis, Chairman, Theodoros Vardas, Member, Ioannis Psychogios, Member). It held five (5) meetings in 2017, attended by all of its members.

The Remuneration and Succession Planning Committee has the following responsibilities:

- It proposes the principles, as well as the Company's remuneration and benefits policy for executives; any relevant decisions made by the CEO are based on these principles and policy.
- It proposes the total remuneration (fixed and variable - including share options) to the CEO in regards to the executive members of the Board of Directors, as well as the Senior Executives Directors of the Company and the Group.
- It proposes the total compensation payable to both the Chairman of the Board of Directors and the CEO to the General Meeting of Shareholders.
- Plans for the adequate and suitable succession of General Managers and executives, when needed, and submits relevant proposals to the Board of Directors.

Other Board of Directors Committees

The Board of Directors, in the above framework of strengthening corporate governance structures, is also assisted by other Committees, which are appointed by its decision. Specifically, these current committees are:

The Oil Products Procurement Committee, which consists of five (5) members of the Board of Directors, of which two (2) are executive members (Georgios Grigoriou, Chairman, Grigorios Stergioulis, member, Andreas Siamishis, member, Theodoros Vardas, member, Dimitrios Kontopafas, member). The Oil Products Procurement Committee:

- awards contracts and approves petroleum product supplies, after all members have reached a unanimous decision concerning the purchase, sale and transportation of crude oil and its products (for transactions amounting to over 100 million Euros)

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- approves the cooperation framework in cases where crude oil supplies are directly from a state-owned oil-producing organization that unilaterally fixes sales prices
- oversees the registration of customers/suppliers on the Company's Customer/ Suppliers Registries

  The Petroleum Procurement Committee held fifteen (15) meetings in 2017, which all members attended.

The Finance and Financial Planning Committee, consists of three (3) executive members and two (2) non-executive members of the Board of Directors (Theodoros Pantalakis, Chairman, Andreas Siamishis, member, Efstathios Tsotsoros, member, Georgios Alexopoulos, member and Spyridon Pantelias, member). The Finance and Financial Planning Committee held eight (8) meetings in 2017, attended by all of its members. The Finance and Financial Planning Commission examines, in cooperation with the Group Financial Services, issues relating in particular to:

- the stand-alone and consolidated financial statements and related appendices, as well as the quarterly and half-yearly statements, when deemed necessary, before their submission to the Board
- Insurance coverage
- the Company's financial planning
- Any other matters that are considered as important to the Company which affect its financial performance and its progress

The Labour Issues Committee, consists of two (2) non-executive members of the Board of Directors (George Grigoriou, President and Vassilios Kounelis, member) and the President of the most representative union of employees, or his deputy. The Labour Issues Committee held a (1) meeting in 2017. It was established in accordance with the Company's Internal Labor Regulation and can decide as an appeal Body on any appeal against disciplinary sanctions imposed by the Company's competent disciplinary Body.

Executive Committee

The Company has an Executive Committee, whose composition, responsibilities and function have been determined by a number of Board decisions, the most recent of which are decisions: 1284/3/10.11.2016, 1301/2a/21.9.2017 and 1309/10[a]/20.12.2017.

The responsibilities of the Group's Executive Committee include:

The Group Executive Committee is both advisory and executive in nature, to the extent that it is given specific executive powers by the Board of Directors. It processes and shapes strategic issues in all the Group's business sectors, as well as the Group's domestic and foreign subsidiaries.

Specifically, it examines and approves, in principle, each business unit's business plan, which is further processed by the relevant Management Committee, monitors its implementation and any deviations, the progress of operations, as well as the overall financial and operational results for the Group's activities. In addition, it sets priorities related to operational actions and processes, and formulates

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management policies according to proposals made by HELLENIC PETROLEUM's Management. It also approves and coordinates the action plans concerning the Group's individual business units. The Executive Committee takes initiatives to process issues, policies and/or procedures or, where appropriate, formulates proposals and suggestions to the Board of Directors of HELLENIC PETROLEUM S.A., at the initiative of its Chairman or vice-Chairman.

Indicatively (and not limited to), the main responsibilities of the Group's Executive Committee entail:

• Developing the Group's strategic development strategy, i.e. the parent company of HELPE S.A. and the domestic and foreign subsidiary companies, including participations in the production and trading of electricity, as well as natural gas trading, which is then submitted for approval by the Board of Directors of HELLENIC PETROLEUM S.A.

• Annual and Five-Year Group Business Plans: processing, drafting, monitoring, review and submission to the Board of Directors for their approval.

• Monthly monitoring of the Group's operations and financial results, budget execution, financial management.

• Quarterly monitoring of the operations and financial results of subsidiaries in Greece and abroad.

• Human resource policy development, the implementation of which, following its approval from the Board of Directors of HELLENIC PETROLEUM S.A., falls under the responsibility of the Human Resources Committee.

• Bi-annual monitoring of developments in European and Greek legislation related to the energy sector.

• Configuration of the communication strategy, and monitoring the Company's image and reputation.

• Keeping updated on the most important legal issues and formulating suggestions for management to handle them effectively.

Group Executive Committee Composition:

• Chairman: Efstathios Tsotsoros, Executive Chairman of the Board of Directors of HELPE S.A.

• Vice Chairman: Grigorios Stergioulis, CEO of HELPE S.A., who replaces the Chairman in any case of absence or any impediment.

• Andreas Siamishis, Deputy Chief Executive Officer & Chief Financial Officer.

• Ioannis Psychogios, Group General Manager of Supply, Refining and Sales and Executive Member of the Board of Directors.

• Georgios Alexopoulos, General Manager of Group Strategic Planning and Succession and Executive Member of the Board of Directors.

Mr. Ioannis Apsouris, General Manager of Legal Services of the Group is the Secretary of the Group's Executive Committee.

Group and/or Company management executives can be appointed to become members of the Executive Committee, on a case-by-case basis and subject to discussion, at the written request of the Chairman.

E. Strategic Goals and Prospects

The Group's strategy revolving around sustainable growth is based on the following pillars:

- Safe and environmentally friendly operations of its plants and products specifications,
- Corporate social responsibility and co-operation with local communities,
- Increasing value for its shareholders.

With respect to the above-mentioned priorities, each Group activity sets its main targets for 2018.

Refinery, Supply and Trading

In 2017, Refinery, Supply & Trading increased its contribution to the Group's operating profitability to record highs, despite the decline in benchmark refining margins, due to strong operational performance of all the refineries.

For 2018, the strategy of the Group for Competitiveness, Export Orientation and Excellence is aimed at further strengthening the competitiveness of the refining sector, in particular through:

- Focus on Safety, with emphasis on training, standardization and improvement of procedures
- Realising the full benefit of our asset base, strengthening of its competitive position in South Eastern Europe
- Optimising operational performance through realisation of synergies between the refineries of the Group and improving the performance of conversion units and the energy efficiency of our refineries
- Maintaining export activity at high levels

Domestic Marketing

The Domestic Marketing business plan for the next five years includes a framework of actions aimed at improving competitiveness, adapting to modern customer requirements and challenges to the economic environment. At the same time, energy efficiency is a key objective for all activities.

International Marketing Activities

Sustaining the growth momentum in Southeast European markets is a key priority given the production capability of the Group. The strategic priorities include the maintenance of its leading position in both Cyprus and Montenegro, the improvement of the profitability in FYROM as well as the continuous

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expansion in the markets of Bulgaria and Serbia through targeted network growth and supply chain optimization.

F. Main Risks and Uncertainties for the Next Financial year

The major financial risks for the next financial year are discussed below in relation to particular matters. The main sources of potential risks are the developments in the Greek economy, the developments in the European refining industry, including the price fluctuations in crude oil and final products as well as the exchange rate of Euro / dollar. It is not possible to predict all different scenarios and the ways of responding in each, however, the Group is closely monitoring developments, adapting its operation and planning accordingly.

F.1 Financial Risk Management

Financial Risk Factors

The activities of the group are concentrated in oil refining with petrochemicals, marketing of petroleum products, E&P of hydrocarbons, as well as electricity production and trading being also important Group's activities. Therefore, the group is exposed to various financial risks such as fluctuations in the oil prices in international markets, exchange rate volatility, cash flow risks and risks of fair value fluctuations due to interest rates variations. To keep pace with international practices and in the context of the local market and legal framework, the overall risk management plan focuses on reducing the Group's potential exposure to market volatility and mitigating any negative impact on the Group's financial position, to the extent possible.

Product price risk management is conducted by the Commercial Risk Management Service, which is comprised of senior executives of the trading and financial departments, while financial risks are managed by the financial services of the Group, within the authorisations framework approved by the BoD.

a) Market Risk

(i) Exchange Rate Risk

Refining industry, is a US dollar dominated business, with local currency conversions, while operating costs are primarily expressed in euro. As a result, the Group's operations are mainly exposed to the risk of fluctuating the dollar exchange rate against the euro. The strengthening of the US Dollar against the Euro has a positive effect on the Group's financial results while in the opposite event, both the financial results and balance sheet figures (inventory, investments, liabilities in US dollar) would be valued at lower levels.

(ii) Product Price Fluctuation Risk

The core activity of the Group, refining, supply & trading, creates two types of exposure: to changes in absolute prices of crude oil and oil products, which affect the inventory value; and changes in refining margins, which affect future cash flows.

As far as the risk of absolute product price fluctuations is concerned, the level of the exposure refers to the decrease in product prices and is determined by the closing inventory, as the Group's policy is to present the closing stock at the lower between acquisition cost and net realizable value.

Crude oil and products' price fluctuations affect the levels also of working capital as higher prices increase the financing needs.

Exposure to risk associated with changes in refining margins depends on the fluctuation of each refinery's margin. Refining margins are calculated using Platts prices of crude oil and oil products, which are determined on a daily basis and are affected by the development of supply and demand of crude oil and oil products. The fluctuations of refining margins impact the Group's profit margins accordingly.

The Group aims to hedge part of its exposure associated with price chnges of crude oil, products and refinery margins, depending on the prevailing market conditions.

(iii) Cash Flow Risk and Risk of Fair Value Change due to Change in Interest Rates

The cash flow risk from changes in interest rates relates to the level of Group's borrowing with floating interest rates. Furthermore, due to the long-term investments in the sectors where the Group operates, significant increases in interest rates are likely to cause changes in fair values of such investments through the increase of the discount rate.

(b) Credit Risk

The credit risk management is co-ordinated centrally at Group level. Credit risk derives from cash and cash equivalents, bank deposits, derivative financial instruments, as well as exposure to credit risk of wholesale customers, including outstanding trade receivables from clients in Greece and internationally and restricted transactions. Credit checks are performed for all customers by the Credit Control Department, in collaboration where necessary with external credit rating agencies.

For the effective management of the credit risk and the transaction behaviour of customers both in Greece and abroad an integrated computerized system has been developed for monitoring the exposure to credit risk while a central management unit of credit settlement for business customers is also effectively in operation. Finally, the role of the Group's Credit Committee is of significant importance as it ensures the effective management of the credit risk of trade receivables of the Group's companies.

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(c) Liquidity Risk

Liquidity risk is managed by ensuring that efficient cash resources and adequate credit limits with banks are maintained. Due to the dynamic nature of its activities, the Group seeks to maintain flexibility in funding through credit lines and other credit facilities.

F.2 Management of Capital Risk

The Group's objective in managing capital is to ensure the smooth operation of its activities and to maintain an optimum capital allocation, in order to reduce the cost of capital and increase its overall value.

In order for the Group to maintain or adjust its capital structure, it can alter the dividend paid to shareholders, return capital to shareholders, issue new shares or dispose of assets to reduce its debt.

In addition, the group manages its debt obligations in order to differentiate the sources of financing (loans, credit lines, bonds, other), achieving the best possible allocation, taking into account a number of factors, including costs and maturity.

In line with industry practice, the Group monitors its capital structure through the gearing ratio,which is calculated by dividing the net debt by total capital employed.

