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# ***Audit Report***

(Translation)

Hellenic Petroleum International AG,  
Vienna

Audit Report on the Financial Statements  
as at December 31, 2016

We draw attention to