The long-term objective is to maintain the gearing ratio between 35% and 40%, as significant fluctuations of crude oil prices may affect total debt respectively. The relatively high gearing ratio in recent years (40% to 45%) is primarily due to increased borrowing for the financing of the refineries' upgrading projects. During the last two years, the Group is gradually deleveraging, reducing its balance sheet risk.

G. Selected Alternative Performance Measures

This Report includes certain financial measures of historical financial performance, financial position, or cash flows, which are not defined or specified under IFRS ("**Alternative Performance Measures**"). The Group considers that these measures are relevant and reliable in assessing the Group's financial performance and position, however such measures are not a substitute for financial measures under IFRS and should be read in conjunction with IFRS financial statements.

Presentation and Explanation of Use of Alternative Performance Measures

IFRS Reported EBITDA

IFRS Reported EBITDA is defined as earnings/(loss) before interest, taxes, depreciation and amortisation, as presented in the company's reported financial statements under IFRS which is calculated by adding back depreciation and amortization to operating profit.

Adjusted EBITDA

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Adjusted EBITDA is defined as IFRS Reported EBITDA adjusted for Inventory Effect (defined as the effect of the price fluctuation of crude oil and oil product inventories on gross margin) and non-recurring items, which may include but are not limited to cost of early retirement schemes, write-downs of non-core assets and other one-off expenses, in line with the refining industry practice (“**Adjusted EBITDA**”). Adjusted EBITDA is intended to provide a proxy of the operating cash flow projection (before any Capex) in an environment with stable oil and products prices.

IFRS Reported EBITDA and Adjusted EBITDA are indicators of the Group’s underlying cash flow generation capability. The Group’s management uses this information as a significant factor in determining the Group’s earnings performance and operational cash flow generation both for planning purposes as well as past performance appraisal.

Adjusted Net Income

Adjusted Net Income is defined as the IFRS Reported Net Income as derived from HELLENIC PETROLEUM’s reported financial statements under IFRS, adjusted for post-tax inventory effect (calculated as Inventory Effect times (1- statutory tax rate in Greece) and other post-tax non-recurring items at the consolidated Group financial statements.

Adjusted Net Income is presented in this report because it is considered by the Group and the Group’s industry as a key measure of its financial performance.

Net Debt

Net Debt is calculated as total borrowings (including “current and non-current borrowings” as shown in the statement of financial position of the relevant financial statements and excluding debt from associates) less “Cash & cash equivalents and restricted cash” and “Available-for-Sale financial assets”, as shown in the relevant financial statements.

Capital Employed

Capital Employed is calculated as “Total Equity” as shown in the statement of financial position of the relevant financial statements plus Net Debt.

Reconciliation of Alternative Performance Measures to the Group’s Financial Statements

The tables below illustrate how the selected alternative performance measures presented in this financial report are reconciled to their most directly reconcilable line item in the financial statements for the corresponding period.

Calculation of EBITDA, Adjusted EBITDA, Adjusted Profit after tax		
million €	**2017**	**2016**
Operating Profit	**661.783**	**631.771**
Depreciation & Amortization	189.276	209.478
Reported EBITDA	**851.059**	**841.249**
Inventory effect	-58.512	-102.016
Other One-off expenses**	41.091	-7.979
Adjusted EBITDA	**833.638**	**731.254**
Profit After Tax	383.923	328.735
Taxed Inventory effect	-41.544	-72.431
Taxed other one-off expenses***	29.175	8.302
Adjusted Profit After Tax	**371.554**	**264.606**

Calculation of Net Debt, Capital Employed and Gearing ratio		
million €	**2017**	**2016**
Borrowings LT	920.234	1,456.204
Borrowings ST	1,900.269	1,386.299
Cash & Cash equivalents and Restricted Cash	1,018.913	1,081.580
Available for sale financial assets	1.857	1.626
Net Debt	**1,799.732**	**1,759.297**
Equity	2,371.574	2,141.635
Capital Employed	**4,173.163**	**3,902.558**
Gearing ratio (Net Debt / Capital Employed)	**43%**	**45%**

** main items for 2017 include €14m. for expenses related to legal cases, €18m. for valuation adjustments on balance sheet items and €9m. for other non-recurring items. For 2016, key items include €22m. for valuation adjustment of balance sheet items, €8m. for financial expenses related to liability management transactions, €41m. income for provision related to insurance compensation and €8m. for other non-recurring items.*
*** includes all one-offs post effect of applicable tax rate*

H. Non-Financial Information

HELLENIC PETROLEUM Group has adopted its Sustainable Development Strategy in all of its activities and is committed to its respective Policies The main points of this strategic decision are summarized in safe, accident-free and economically viable operations, with respect for both the environment and society. The Group promotes the awareness of social stakeholders through the publication of the Annual Sustainable Development & Corporate Social Responsibility Report, which reports on our performance in the areas of Sustainable Development and Social Responsibility.

H.1 Health, Safety and Environment

For HELLENIC PETROLEUM Group, Health and Safety, in all its activities, is its most important priority. For this reason, all necessary safety measures are taken concerning staff, colleagues and visitors in all workplaces, in line with the Good Health Goal (SDG 3).

The Group continuously invests in health and safety to ensure that it complies with the strictest criteria at both national and European level. In 2017, approximately €11.5 million was invested in safety improvements in all of the Group's facilities in Greece and abroad.

All Group facilities set targets in regards to overseeing and improving their performance in Health and Safety, with a regular periodic review of the targets.

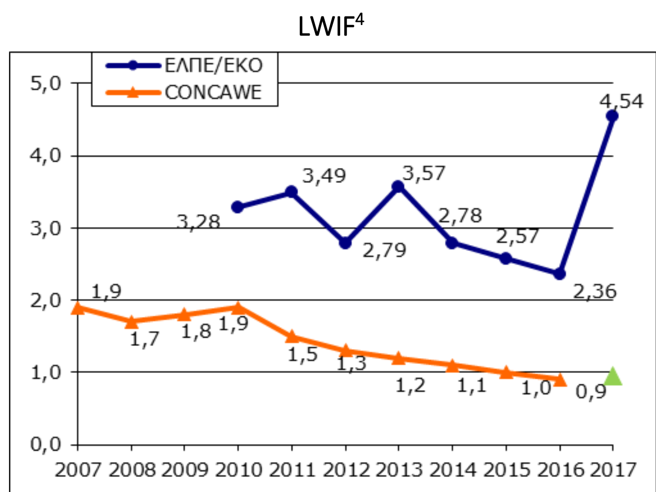
In 2017, the Group's ambitious holistic safety program continued, which led to establishing and improving of important safety procedures for the three refineries and the individual plants.

Overall, in 2017, out of a total of 9,252,179 man-hours, there were 42 work-related accidents related to staff and contractors employed in the refineries and chemicals plants belonging to HELPE SA and EKO ABEE.

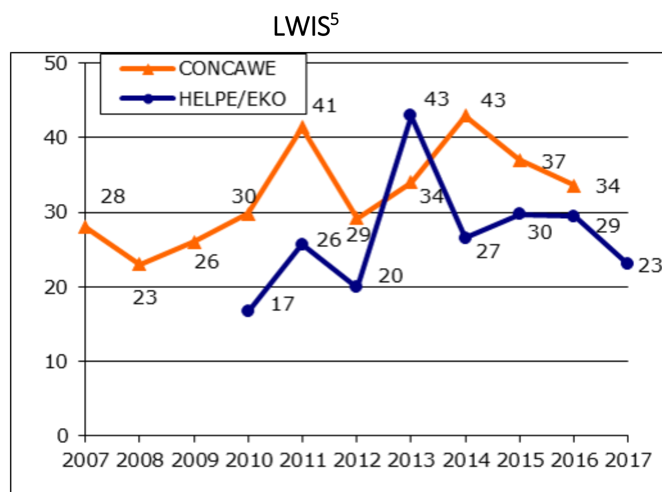
It is worth noting that DIAXON has continued operations for many years without any accident.

Key charts tracking safety key performance indicators (KPI) are displayed below.

LWIF[4]

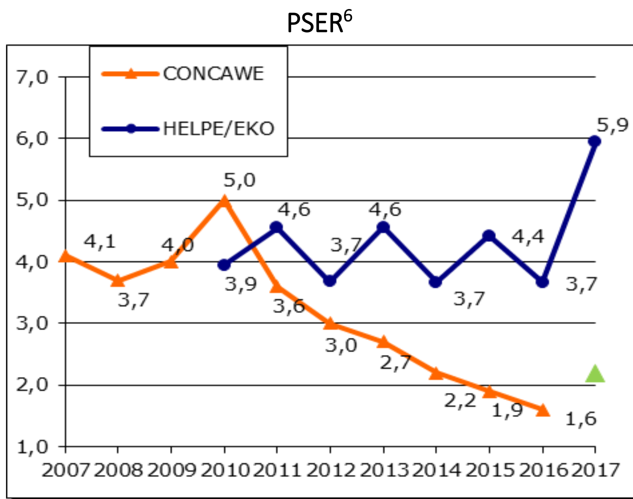


LWIS[5]

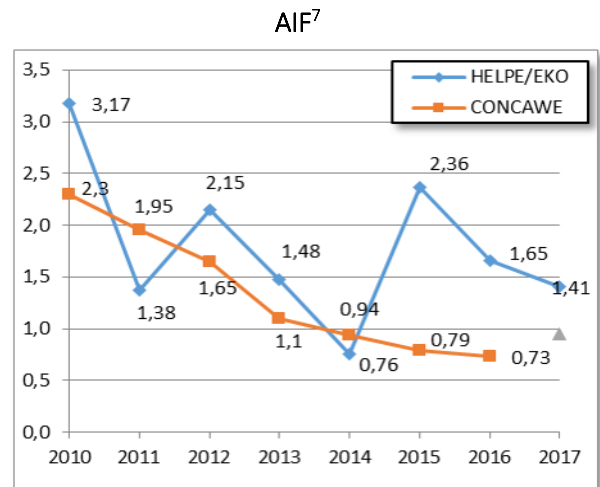


[4] *Lost workday injury frequency: Number of accidents of absence (LWIs)/ 1 million man-hours*
[5] *Lost workday injury severity: Lost man-hours due to LWI/ number of accidents of absence (LWIs)*

PSER[6]



AIF[7]



HELLENIC PETROLEUM Group faces significant challenges related to energy and climate change. In particular, through the implementation of its sustainable development strategy, it seeks to achieve both short and long-term energy efficiency and emission reduction targets, in line with the UN's Sustainable Development Goals in regards to affordable and clean energy (SDG 7) and responsible production and consumption (SDG 12). Indicatively, the target is to reduce the Group's carbon footprint by 250,000 tons of CO_2 by 2025 through investing in Renewable Energy Sources and reducing the CO_2/tn crude oil feedstock by 5% by 2020 in the Group's refineries. It also studies and assesses all the issues related to adapting its installations to climate change.

The Group consistently applies its environmental policy so that it binds all of its staff to it, while integrating it into all of its activities.

The implementation of the Group's environmental policy is achieved through the use of a set of tools, such as setting of objectives for each activity, monitoring all environmental parameters through European indicators, benchmarking with the performance of the industry in Europe, training staff and social partners and the implementation and certification of environmental management systems across the broad range of Group activities.

In addition, the Group regularly evaluates its compliance with the relevant environmental management procedures at each facility, either through internal inspections performed by trained and experienced personnel or through inspections conducted by independent accredited external certification bodies. At the same time, it monitors the development of environmental indicators (KPIs) which are included in the Group's periodic reports and performance evaluation criteria for executives.

HELLENIC PETROLEUM Group aims to reduce both gaseous emissions and waste generated through specific actions such as maximizing the use of gaseous fuels, using higher environmental fuels and applying advanced technologies to the production process, starting from the European Best Available Techniques for the industry. In 2017, actions to improve the facilities' environmental footprint continued. It is noted that the heavier refining maintenance program contributed to the reduction of the majority of the gaseous emissions (indicatively a reduction of about 10% of CO_2 emissions).

6 Process Safety Event Rate: Number of process safety incidents / 1 million man-hours

[7] All injury frequency: Sum of deadly accidents+LWI+limiting capacity+healthcare/ 1 million man-hours

With regards to liquid and solid waste management, the primary objective is to reduce their production at source, maximize recycling and re-use in the production process, for as many waste streams as possible, and subsequently manage them in the best possible way for the benefit of both the environment and public health.

HELLENIC PETROLEUM has invested in modern waste treatment units, such as three-stage integrated wastewater treatment units and an oil-sludge treatment unit using the biodegradation technique at the Thessaloniki facilities.

Due to the nature of its activities, the Group faces a number of risks in its daily operations in relation to the use of hazardous and flammable substances as well as technical failures in production and logistics facilities. Failure to manage those risks could have a significant impact on the Group's operations and financial position, including administrative sanctions, and inability to carry out the activities.

The Group has in place specific inspection and audit procedures to address any risks related to safety and the environment. In addition, it actively participates in international committees to measure and compare performance in the refining and petrochemical industries, using safety KPIs and share and implement best practices to improve its health, safety and environmental performance.
The financial impacts, as well as other potential risks to business activities due to climate change, are primary addressed in investment feasibility studies of the Group, with the strategic objective to address climate change with energy efficiency in both operations and head office, as well as growth in Renewable Energy Sources, which are one of the main directions of future growth.

However, obvious financial implications are related to the costs associated with the projected greenhouse gas emission allowance, as the Group’s three refineries in Greece participate in the European Greenhouse Gas Emissions Trading Scheme. Given that the ability for a real reduction of CO_2 emissions is limited to existing plants, since refineries have a high level of energy efficiency, having implemented energy saving projects for many years, costs related to the purchase of the required allowances, are expected to increase significantly between 2021 and 2030 of the EU ETS.

Other risks include the increased costs for complying with European environmental requirements and the Conclusions on European Best Available Techniques (BAT Conclusion), as well as additional measures for controlling and limiting greenhouse gas emissions, which have a particular impact on competitiveness due to our proximity to neighboring areas that are not subject to EU legislation.

The Group actively participates in the Sustainable Development Dialogue through participating in the Hellenic Federation of Enterprises Council on Sustainable Development on the SUSTAINABLE GREECE 2020 platform, etc., contributing with actions and investments to the 17 objectives and sub-objectives set by the UN for 2030 to which Greece has also committed itself.

H.2 Labour and Social Issues

The industry in which the Group operates, requires specialized skills, training and experience. As a result, the ability to attract and retain the right human resources is an important factor in the Group’s normal operation.

Any inability to find and employ competent personnel, especially highly skilled and in middle and senior management, can adversely affect the Group's operations and financial position.

The provision of a safe working environment, which in addition motivates employees and treats them with respect, giving equal opportunities to all, is a Group priority.

Relations with the employees are based on the equal treatment principle. Both the integration and the progress of each employee within the Group are judged on the basis of an employee’s qualifications, performance and ambitions, without any distinction.

The internal operation of the Group's business units is based on specific principles and rules, so that there is consistency and continuity, key building blocks that guarantee successful and developmental progress. In this context, the Code of Conduct summarizes the principles governing the internal operation of the Group's Companies and determines how it operates, while the Internal Labour Regulation defines the rules governing the relationships between the Company and its staff.

As mentioned, the safety of the Group's facilities is one of the most important priorities. In occupational risk management, an emphasis is placed on prevention in order to anticipate and control all possible health and safety risks in accordance with the criteria of Greek law (Law 3850/2010), European and international codes and best practices.
In addition, safeguarding the health of our employees and ensuring for a safe working environment are core values which are crystallized through the Health Surveillance Process. Periodic medical examinations of workers take place taking into account work descriptions, age group and gender.

Employee training is another important area in a way that each employee understands the Group’s strategic goals. Employee training also enables employees to define their role more effectively and develops their skills.

The Group monitors all relevant labor law (national, European, ILO), including reports on child labor, respect for human rights and working conditions, and is in full compliance with all collective and relevant international conventions.

The Group has an understanding of the impact of its activity on society, especially in areas that are adjacent to its facilities. Consequently, our communication and co-operation with the wider community and especially neighboring local communities is multidimensional, including actions concerning infrastructure projects and supporting local economic activity (with a more specific emphasis on vulnerable social groups and the younger generation). This is supported by continuous dialogue with all social partners and surveys used to identify the key issues associated with the Group's activities, as well as periodic customer satisfaction surveys, annual public opinion surveys, public debates and other forms of communication.

The results of these actions are evaluated and redefined in order to take into account and to meet the needs and expectations of stakeholders.

H.3 Ethics and Transparency - Code of Conduct

The Code of Conduct summarizes the principles governing the internal operation of the Group in Greece and abroad, which specify the way it operates to achieve its business goals. This serves the best interests

of the stakeholders, minimizing additional risks regarding compliance and reputation of the Group. The Code summarizes the principles, according to which each individual employee who participates in the production process of the companies of the Group and all collective bodies must act within the scope of their duties, constituting a guide for everyone, and third parties cooperating with ELPE.
The procedure of accepting and reaffirming the commitment by employees is made periodically by the General Directorate of Human Resources and Administrative Services of the Group and the Code is translated into all the languages of the countries where the Group operates, as well as in English.

Since the implementing of the Code of Conduct in 2011, systematic education and training of executives and employees of companies of the Group has taken place, in the content of the Code and its applications.

I. Related Party Transactions

The companies that are part of the Group have transacted during 2017 with the Parent Company, HELLENIC PETROLEUM SA and also between them both domestically and internationally. Related companies are considered those that fall under Article 42e, Paragraph 5 of Codified Law 2190/1920.

Commercial transactions of the Group and the Company with related parties during 2017 have taken place at an arm's length basis. Terms of trade were in line with applicable corporate regulations (supplies, assets under construction, etc.), as approved by the BoD. The Group did not participate in any transaction of an unusual nature or content and does not intend to participate in such transactions in the future.

Transactions have been carried out with the following related parties:

a) Associates and joint ventures of the Group which are consolidated under the equity method:
- Athens Airport Fuel Pipeline Company S.A. (EAKAA)
- Public Gas Corporation of Greece S.A. (DEPA)
- Elpedison B.V.
- Spata Aviation Fuel Company S.A. (SAFCO)
- HELPE Thraki S.A.
- D.M.E.P. HOLDCO

	For the year ended	
	31 December 2017	31 December 2016
Sales of goods and services to related parties		
Associates	780.852	760.269
Joint ventures	6.532	171
Total	**787.384**	**760.440**
Purchases of goods and services from related parties		
Associates	842.978	780.259
Joint ventures	13.062	3.533
Total	**856.040**	**783.792**
Balances due to related parties		
Associates	3.182	34.846
Joint ventures	1.886	639
Total	**5.068**	**35.485**
Balances due from related parties		
Associates	37.133	23.720
Joint ventures	101	9
Total	**37.234**	**23.729**

HELLENIC PETROLEUM S.A. has provided letters of comfort and guarantees in favour of banks as security for loans granted by them to Elpedison B.V., the outstanding amount of which as at 31 December 2017 was €88 million (31 December 2016: €100 million).

b) Government related entities which are under common control with the Group due to the shareholding and control rights of the Hellenic State and with which the Group has material transactions or balances:

- Public Power Corporation Hellas S.A.
- Hellenic Armed Forces
- Road Transport S.A.
- Trainose S.A. (Up to 14 September 2017 when Ferrovie Dello Stato Italiene S.p.A acquired full ownership of Trainose).

During the year ended 31 December 2017, transactions and balances with the above government related entities are as follows:

- Sales of goods and services amounted to €417 million (31 December 2016: €141 million);
- Purchases of goods and services amounted to €43 million (31 December 2016: €51 million);
- Receivable balances of €61 million (31 December 2016: €18 million);
- Payable balances of €5 million (31 December 2016: €2 million).

J. Information about Financial Instruments

The nature of the Group's activities exposes the Group to significant risks, which stem mainly from the volatile and unpredictable international refining environment, as well as from the growing volatility of international financial markets.

In the context of risk management, as described in detail in the published financial statements, the Group enters into hedging transactions using financial derivatives wherever possible, aiming to protect its interests. These transactions are split into two main categories.

Short-term Transactions

The first category involves short-term risk management and hedging transactions that affect short term profitability mainly for the next 6 to 12 months. The results of these transactions are evaluated on a quarterly basis and included in quarterly income or expenses.

Long-term Transactions

The second category involves longer-term transactions that provide cover for strategic issues, such as investments, and which are disclosed in the Group's financial statements in line with the provisions of IAS 32 and 39 on Hedge Accounting.

K. Significant Events after the end of the Reporting Period

No significant events occurred after the end of the year and until the date of submission of this report

L. Explanatory Report of the BoD required by par.7 art. 4 of Law 3556/2007 (As per par.8 art.4 of Law 3556/2007)

The BoD submits to the Annual General Meeting of Shareholders, an Explanatory Report on the information required by par.7 art. 4 of Law 3556/2007, pursuant to the provisions of par.8 art.4 of Law 3556/2007 as follows:

a) Limitations on transfer of Company Shares

Following the amendment of the Company's Articles of Association in 2013, which took place in line with the provisions of the Legislative Act dated 07/09/2012, ratified by N. 4092/08.11.2012 (Government Gazette A' 220), the mandatory, minimum percentage participation of the Greek State in the capital (35%) was abolished, therefore there are no restrictions on the transfer of its shares.

b) Significant direct / indirect holdings in the sense of articles 9 to 11 of Law 3556/2007

Shareholders (individuals or legal entities) holding more than 2%, either directly or indirectly, of the total number of the Company's shares as of 31.12.2017 are listed in the table below:

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SHAREHOLDING (31.12.2017)			
Shareholder	Number of Shares	Capital Held share (%)	Voting Rights
Paneuropean Oil & Industrial Holdings SA	138,971,359	45.47	138,971,359
Greek State	108,430,304	35.48	108,430,304
Private & Institutional investors	58,233,522	19.05	58,233,522
TOTAL SHARES	**305,635,185**	**100**	**305,635,185**

c) Securities conferring special control rights

There are no Company securities (including shares) granting their owners special control rights.

d) Limitations on Voting Rights

According to article 21 of the Company's Articles of Association, only minority shareholders (i.e. excluding the Greek State, Paneuropean Oil and Industrial Holdings SA, as well as its associated enterprises) are entitled to vote at the Special General Meeting to elect the two BoD members that represent minority shareholders.

e) Agreements between shareholders known to the Company, involving restrictions in the transfer of securities or the exercising of voting rights

There is an agreement, as of 30/05/2003, between Paneuropean Oil and Industrial Holdings SA and the Greek State for restrictions in the transfer of shares. The Company is not a party to this shareholder agreement.

f) Rules for the appointment and substitution of Directors and for the amendment of the Articles of Association

According to article 20, paragraph 2 (a) of the Articles of Association, the Greek State appoints 7 out of the total 13 BoD members, as long as it maintains, directly or indirectly through Hellenic Republic Asset Development Fund, 35% in the share capital. Following the amendment of the Company's Articles of Association in 2013, the clause on the minimum participation of the Greek State in the share capital of the Company (35%) was removed and the company's Articles of Association can be amended by resolution of the General Assembly, as a whole, without exceptions.

According to article 20, paragraph 2 (b) of the company's Articles of Association, Paneuropean Oil and Industrial Holdings SA and its associated enterprises appoint two members of the BoD, on the condition that they hold at least 16.654% of the total voting shares in the Company.

According to article 20, paragraph 2 (c) of the company's Articles of Association, it is obligatory that two members of the BoD are representatives of the Company's employees, elected by direct and universal voting and through the simple proportional representation system by the employees.

According to article 20, paragraph 2 (d) of the company's Articles of Association, two members of the BoD representing minority shareholders are appointed by the Special General Meeting of minority shareholders (excluding the Greek State and Paneuropean Oil and Industrial Holdings SA and its associated enterprises).

g) Power of the BoD or any of its members for issuing of new shares or purchase of own shares

The General Meeting of shareholders may concede (article 6, paragraph 2 of the company's Articles of Association) to the BoD its power to increase the Company's Share Capital, pursuant to article 13, paragraph 1 (b) of Codified Law 2190/1920. However, such a decision has not been taken by the General Meeting.

The Annual General Meeting of shareholders has approved a stock option plan for the years 2005 to 2007 (as years of reference). The plan was amended by subsequent decisions of General Meetings with the latest taking place in 2014 and 2015. More specifically:

The Annual General Meeting of shareholders in 2015 (25.06.2015), which amended the decision of the previous Annual General Meeting of 30.6.2014, decided to grant to the BoD the authority to decide upon the timing to exercise the options according to their own judgement by one of the following two ways:

- Award of new shares to the beneficiaries of the plan, which would arise from corresponding increase in the share capital of the company.
- Purchase of treasury shares from the company and award to the beneficiaries of the program's shares

This General Meeting of Shareholders has decided that the maximum number of shares that can be acquired by the Company are 3,600,000 shares, at the maximum purchase price of EUR15/per share and minimum price the nominal value of the share. It also approved the granting of loans or guarantees to members of the Company's Board of Directors who are beneficiaries in order to exercise their stock options. The Extraordinary General Meeting of 6.7.2017 extended, the duration of the approval for the acquisition by the Company of its shares, pursuant to the provisions of article 16 of Law 2190/1920, issued by the Ordinary General Meeting of 2015, up to 5.12.2018, which is the expiration date of the current Stock Option Plan.

Considering the above, the Company has purchased 1,284,656 common shares. Until today, 1,265,965 shares were distributed to 78 beneficiaries of the Program, versus the exercise of 1,351,839 stock options, representing 0.005% of the paid-in Company's capital.

As of today, the Company owns 18,691 ordinary shares, representing 0,00006% of the paid-in capital, which constitute the total number of treasury shares that it holds.

It is noted that as at 31 December 2017, a total of 1,214,494 common shares, versus the exercise of 1,294,300 stock options, were distributed, while the Company owned 70,160 common shares.

HELLENIC PETROLEUM

The General Meeting of shareholders has not decided to grant the BoD or any BoD members the authority to purchase Company's own shares up to 10% of the paid-in capital (unless they are to be distributed to the Company's or Group's employees), under the conditions and requirements that such decision defines, in accordance with the special terms and proceedings of article 16 of Codified Law 2190/1920.

h) Significant agreements put in force, amended or terminated in the event of change of control following a public offer and results of these agreements

No agreements exist that are put in force, amended or terminated in the event of change of control following a public offer

i) Agreements of the issuer with members of the BoD or its employees that provide compensation in the event of resignation or dismissal without valid reason or end of term or employment, as a result of a public offer

No agreements of the Company with members of the BoD or its employees that provide compensation in the event of resignation or dismissal without valid reason or end of term or employment, as a result of a public offer exist.

Athens, 22 February 2018

By authority of the Board of Directors

Efstathios Tsotsoros	Grigorios Stergioulis	Andreas Shiamishis
Chairman	Chief Executive Officer	Deputy Chief Executive Officer &Chief Financial Officer

HELLENIC PETROLEUM

Appendix

Group Structure

Company	Relation	%	Activities
HELLENIC PETROLEUM SA	Parent Company		
Hellenic Fuels and Lubricants Industrial and Commercial SA	HELLENIC PETROLEUM INTERNATIONAL AG HELLENIC PETROLEUM SA	64.41 35.59	Oil products trade
DIAXON SA	Sole shareholder: HELLENIC PETROLEUM SA	100	BOPP film production / trade
ASPROFOS SA	Sole shareholder: HELLENIC PETROLEUM SA	100	Energy sector engineering services
HELLENIC PETROLEUM INTERNATIONAL AG	Sole shareholder: HELLENIC PETROLEUM SA	100	Holding company for the Group's investments abroad
POSEIDON MARITIME	Sole shareholder: HELLENIC PETROLEUM SA	100	Vessel-owning company
APOLLON MARITIME	Sole shareholder: HELLENIC PETROLEUM SA	100	Vessel-owning company
ELPET BALKANIKI S.A.	Shareholder: HELLENIC PETROLEUM SA	100	Crude oil pipeline construction and operation
HELLENIC PETROLEUM - RENEWABLE ENERGY SOURCES SA	Sole shareholder: HELLENIC PETROLEUM SA	100	Production, distribution, trading of renewable energy sources
HELPE – LARCO ENERGIAKI KOKKINOU	Shareholder: HELLENIC PETROLEUM RES SA	51	Production, distribution, trading of renewable energy sources
HELPE – LARCO ENERGIAKI SERVION	Shareholder: HELLENIC PETROLEUM RES SA	51	Production, distribution, trading of renewable energy sources
ENERGIAKI PYLOU METHONIS	Shareholder: HELLENIC PETROLEUM RES SA	100	Production, distribution, trading of renewable energy sources
HELLENIC PETROLEUM FINANCE plc	Sole shareholder: HELLENIC PETROLEUM SA	100	Financing and other financial services
EKOTA KO SA	Shareholder: EKO SA	49	Construction, operation of fuel storage facilities
EKO KALYPSO MEPE	Sole shareholder: EKO SA	100	Retail trade of liquid fuels & LPG in Greece
EKO DIMITRA MARITIME COMPANY	Sole shareholder: EKO SA	100	Tanker operation
EKO ARTEMIS MARITIME COMPANY	Sole shareholder: EKO SA	100	Tanker operation
EKO ATHINA MARITIME COMPANY	Sole shareholder: EKO SA	100	Tanker operation
EKO IRA MARITIME COMPANY	Sole shareholder: EKO SA	100	Tanker operation
EKO AFRODITI MARITIME COMPANY	Sole shareholder: EKO SA	100	Tanker operation
HELLENIC PETROLEUM CYPRUS LTD	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Oil products trade, distribution and storage in Cyprus
SUPERLUBE LTD	Shareholder: HELLENIC PETROLEUM Cyprus	100	Production and marketing of lubricants
RAMOIL SA	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Oil products trade, distribution and storage in Cyprus

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GLOBAL ALBANIA SA	Sole shareholder: HELLENIC PETROLEUM SA	99,96	Oil products imports & trade in Albania
JUGOPETROL AD	Shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	54.35	Oil products trade, distribution and storage in Montenegro
HELLENIC PETROLEUM BULGARIA (Holdings) LTD	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Oil products trade and distribution in Bulgaria
HELLENIC PETROLEUM SERBIA (Holdings) LTD	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Oil products trade and distribution in Serbia
HELLENIC PETROLEUM CONSULTING	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Provision of consulting services to the Group's companies abroad
EKO BULGARIA EAD	Sole shareholder: HELLENIC PETROLEUM BULGARIA (Holdings) LTD	100	Oil products trade in Bulgaria
EKO-SERBIA AD	Sole shareholder: HELLENIC PETROLEUM SERBIA (Holdings) LTD	100	Oil products trade in Serbia
OKTA CRUDE OIL REFINERY AD	Shareholder: EL.PE.T BALKAN SA	81.51	Crude oil refining, oil products import and trade in Skopje
VARDAX SA	Shareholder: EL.PE.T BALKAN SA	80	Crude oil pipeline operation Thessaloniki - Skopje (OKTA)
HELPE PATRAIKOS SA	Sole shareholder: HELLENIC PETROLEUM SA	100	Exploration and Production of Hydrocarbons
HELPE UPSTREAM SA	Sole shareholder: HELLENIC PETROLEUM SA	100	Exploration and Production of Hydrocarbons

HELLENIC PETROLEUM

RELATED COMPANIES THAT ARE CONSOLIDATED THROUGH THE EQUITY METHOD AND OTHER INVESTMENTS

Associates	Relation	%	Activities
DEPA SA	Shareholder: HELLENIC PETROLEUM SA	35	Natural gas Import & Distribution in Greece
ATHENS AIRPORT FUEL PIPELINE COMPANY SA	Shareholder: HELLENIC PETROLEUM SA	50	Aspropyrgos – Spata airport pipeline
HELPE THRACE SA	Shareholder: HELLENIC PETROLEUM SA	25	Burgas - Alexandroupoli pipeline
DMEP HOLD CO	Shareholder: HPI SA	48	Provision of management and storage services of petroleum products
SAFCO SA	Shareholder: EKO SA	33.3	Aircraft refuelling

Joint Ventures	Relation	%	Activities
Elpedison BV	Shareholder: HELLENIC PETROLEUM SA Shareholder: HPI SA	5 45	Power Generation, Electricity trading and Supply
STPC (HELPE SA, Calfrac Well Services Ltd)	Shareholder: HELLENIC PETROLEUM SA	25	Concession rights for the exploration and exploitation of hydrocarbons in Thracian sea
HELPE SA, Edison International SpA	Shareholder: HELLENIC PETROLEUM SA, as Operator	50	Lease agreement with the Hellenic Republic for the sea region of Patraikos Gulf for the exploration and exploitation of hydrocarbons

BoD Members CVs

Efstathios Tsotsoros, Chairman of BoD

He is an Electrical-Mechanical Engineer from NTUA, graduate Economist of the Department of Economics at the University of Athens, and an Emeritus Professor of Panteion University on Economic Development and Social Transformation. He served as a member of the Council and the Senate of the University and he was Director of the Postgraduate program, as well as of the Economic and Social Research Centre, the Department of Sociology.

He has particularly important and extensive experience in senior management positions in both public and private sectors as well as in local government. He has served as Director of PPC, Board Member and CEO of the Business Reconstruction Organization, Vice President and General Manager of the Athens Regulatory Plan & Environmental Protection Organization, as a Board Member and CEO of various companies in the private sector and Founder, Chairman and CEO of the Alpha Broadcasting Group. He has also advised the Minister of Energy, the Mayor of Athens, the President of the Greek Technical Chamber and has occupied the post of Chairman of the Technical Chamber of Greece and Chairman of the Program Agreements and Development Contracts Committee.

He has participated in research projects and in the preparation of technical and economic studies, major investment projects, as well as national and regional development programs. His scientific research has been published by the Educational Institutions of the National Bank of Greece, by Commerce and Piraeus Banks, as well as the National Research Foundation and Papazisis Publications.

Grigorios Stergioulis, Chief Executive Officer

He is Chemical Engineer and holds an MSc in Advanced Integrated Design by the Houldsworth School of Applied Science of the University of Leeds in UK, and graduated with distinction. He has significant professional experience in the oil industry and has worked in various companies in Greece and abroad.

Since 1984 he has been working in the HELLENIC PETROLEUM Group in managerial positions in different fields. He participated in the Aspropyrgos Refinery's upgrading team in the period 1984-1987, took up various positions in research and production activities, specialising in control systems and production optimisation, and he was appointed Coordinator of the Elefsina Refinery Project during the period 2008-2014.

He has published technical articles regarding Automation, Production Computing Systems, Production Optimisation and Advanced Control Systems. He is the author of the book “The Oil Market in South East Europe” which was published by the South East Europe Energy Institute and the General Trade Union of Greece. He has participated in many conferences as a main speaker.

He speaks Greek, English and French. In May 2015, he was appointed CEO of HELLENIC PETROLEUM SA.

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Andreas Shiamishis, Deputy Chief Executive Officer and Chief Financial Officer

Holds an Economics degree specialising in Econometrics from the University of Essex, UK, and is a Fellow (F.C.A.) member of the Institute of Chartered Accountants in England and Wales.

He began his career in 1989 working for KPMG Certified Auditors and Advisers in London where he specialised in the banking sector and in organization and strategy for large multinational groups. From 1993 to 1999, he worked as a manager of the DIAGEO Food and Beverages Group in European markets, with positions of responsibility in finance and strategy. In Greece, he held the position of Chief Financial Officer at METAXA until 1998, and later went on to become Regional Finance and Business Development Director with responsibility for the Middle East and North Africa for Pillsbury Group (part of DIAGEO).

From 2000 to 2002, he worked as Chief Financial Officer and Chief Restructuring Officer in a LEVENTIS Group listed company before joining PETROLA HELLAS in 2003 where he worked as Chief Financial and IT Officer.

Following PETROLA's merger with HELLENIC PETROLEUM in 2004, he was appointed Group Chief Financial Officer and a Member of the Group's Executive Committee, and from 2014 to 2015, he became Deputy Chief Executive Officer of the Group, a post he took over once again in June 2017. He is an active participant on various ICAEW committees in Greece and abroad, is a member of the Economic Chamber of Greece, the Corporate Governance Committee of the Hellenic American Chamber of Commerce and various Hellenic Federation of Enterprises committees.

Ioannis Psychogios, Executive member of BoD

Chemical Engineer graduated from the National Technical University with a master in Business Administration. He began his professional career in 1985 at the Aspropyrgos Refinery as a Production Engineer. After his placements throughout the administrative hierarchy, in 2003 he became the Refinery Manager. During the period 2005-2008, he was CEO of OKTA in Skopje, and from 2008 to 2010 he served as Director of Organisation and Development for the Group's refineries. He served as CEO of the Group's subsidiaries EKO and HELLENIC FUELS. He is General Manager of Group Supply, Refining and Sales.

Georgios Alexopoulos, Executive Member of the BoD

As General Manager of Strategic Planning and Joint Ventures Participation for HELLENIC PETROLEUM Group, he is responsible for strategic planning, new business development, Renewable Energy Sources, the Group's representation in international organizations as well as the management of strategic projects and joint ventures (DEPA/DESFA and Elpedison). He has been a member of the Board of Directors of the European Petroleum Refiners Association as a regular or alternate member since 2012, and has worked for HELLENIC PETROLEUM Group since 2007.

He held the position of Director of Strategic Planning and Development in an international group of companies (SETE S.A.) based in Geneva, Switzerland, from 1998 to 2006, where he was responsible for overseeing the Group's energy portfolio.

Previously, he worked for a number of technical and executive positions at companies including Stone & Webster, Molten Metal Technology, Merck, Dow Corning and Dow Chemical in the United States between 1993 and 1997.

He holds an MBA degree (1998) from the Harvard Business School and an M.Sc. (1993) and B.Sc. (1992) in Chemical Engineering from the Massachusetts Institute of Technology (MIT).

Theodoros–Achilleas Vardas, Non-Executive Member of BoD

Mr. Theodoros-Achilleas Vardas has been a Member of the Board of Directors of HELLENIC PETROLEUM since 2003. He also serves as Vice Chairman of the BoD of EKO SA, the Group's marketing company.

He was born in Athens in 1950. He holds a Degree in Chemical Engineering from the Swiss Federal Institute of Technology in Zurich and a PhD from the Systems Engineering Department of the same institute.

He began his professional career in 1979 at the Latsis Group, where he worked in key positions and in 1981 as General Manager of Petroleum Products Trading. At the same time, from 1988 to 2003, he was the Deputy CEO and Member of the BoD of Petrola Hellas SA.

Since October 2003, following the merger of Petrola Hellas SA and HELLENIC PETROLEUM SA until the end of 2016, he served as a Management Consultant of HELLENIC PETROLEUM SA.

He also served as Member of the BoDs of Papastratos SA (1999-2003), DEPA SA (2004-2016), ELPEDISON BV (2008-2016).

He is married and father of two children.

Grigoriou Georgios, Non-Executive Member of BoD

He is a Chemical Engineer, graduated from National Technical University, with post graduate studies (Master of Science) in Chemical Engineering-Physical and Chemical Processes, from Columbia University, U.S.A.

He joined HELLENIC PETROLEUM Group in 1984 (former DEP-EKY and DEP) in various job positions, in E&P and Supply & Trading Divisions, where he became Director of Logistics Coordination in 2010. He was retired in 2011.

Dimitrios Kontofakas, Non-Executive Member of BoD

He holds a degree in Economics from University of Athens. For several years up to 1993, he was CEO in export trade companies, while from 1993 until 1998 he assumed managerial positions in media Groups such as CFO and CEO in subsidiaries of the Bobolas Group and Androulidakis Group.
From 1998 up to now he has been serving as CFO to a Group of companies of wind and photovoltaics parks and is responsible for the financial management and planning. He is also a major shareholder and manager of a construction company for private projects while he also participates in a BoD of an environmental company specialising in solid waste management studies.
From 2015 and onwards, he is also a Special Advisor in matters of investments and international economic relations to the vice-president of the Greek government.

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Vasilios Kounelis, Non-Executive Member of BoD

He holds a Law Degree from the National Kapodistrian University of Athens, and a Masters in Criminology from Panteion University. He is an attorney at law at the Athens Supreme Court, with extensive experience in litigation in most branches of law and a regular member of the Professional Sports Committee, article 77 of Law 2725. He has served as a Legal Advisor to Media Desk Hellas, and is a member of the Athens Bar Association's Committee on Constitutional Rights and the Environment, as well as a Member of the Steering Committee of the 12 (largest) scientific bodies for the environment, as a representative of the ABA.

He is a founding member of the environmental organization GI (Earth) and a legal representative of the environmental organization 'Aie Menallon'. He has worked in an academic capacity on social exclusion issues for the Municipality of Chalandri and is also a municipal councilor for the Municipality of Chalandri. His books, articles and interviews have been published by Okeanida, Criminology, Nea Estia, Anagnosti magazine, TVXS, by most Greek printed and broadcast media, as well as Ukrainian television.

Konstantinos Papagianopoulos, employee representative

Graduated of the Technical School of Electronics in 1984. Since then, he has worked for Petrola Hellas plc and after the merger with HELLENIC PETROLEUM, and particularly in the division of Electrical and Instrumentation of Elefsina Refinery. From 2004, he has been a member of the Board of Directors of the Panhellenic Workers Association ELPE. In February 2013, he was elected as the representative of the workers in the BoD.

Panagiotis Ofthalmidis, employee representative

He is a graduate of Electrical Engineering from the Kavala Institute of Technology. He has worked at HELLENIC PETROLEUM S.A. (formerly EKO) since 1989 in the Electrical Maintenance of Refinery and Chemical Plants of Industrial Installations in Thessaloniki.

From November 2007 until June 2017, he was President of the HELLENIC PETROLEUM Workers' Union. In March 2008, he was elected as representative of the employees on the BoD of the Company. In March 2016, he was elected to the General Confederation of Greek Workers as Assoc. Secretary of Economics for the President's Office, a post he holds until today.

Theodoros Pantalakis, independent member, minority shareholders' representative

Holds a degree in Business Administration from the Piraeus University.

From 1980 to 1991 he worked at the National Bank of Investments & Industrial Development (ETEBA). Additionally, from 1983 to 1985 he was associate of the Deputy Minister of National Economy, Kostis Vaitsou and from 1985 to 1988 was the Office Director of the Deputy Minister of National Economy, Theodoros Karantzas. From 1991 to 1996 he was Assistant General Manager in the Interamerican group. From March 1996 to April 2004 he held the position of Deputy Governor of the National Bank of Greece, while at the same time he served as Chairman, Vice-Chairman or member of the BoD in several of the

bank's subsidiaries. He was also Vice-Chairman of the Athens Stock Exchange, President of the Central Depository, and President of the Executive Committee of the Hellenic Bank Association et.al. In May 2004 he was appointed Vice-Chairman of the BoD of Piraeus Bank and from January 2009 to December 2009 he was the Vice-Chairman and Deputy-CEO of the Piraeus Bank Group.

He was also Chairman of the BoD of Piraeus AEEAP (now Trastor AEEAP) and the Chairman of Europaiki Pisti AEGA insurance company. He served as Chairman of the BoD of ATE Bank between 2009 and 2012.

From August 2012 to September 2016 he served as Chairman and CEO of Apollonios Kyklos SA, Vice Chairman of Enosis SA and Ltd, Associate of DEMKO SA, Member of the BoD of ELLAKTOR Group, HELLENIC PETROLEUM, Retail World and MAD DOG SA.

Currently he is the CEO of Attica Bank, Vice Chairman of Enosis SA and Ltd, Member of BoD of ELLAKTOR Group (Attiki Odos, Anemos SA, REDS) and HELLENIC PETROLEUM.

Spyridon Pantelias, independent member, minority shareholders' representative

Holds a PhD and Master's Degree in Economics from the University of Washington, St. Louis, as well as a Degree in Economics from the University of Athens.

He is a banker with significant experience in the financial services sector. He holds the position of supervisor Micro and Marco-Prudential Supervision and Director of Financial Stability at the Bank of Greece where he works since the beginning of 2012. He has served as Executive Vice Chairman of the BoD of Hellenic Post Bank (2009-2011), General Manager of the Bank of Cyprus group – Head of investment banking, asset management and brokerage. From 2005 to 2007 he held the position of Deputy General Manager at Emporiki Bank, from 2002 to 2004 General Manager of EFG Telesis Finance and in 2000 to 2002 Deputy General Manager at Geniki Bank. He has also worked in the National Bank of Greece, the Hellenic Bank Association and the Reuters News Agency.

HELLENIC PETROLEUM

3. Statement of the Chairman, Chief Executive Officer and one Director on the true presentation of the Annual Financial Report

Statement of the Chairman, Chief Executive Officer and one Director on the true presentation of the Annual Financial Report

(Pursuant to article 4 par. 2 of Law no. 3556/2007)

Pursuant to provisions of article 4, par. 2(c) of Law 3556/2007, we state that, to our best knowledge:

a. The Annual Financial Statements, which were prepared in accordance with the applicable International Financial Reporting Standards, fairly represent the assets and liabilities, the equity and results of the parent company HELLENIC PETROLEUM S.A. for 2017, as well as of the companies that are included in the consolidation taken as a whole.

b. The Annual Report of the Board of Directors fairly represents the performance, results of operations and financial position of the parent company HELLENIC PETROLEUM S.A. and of the companies included in the consolidation taken as a whole, as well as a description of the main risks and uncertainties they face.

Athens, 22 February 2018

By authority of the Board of Directors

Efstathios Tsotsoros	Grigorios Stergioulis	Andreas Shiamishis
Chairman	Chief Executive Officer	Deputy Chief Executive Officer and CFO

HELLENIC PETROLEUM

4. Independent Auditor’s Report on the Annual Financial Statements and the Annual Financial Report

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Hellenic Petroleum S.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Hellenic Petroleum S.A (the "Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects the financial position of the Group as at 31 December 2017 and its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as endorsed by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), as incorporated in Greek Law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We remained independent of the Group throughout the period of our appointment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), as incorporated in Greek Law, together with the ethical requirements that are relevant to the audit of the consolidated financial statements in Greece, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

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Key audit matter	How our audit addressed the key audit matter

Assessing impairment of non-current assets

At 31 December 2017, the Group has recognized property, plant and equipment of € 3,3 billion and investments in associates and joint ventures of €702 million.

Under IFRS, an entity is required to assess whether impairment indicators exist. The assessment of whether there is an indication that an asset may be impaired requires significant judgment.

A number of external factors including, but not limited to, the level of refining margins in the Mediterranean and the euro to dollar exchange rate, affect the operations and financial position of the Group and could have a significant impact on the recoverable amounts of the Group's non-current assets, including refining, retail, as well as investments in associates and joint ventures.

In view of the nature of these investments and non-current assets, forecasting future cash flow is inadvertently dependent on the Group's view on oil, gas and electricity price outlook for the next 4-5 years. Other key inputs used in assessing the recoverable amounts are the discount rates used, future expected production volumes and capital and operating expenditures.

Given the materiality of balances of non-current assets in the consolidated statement of financial position, the level of subjectivity in respect of assumptions underlying the impairment analysis, and significant judgments and estimates made by management, we consider non-current assets' assessment for impairment a key audit matter.

The Group's disclosures regarding its accounting policy, and judgments and estimates used in its assessment for impairment of its non-current assets are in notes 2.10, 4, 6 and 8 of the consolidated financial statements.

We performed the following procedures:

- We evaluated management's assessment of the potential impairment indicators, focusing on whether indicators exist, including by comparing actual performance to that budgeted and assessing historical accuracy of management's budgets and forecasts.
- For the assets where impairment indicators were identified, we assessed with the assistance of our own internal specialists: (i) the assumptions and methodologies used by management to determine the recoverable amount of assets for which impairment tests were performed and (ii) the level at which the recoverable amount was determined (asset or cash generating unit)
- We used external data in assessing the assumptions used, the most significant being the assessment of forecasts of future cash flows prepared by management, the discount rate, and the residual value, evaluating the assumptions and comparing the estimates to externally available industry, economic and financial data, as well as performed sensitivity analyses against most significant inputs.

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Key audit matter	How our audit addressed the key audit matter
Monitoring debt and liquidity position As explained in note 16 of the consolidated financial statements, as of 31 December 2017, the balance of the Group's bond loans and other borrowing facilities, amounted to €2,8bn, of which €1,9bn is classified as current. The Group is in the process of executing a refinancing plan for its bond loans and syndicated loan facilities as explained in note 3.1.(c) of the consolidated financial statements and has positive operating cash flows available for repayment of loans. In addition, certain of the Group's term credit facilities contain covenants such as financial covenants, negative pledge, pari passu, cross-default and change of control clauses. The Group has renegotiated and largely aligned the terms of its loan covenants across its borrowings over the last years. We consider the refinancing plan a key audit matter, due to the materiality of the maturing financing lines. The Group's disclosures regarding its borrowings, status of its refinancing actions and loan covenants compliance are included in notes 3.1(c) and 16 of the consolidated financial statements.	We performed the following procedures: - We obtained an understanding of the refinancing plan, and the progress made on its execution up to the date of this report. - We assessed management's assumptions in relation to operating cash flows, and other sources of financing, as included in the Group's approved business plan. In particular we compared key assumptions such as oil prices, euro to dollar exchange rate, and refining margins to externally available information and historical data. - We assessed the adequacy of related disclosures in the notes to the consolidated financial statements. - We reviewed the terms of the existing loan agreements including debt covenant definitions and ratios. - We reviewed management's assessment of compliance with relevant covenants within these facilities - We recomputed financial loan covenants ratios, including assessment of the extent of available headroom in the computations.

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Key audit matter	How our audit addressed the key audit matter
Recoverability of trade receivables	
Included in the gross balance of trade receivables in note 11 of the consolidated financial statements as at 31 December 2017 is an amount of €382 million relating to the Group's marketing operations in Greece, against which provision for impairment amounting to €129 million is recorded. Management assesses the recoverability of their trade receivables, and estimates allowance for doubtful accounts to reflect receivables at their recoverable amount. Management evaluates the estimated allowance based on specific reviews of customer accounts taking into account its experience with collection trends in the oil market industry, the current economic conditions and also the securities and collaterals obtained from specific customers. The assessment of the impairment of trade receivables requires significant management judgment in assessing the trade debtors' ability to pay, and the valuation of collaterals held, which in turn impacts the recoverability of the Group's receivables. Thus we have considered this a key audit matter. The Group's disclosures regarding trade receivables, the related risks such as credit risk and the aging of trade receivables are included in notes 3.1.(b) and 11 of the consolidated financial statements, while note 4 discloses the Group's significant accounting judgments and estimates.	Our work included, but was not limited to, the following procedures: - We obtained third party confirmations for a representative sample of trade receivables and performed procedures subsequent to balance sheet date for receipts against the closing balance. - We obtained an understanding of the Group's process to monitor trade receivables, and of the factors considered in estimating the provision for impairment. We evaluated whether the process is in line with the relevant accounting standards. - We evaluated management's assessment as to the recoverability of trade receivables. - We evaluated the Group's policy and key assumptions used for recording a provision for impairment of trade receivables, including the valuation of collaterals taken into account. - We read minutes of credit review committee and obtained and reviewed legal letters to corroborate management's assumptions on recoverability of receivables. - We assessed how settlements agreements made with customers are monitored and taken into consideration by management in their estimations for provision for impairment. - We assessed the correctness of the ageing analysis which is an input into the Group's estimate of the provision - We evaluated the Group's disclosures against the requirements of the relevant accounting standards.

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Key audit matter	How our audit addressed the key audit matter
Uncertain tax positions As disclosed in note 31 of the consolidated financial statements as of 31 December 2017, the Group has certain open disputes mainly relating to tax audits by the Greek tax authorities. In addition, the tax authorities reserve the right for future tax audits. The accounting for these uncertain tax and legal positions require significant judgment by management mainly in assessing whether to treat these uncertain tax positions as a contingent liability or as a provision. Given the complex and changing tax environment, and the time taken for the judicial process to result in a final position in case of a dispute, high level of management judgment is involved in assessing uncertain tax positions, thus we considered this a key audit matter. The Group's disclosures about Uncertain Tax Positions are included in notes 27 and 31 of the consolidated financial statements, while notes 2.19 and note 4 refer to the Group's accounting policies and significant judgments and estimates.	Our work included, but was not limited to, the following procedures: - We involved our tax specialists to assist us in assessing the treatment of uncertain tax positions. - We evaluated the uncertain tax positions by reviewing the reports issued by the tax authorities following the tax audits completed in 2017, and also understanding the Group's position and basis for their appeal. - We used our tax specialists to help us gain an understanding of the current status of the open tax assessments by reading external and internal legal advice received by the Group - Based on the above we, together with tax specialists in our team, evaluated management's assessment of the uncertain tax and legal positions. - We also assessed the adequacy of the Group's disclosures in the consolidated financial statements with respect to the above matters.

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Other Matter

The consolidated financial statements of the Group for the year ended December 31, 2016, were audited by another auditor who expressed an unmodified opinion on those statements on February 23, 2017.

Other information

Management is responsible for the other information. The other information, included in the Annual Report, comprises of the Board of Directors Report (for which reference is also made in section Report on Other Legal and Regulatory Requirements), the Statements of the Members of the Board of Directors, and other complementary information, but does not include the Consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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. We have nothing to report in this regard.

Responsibilities of the Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as endorsed by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, as incorporated in Greek Law, 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 consolidated financial statements.

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As part of an audit in accordance with ISAs, as incorporated in Greek Law, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

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Report on Other Legal and Regulatory Requirements

1. Board of Directors' Report

Taking into consideration that management is responsible for the preparation of the Board of Directors' Report and Corporate Governance Statement that is included therein, according to the provisions of paragraph 5 article 2 of Law 4336/2015 (part B), we report that:

a) The Board of Directors' Report includes a Corporate Governance Statement that contains the information required by article 43bb of Codified Law 2190/1920.
b) In our opinion the Board of Directors' Report has been prepared in accordance with the legal requirements of articles 43a and 107A, and paragraph 1 (c and d) of article 43bb of the Codified Law 2190/1920 and the content of the Board of Directors' report is consistent with the accompanying consolidated financial statements for the year ended 31 December 2017.
c) Based on the knowledge and understanding concerning the Company and its environment, gained during our audit, we have not identified information included in the Board of Directors' report that contains a material misstatement.

2. *Additional Report to the Audit Committee*

Our opinion on the consolidated financial statements is consistent with our Additional Report to the Audit Committee of the Group, in accordance with Article 11 of the EU Regulation 537/2014.

3. Provision of Non-audit Services

We have not provided any prohibited non-audit services per Article 5 of the EU Regulation 537/2014.

Non-audit services provided by us to the Group during the year ended December 31, 2017, are disclosed in note 22 of the consolidated financial statements.

4. Appointment of the Auditor

We were first appointed as auditors of the Group by the General Assembly on June 23, 2017.

Athens, 22 February 2018

Christiana Panayidou
SOEL R.N. 62141

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Certified Auditors – Accountants S.A.
8B Chimarras, Maroussi,
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Hellenic Petroleum S.A.

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of Hellenic Petroleum S.A (the "Company"), which comprise the separate statement of financial position as at 31 December 2017, and the separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly in all material respects the financial position of the Company as at 31 December 2017 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as endorsed by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as incorporated in Greek Law. 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 remained independent of the Company throughout the period of our appointment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), as incorporated in Greek Law, together with the ethical requirements that are relevant to the audit of the separate financial statements in Greece, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters and the related risks of material misstatement, 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

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Key audit matter	How our audit addressed the key audit matter
Assessing impairment of non-current assets At 31 December 2017, the Company has recognized property, plant and equipment of €2,7 billion and investments in subsidiaries, associates and joint ventures of €672 million. Under IFRS, an entity is required to assess whether impairment indicators exist. The assessment of whether there is an indication that an asset may be impaired requires significant judgment. A number of external factors including, but not limited to, the level of refining margins in the Mediterranean and the exchange rate of the euro to the dollar, affect the operations and financial position of the Group and could have a significant impact on the recoverable amounts of the Company's non-current assets, including refining, retail, as well as investments in subsidiaries, associates and joint ventures. In view of the nature of these investments and non-current assets, forecasting future cash flow is inadvertently dependent on the Company's view on oil, gas and electricity price outlook for the next 4-5 years. Other key inputs used in assessing the recoverable amounts are the discount rates used, future expected production volumes and capital and operating expenditures. Given the materiality of balances of non-current assets in the statement of financial position, the level of subjectivity in respect of assumptions underlying the impairment analysis, and significant judgments and estimates made by management, we consider non-current assets assessment for impairment a key audit matter. The Company's disclosures regarding its accounting policy, judgments and estimates used in its assessment for impairment of its non-current assets are in notes 2.9, 4, 6 and 8 of the financial statements.	We performed the following procedures : - We evaluated management's assessment of the potential impairment indicators, focusing on whether indicators exist, including by comparing actual performance to that budgeted and assessing historical accuracy of management's budgets and forecasts. - For the assets where impairment indicators were identified (investments in subsidiaries, associated and joint ventures), we assessed with the assistance of our own internal specialists: (i) the assumptions and methodologies used by management to determine the recoverable amount of assets for which impairment tests were performed and (ii) the level at which the recoverable amount was determined (asset or cash generating unit). - We used external data in assessing the assumptions used, the most significant being the assessment of forecasts of future cash flows prepared by management, the discount rate, and the residual value, evaluating the assumptions and comparing the estimates to externally available industry, economic and financial data, as well as performed sensitivity analyses against most significant inputs.

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Key audit matter	How our audit addressed the key audit matter
Monitoring debt and liquidity position As explained in note 16 of the separate financial statements, as of 31 December 2017, the balance of the Company's bond loans and other borrowing facilities, amounted to €2,6 billion, of which €1,7 billion is classified as current. The Company is in the process of executing a refinancing plan for its bond loans and syndicated loan facilities as explained in note 3.1.(c) of the financial statements and has positive operating cash flows available for repayment of loans. In addition, certain of the Company's term credit facilities contain covenants such as financial covenants, negative pledge, pari passu, cross-default and change of control clauses. The Company has renegotiated and largely aligned the terms of its loan covenants across its borrowings over the last years. We consider the refinancing plan a key audit matter, due to the materiality of the maturing financing lines. The Company's disclosures regarding its borrowings, status of its refinancing actions and loan covenants compliance are included in notes 3.1(c) and 16 of the separate financial statements.	We performed the following procedures: - We obtained an understanding of the refinancing plan, and the progress made on its execution up to the date of this report. - We assessed management's assumptions in relation to operating cash flows, and other sources of financing, as included in the Group's approved business plan. In particular we compared key assumptions such as oil prices, euro to dollar exchange rate, and refining margins to externally available information and historical data. - We assessed the adequacy of related disclosures in the notes to the financial statements. - We reviewed the terms of the existing loan agreements including debt covenant definitions and ratios. - We reviewed management's assessment of compliance with relevant covenants within these facilities. - We recomputed financial loan covenant ratios, including assessment of the extent of available headroom in the computations.

Key audit matter	How our audit addressed the key audit matter
Uncertain tax positions	
As disclosed in note 31 of the separate financial statements as of 31 December 2017, the Company has certain open disputes mainly relating to tax audits by the Greek tax authorities. In addition, the tax authorities reserve the right for future tax audits. The accounting for these uncertain tax and legal positions require significant judgment by management mainly in assessing whether to treat these uncertain tax positions as a contingent liability or as a provision. Given the complex and changing tax environment, and the time taken for the judicial process to result in a final position in case of a dispute, high level of management judgment is involved in assessing uncertain tax positions, thus we considered this a key audit matter. The Company's disclosures about Uncertain Tax Positions are included in notes 27 and 31 of the separate financial statements, while notes 2.18 and note 4 refer to the Company's accounting policies and significant judgments and estimates in accounting for this matter.	Our work included, but was not limited to, the following procedures: - We involved our tax specialists to assist us in assessing the treatment of uncertain tax positions. - We evaluated the uncertain tax positions by reviewing the reports issued by the tax authorities following the tax audits completed in 2017, and also understanding the Company's position and basis for their appeal. - We used our tax specialists to help us gain an understanding of the current status of the open tax assessments by reading external and internal legal advice received by the Company. - Based on the above we, together with tax specialists in our team, evaluated management's assessment of the uncertain tax and legal positions. - We also assessed the adequacy of the Company's disclosures in the separate financial statements with respect to the above matters.

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Other Matter

The separate financial statements of the Company for the year ended December 31, 2016, were audited by another auditor who expressed an unmodified opinion on those statements on February 23, 2017.

Other information

Management is responsible for the other information. The other information, included in the Annual Report, comprises of the Board of Directors' Report (for which reference is also made in section Report on Other Legal and Regulatory Requirements), the Statements of the Members of the Board of Directors, and other complementary information, but does not include the separate financial statements and our auditor's report thereon.

Our opinion on the 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 identified above 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. We have nothing to report in this regard.

Responsibilities of the Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with International Financial Reporting Standards as endorsed by the European Union, and for such internal control as management determines is necessary to enable the preparation of 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 basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as incorporated in Greek Law, 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.

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As part of an audit in accordance with ISAs as incorporated in Greek Law, we exercise professional judgment and maintain professional scepticism 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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.

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Report on Other Legal and Regulatory Requirements

1. Board of Directors' Report

Taking into consideration that management is responsible for the preparation of the Board of Directors' Report and Corporate Governance Statement that is included therein pursuant to the provisions of paragraph 5 article 2 of Law 4336/2015 (part B), we report that:

a) The Board of Directors' Report includes a Corporate Governance Statement that contains the information required by article 43bb of Codified Law 2190/1920.

b) In our opinion the Board of Directors' Report has been prepared in accordance with the legal requirements of article 43a and paragraph 1 (c and d) of article 43bb of the Codified Law 2190/1920 and the content of the Board of Directors' report is consistent with the accompanying separate financial statements for the year ended December 31, 2017.

c) Based on the knowledge and understanding concerning the Company and its environment, gained during our audit, we have not identified information included in the Board of Directors' report that contains a material misstatement.

2. *Additional Report to the Audit Committee*

Our opinion on the separate financial statements is consistent with our Additional Report to the Audit Committee of the Company, required by Article 11 of the EU Regulation 537/2014.

3. Provision of Non-audit Services

We have not provided any prohibited non-audit services per Article 5 of the EU Regulation 537/2014.

Non-audit services provided by us to the Company during the year ended December 31, 2017, are disclosed in note 22 of the separate financial statements.

4. Appointment of the Auditor

We were first appointed as auditors of the Company by the General Assembly on June 23, 2017.

Athens, 22 February 2018

Christiana Panayidou
SOEL R.N. 62141

ERNST & YOUNG (HELLAS)
Certified Auditors – Accountants S.A.
8B Chimarras, Maroussi,
151 25, Greece
Company SOEL R.N. 107

HELLENIC PETROLEUM

5. Complementary information and data pursuant to decision no. 7/448/11.10.07 of the Capital Market Commission

HELLENIC PETROLEUM

5.1 Information required as per article 10 of L. 3401/2005

Pursuant to decision 7/448/11.01.2007 article 1 of the Capital Market Commission's Board of Directors and the provision of article 10 of L. 3401/2005, the company informs investors of the following announcements issued to the Athens Stock Exchange and Capital Market Commission supervisory authorities, in accordance with applicable law during the financial year 2017. The full text of these announcements can be found on the company's website at the following electronic address: www.helpe.gr.

A) FINANCIAL STATEMENTS

23.02.17 HELPE S.A. & GROUP 2016 Annual Financial Statements
17.05.17 HELPE S.A. & GROUP 1Q 2017 Interim Financial Statements
31.08.17 HELPE S.A. & GROUP 1st Half / 2Q 2017 Interim Financial Statements
09.11.17 HELPE S.A. & GROUP 9th Month/ 3Q 2017 Interim Financial Statements

B) PRESS RELEASES REGARDING THE FINANCIAL STATEMENTS

23.02.17 Press release for the annual results of financial year 2016
17.05.17 Press release for the 1st quarter results of financial year 2017
31.08.17 Press release for the 1st half/ 2nd quarter results of financial year 2017
09.11.17 Press release for the nine month/3rd quarter results of financial year 2017

C) GENERAL SHAREHOLDERS' MEETINGS / GENERAL MEETING RESOLUTIONS /DIVIDENDS

03.05.17 Invitation to the Annual Ordinary General Shareholders' Meeting 2017
24.05.17 Announcement of the deferral of the Annual Ordinary General Meeting 2017
30.05.17 Date of record post postponement of Annual Ordinary General Meeting 2017
02.06.17 Revised Announcement of Date of Record after the postponement of Annual Ordinary General Meeting 2017
14.06.17 Invitation to the Extraordinary General Meeting 2017
23.06.17 HELLENIC PETROLEUM Announcement for the Payment of a Dividend
26.06.17 Decisions of the Annual Ordinary General Meeting of 23.06.17
07.07.17 Decisions of Extraordinary Ordinary General Meeting of 06.07.17
10.11.17 Announcement by HELLENIC PETROLEUM for the payment of interim dividend for the year 2017

D) SENIOR EXECUTIVES AND ORGANISATIONAL CHANGES

22.06.17 Announcement for the BoD composition change.

E) Announcement of Regulated Information, pursuant to Law 3556/2007

4.08.17 – 31.12.17 Announcement of Regulated Information, pursuant to Law 3556/2007
https://www.helpe.gr/en/investor-relations/corporate-governance/regulated-information/tradeacknowledgements/

HELLENIC PETROLEUM

F) Treasury Stock Program

11.07.17 -31.12.17 Announcements re Purchase of own shares

https://www.helpe.gr/en/investor-relations/corporate-governance/regulated-information/treasury-stock-program/

G) Treasury Stock Program

24.02.17 Financial Calendar 2017
23.05.17 Notification of Change in Share of Voting Rights
21.07.17 Announcement of maintenance in Elefsina Refinery
26.07.17 New capital of EUR79m with a yield of 3.333% through a new bond issue
10.11.17 Financial Calendar 2017 (Amended)

5.2 Published Summary Financial Statements

H E L L E N I C   P E T R O L E U M S.A.

General Commercial Registry 000296601000 (A.R.M.A.E. 2443/06/B/86/23)

FINANCIAL DATA AND INFORMATION FOR THE YEAR FROM **1 JANUARY 2017** TO **31 DECEMBER 2017** (Published in compliance to L.2190/20, art. 135 for companies that prepare annual financial statements in accordance with IFRS)

The following financial data and information are only for general information purposes with regard to the financial position and results of HELLENIC PETROLEUM Group and the parent company. We, therefore, recommend to the reader, before making any investment decision, or proceeding to any transaction with the company, to refer to the company's internet address, where the annual financial statements in accordance with International Financial Reporting Standards are available, together with the auditors' report.

COMPANY

Head office Address:	8A, CHIMARRAS STR. - 15125 MAROUSI
Website :	http://www.helpe.gr
Approval date of the annual financial statements by the Board of Directors:	22 FEBRUARY 2018
The Certified Auditor:	Christiana Panayidou, SOEL reg.no.62141
Auditing Company:	ERNST & YOUNG (HELLAS), SOEL reg.no.107
Type of Auditor's Report:	UNQUALIFIED

Board of Directors :

EFSTATHIOS TSOTSOROS - Chairman of the Board	THEODOROS-ACHILLEAS VARDAS	CONSTANTINOS PAPAGIANNOPOULOS
GRIGORIOS STERGIOULIS - Chief Executive Officer	GEORGIOS GRIGORIOU	DIMITRIOS KONTOFAKAS
ANDREAS SIAMISHIS - Deputy Chief Executive Officer	PANAGIOTIS OFTHALMIDES	VASILEIOS KOUNELIS
IOANNIS PSICHOGIOS	THEODOROS PANTALAKIS	STRATIS ZAFIRIS (up to 22/06/2017)
GEORGIOS ALEXOPOULOS (from 22/06/2017)	SPIRIDON PANTELIAS	

STATEMENT OF FINANCIAL POSITION

(Amounts in thousands €)

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
ASSETS				
Property, plant and equipment	3.311.893	3.290.806	2.719.172	2.706.681
Intangible assets	105.684	108.294	7.042	6.490
Other non-current assets	862.616	881.711	691.308	729.213
Inventories	1.056.393	941.281	963.746	851.423
Trade and other receivables	791.205	868.331	989.901	1.036.420
Derivative financial instruments	11.514	15.192	11.514	15.192
Cash, cash equivalents and restricted cash	1.018.913	1.081.580	813.251	888.783
Available-for-sale non-current assets	1.857	1.626	1.252	1.017
TOTAL ASSETS	**7.160.075**	**7.188.821**	**6.197.186**	**6.235.219**
EQUITY AND LIABILITIES				
Share capital	666.285	666.285	666.285	666.285
Share premium	353.796	353.796	353.796	353.796
Retained earnings and other reserves	1.288.578	1.019.679	789.142	570.069
Capital and reserves attributable to Company Shareholders (a)	**2.308.659**	**2.039.760**	**1.809.223**	**1.590.150**
Non-controlling interests (b)	62.915	101.875	-	-
TOTAL EQUITY (c) = (a) + (b)	**2.371.574**	**2.141.635**	**1.809.223**	**1.590.150**
Long-term borrowings	920.234	1.456.204	909.579	1.460.281
Provisions and other long term liabilities	299.938	422.598	215.917	341.755
Short-term borrowings	1.900.269	1.386.299	1.704.951	1.150.418
Other short-term liabilities	1.668.060	1.782.085	1.557.516	1.692.615
Total liabilities (d)	**4.788.501**	**5.047.186**	**4.387.963**	**4.645.069**
TOTAL EQUITY AND LIABILITIES (c) + (d)	**7.160.075**	**7.188.821**	**6.197.186**	**6.235.219**

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD

(Amounts in thousands €)

	GROUP		COMPANY	
	1/1/2017-31/12/2017	1/1/2016-31/12/2016	1/1/2017-31/12/2017	1/1/2016-31/12/2016
Sales	7.994.690	6.613.253	7.233.600	5.925.776
Gross profit	1.087.492	1.007.128	758.145	701.165
Operating profit / (loss)	661.783	631.771	597.421	581.888
Profit / (loss) before Income Tax	519.785	465.671	482.391	466.224
Less : Taxes	(135.862)	(136.936)	(136.400)	(131.901)
Profit / (loss) for the year	**383.923**	**328.735**	**345.991**	**334.323**
Attributable to:				
Owners of the parent	381.372	329.760		
Non-controlling interests	2.551	(1.025)		
	383.923	**328.735**		
Other comprehensive income / (loss) for the year, net of tax	(13.111)	25.930	(9.711)	30.936
Total comprehensive (loss) / income for the year	**370.812**	**354.665**	**336.280**	**365.259**
Attributable to:				
Owners of the parent	368.989	355.819		
Non-controlling interests	1.823	(1.154)		
	370.812	**354.665**		
Basic and diluted earnings per share (in Euro per share)	**1,25**	**1,08**	**1,13**	**1,09**
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	**850.181**	**839.845**	**736.697**	**732.068**

STATEMENT OF CHANGES IN EQUITY

(Amounts in thousands €)

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Total equity at beginning of the year (1/1/2017 & 1/1/2016)	**2.141.635**	**1.790.270**	**1.590.150**	**1.224.891**
Total comprehensive (loss) / income for the year	370.812	354.665	336.280	365.259
Dividends to shareholders of the parent	(106.962)	-	(106.962)	-
Dividends to non-controlling interests	(2.561)	(2.925)	-	-
Participation of minority holding to share capital decrease of subsidiary	76	-	-	-
Share based payments	(9.714)	-	(9.714)	-
Acquisition of treasury shares	(10.245)	-	(10.245)	-
Issue of treasury shares to employees	9.714	-	9.714	-
Tax on intra-group dividends	(136)	(375)	-	-
Acquisition of non-controlling interests	(21.045)	-	-	-
Total equity at the end of the year	**2.371.574**	**2.141.635**	**1.809.223**	**1.590.150**

STATEMENT OF CASH FLOW

(Amounts in thousands €)

	GROUP		COMPANY	
	1/1/2017-31/12/2017	1/1/2016-31/12/2016	1/1/2017-31/12/2017	1/1/2016-31/12/2016
Cash flows from operating activities				
(Loss) / Profit before Tax	519.785	465.671	482.391	466.224
Adjustments for:				
Depreciation and amortisation of tangible and intangible assets	189.276	209.478	140.001	151.452
Impairment of fixed assets	2.689	8.313	-	-
Amortisation of government grants	(878)	(1.404)	(725)	(1.272)
Interest expense and similar charges	169.653	205.909	153.105	189.015
Interest income	(4.600)	(5.129)	(12.834)	(13.541)
Share of operating profit of associates	(31.228)	(13.907)	(33.724)	(38.348)
Provisions for expenses and valuation charges	55.594	71.511	43.259	55.413
Foreign exchange (gains) / losses	8.173	(20.773)	8.483	(21.462)
Discounting effect on long term payables	6.272	(8.285)	-	-
(Gain)/Loss from disposal of Non Current Assets	1.685	(633)	280	71
	916.421	**910.751**	**780.236**	**787.552**
Changes in working capital				
(Increase) / decrease in inventories	(116.523)	(281.476)	(117.608)	(272.911)
(Increase) / decrease in trade and other receivables	62.948	(155.812)	57.287	(83.302)
Increase / (decrease) in payables	(409.535)	(790.829)	(412.132)	(826.694)
Less:				
Income tax paid	(10.375)	(16.159)	(20)	(1.279)
Net cash generated from / (used in) operating activities (a)	**442.936**	**(333.525)**	**307.763**	**(396.634)**
Cash flows from investing activities				
Purchase of property,plant and equipment & intangible assets	(208.732)	(125.719)	(149.930)	(91.161)
Cash from sale of property, plant and equipment & tangible assets	30	2.168	-	82
Grants received	110	1.431	-	-
Interest received	4.600	5.129	12.834	13.541
Acquisition of subsidiary, net of cash acquired	-	(350)	-	-
Dividends received	19.346	1.139	33.724	38.348
Participation in share capital (increase) / decrease of associates	(147)	-	1.584	(9.711)
Proceeds from disposal of available for sale financial assets	8	-	-	-
Net cash used in investing activities (b)	**(184.785)**	**(116.202)**	**(101.788)**	**(48.901)**
Cash flows from financing activities				
Interest paid	(160.830)	(190.479)	(162.494)	(180.425)
Dividends paid to shareholders of the Company	(104.115)	(473)	(104.116)	(474)
Dividends paid to non-controlling interests	(2.561)	(2.925)	-	-
Movements in restricted cash	11.873	(1.969)	11.873	(1.969)
Acquisition of treasury shares	(10.245)	-	(10.245)	-
Participation of minority shareholders in share capital increase of subsidiary	76	-	-	-
Proceeds from borrowings	288.000	507.732	283.606	505.968
Repayments of borrowings	(322.622)	(900.799)	(279.775)	(839.789)
Net cash generated from / (used in) financing activities (c)	**(300.424)**	**(588.913)**	**(261.151)**	**(516.689)**
Net (decrease) / increase in cash & cash equivalents (a)+(b)+(c)	**(42.273)**	**(1.038.640)**	**(55.176)**	**(962.224)**
Cash and cash equivalents at the beginning of the year	**924.055**	**1.952.808**	**731.258**	**1.683.600**
Exchange gains / (losses) on cash and cash equivalents	(8.521)	9.887	(8.483)	9.882
Net (decrease) / increase in cash and cash equivalents	(42.273)	(1.038.640)	(55.176)	(962.224)
Cash and cash equivalents at end of the year	**873.261**	**924.055**	**667.599**	**731.258**

ADDITIONAL INFORMATION

1. Note **No. 34** of the annual consolidated financial statements includes all subsidiary and associated companies and their related information. 2. No company shares, other than those disclosed as treasury shares in **Note 13** of the annual consolidated financial statetments,are owned either by the parent company or any of the subsidiaries as at the end of the period 3. With regards to tax audits carried out by Certified Auditors, all Group companies based in Greece have received unqualified Tax Compliance Reports by their respective statutory auditor, for fiscal years up to 2016 (inclusive). With regards to tax audits carried out by the Tax Authorities, tax audits have been completed as follows: a) for Hellenic Petroleum S.A for years up to and including 2011, while an audit for the year 2012 is in progress, b) for former Hellenic Fuels SA for years up to and including 2011, with ongoing audits for subsequent years up to and including 2013, c) for EKO S.A for years up to and including 2007 with ongoing audits for subsequent years up to and including 2010. Notwithstanding the possibility of future tax audits, the Group's management believes that no additional material liability will arise as a result of unaudited tax years over and above the tax liabilities and provisions recognised in the consolidated financial statements for the year ended 31 December 2017 (**Note 27** of the annual consolidated financial statements). 4. The consolidated financial statements of Hellenic Petroleum S.A. for the year ended 31 December 2017 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union ("EU"), as outlined in **Note 2.1** of the annual consolidated financial statements.5. Where necessary, comparative figures have been reclassified to conform to changes in the presentation of the current financial year. 5. As mentioned in **Note 31** of the annual consolidated financial statements, the Group's entities are involved in a number of legal proceedings and have various unresolved claims pending arising in the ordinary course of business. Based on currently available information, Management believes that no additional material liability will arise over and above the tax liabilities and provisions already recognised in the consolidated financial statements as at 31 December 2017. 6**.** By decision of the Governmental Economic Policy Council (ΚΥΣΟΙΠ) on 1 March 2017, the Greek State decided, inter alia, to launch a new tender procedure for the disposal of the 66% of the shares of DESFA, i.e. the 31% of the 65% of the shares held by HRADF combined with the 35% of the shares owned by HELPE, as well as the termination of the respective selling process which was launched in 2012 (with SOCAR). In addition, article 103 of the most recent law 4472/2017 provides that by 31 December 2017, the participation of DEPA in DESFA (66%) will be sold and transferred through an international tender process, which will be carried out by HRADF, while the remaining balance of 34% will be transferred to the Greek State. On 26 June 2017 the Invitation for the Non-Binding Expression of Interest was published. Four parties expressed interest and two of them have been notified on 22 September 2017, by the Sellers that they have qualified to participate in the next phase of the Tender Process (Binding Offers Phase), and are now considered as Shortlisted Parties. The two Shortlisted Parties are on the one hand, a consortium formed by SNAM S.p.A., FLUXYS S.A., Enagas Internacional S.L.U. and N.V. Nederlandse Gasunies and on the other hand Regasificadora del Noroeste S.A.. The Shortlisted Parties submitted their binding offers on 16 February 2018, pursuant to the Sellers' Request for the Submission of Binding Offers of 10 October 2017. The Group consolidates the DEPA Group using the equity method of accounting and the carrying value of the investment in the consolidated financial statements reflects HELPE's 35% share of the net asset value of the DEPA group which as at 31 December 2017 amounts to €659 million. The cost of investment of the DEPA group in the financial statements of HELPE S.A is €237 million. DEPA Group, as it currently stands, continues to be accounted for and included in HELPE Group's consolidated financial statements as an associate (**Note 8** of the annual consolidated financial statements). 7**.** During 2017, the Group a) extended the maturity date of the €400 million bond loan from October 2017 to April 2018 and is currently in the process of renewing it, b) in view of the replacement of a committed credit facility of €200 million by another one with a tenor of 3 years, extended the facility maturity date to February 2018, c) made an additional drawdown of €167 million under the committed Tranche of a bond loan stand by facility of €400 million and extended the facility maturity date to May 2018, d) repaid the outstanding balance of €264 million upon maturity of the €500 million Eurobond e) issued €74,53 million guaranteed notes which were consolidated and form a single series with the €375 million 4.875% guaranteed notes, maturing during October 2021, f) amended the EIB facility, in a way that no security will be required. Additional information is disclosed in **Note 16** of the annual consolidated financial statements.8. On 16 January 2016, the European Union decided to lift all economic and financial sanctions against Iran. On the same date, U.S and other International Restrictive Measures were also partially lifted. In light of the above developments, Hellenic Petroleum and NIOC executed a Heads of agreement on 22 January 2016 for the recommencement of their commercial relationship for the supply of crude and for the settlement of the overdue amounts. For further information please refer to **Note 15** of the annual consolidated financial statements. 9. Number of employees at 31/12/2017 in Greece: Company: 2,056, Group: 2,837 (31/12/2016: Company:1.937, Group:2.708).

10. The amount of provisions included in the Statement of Financial Position are as follows:

	GROUP	COMPANY
a) for pending legal cases	8.167	6.058
β) for tax matters	6.312	3.911
c) for SLI	131.611	104.331
d) for other provisions relating to expenses	35.976	35.791

11. Other comprehensive income for the period, net of tax, for the Group and the parent company is as follows:

	GROUP		COMPANY	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Changes in the fair value on available -for-sale financial assets	6	(6.267)	-	(6.414)
Transfer of available-for-sale reserve to operating profit	-	6.414	-	6.414
Reduction in value of land	(1.669)	-	-	-
Currency translation differences and other movements	752	(1.076)	-	-
Actuarial gains/(losses) on defined benefit pension plans	(9.589)	(7.776)	(7.100)	(4.568)
Fair value gains/(losses) from cash flow hedges	(4.590)	15.862	(4.590)	15.862
Derecognition of gains on hedges through comprehensive income	1.979	19.642	1.979	19.642
Share of other comprehensive income of associates	-	(869)	-	-
Net income/(expense) recognised directly in equity	**(13.111)**	**25.930**	**(9.711)**	**30.936**

12. Transactions and balances with related parties for the Group and the parent company (in thousands of €) are as follows:

	GROUP	COMPANY
Sales of goods and services	1.204.646	3.492.271
Purchases of goods and services	899.184	951.694
Receivables	97.841	518.685
Payables	9.979	47.356
Board members and senior management remuneration & other benefits	5.301	5.226
Amounts due to/(from) Board members and senior management	-	-

Athens, 22nd of February 2018

CHAIRMAN OF THE BOARD	CHIEF EXECUTIVE OFFICER	DEPUTY CHIEF EXECUTIVE OFFICER & CHIEF FINANCIAL OFFICER	ACCOUNTING DIRECTOR
EFSTATHIOS N. TSOTSOROS	GRIGORIOS S. STERGIOULIS	ANDREAS N. SHIAMISHIS	STEFANOS I. PAPADIMITRIOU
ID. Number AE 075524	ID. Number AM 142474	ID. Number AA 010147	ID. Number AK 553436

HELLENIC PETROLEUM

5.3 Website

The annual financial statements of the HELLENIC PETROLEUM Group and the parent company on a consolidated and non-consolidated basis, the Independent Auditors' Report and the Annual Report of the Board of Directors are available on the internet at www.helpe.gr.

The financial statements of the consolidated companies under EKO S.A. are available online at www.eko.gr.

On HELLENIC PETROLEUM's website https://www.helpe.gr/investor-relations/quarterly-results/financial-statements/financial-statements-of-subsidiary-companies/, there is a list of subsidiaries that are fully consolidated in the Group's financial statements; these companies also have their own website through which their financial statements can be accessed. The financial statements of the other subsidiaries can be viewed at the above address.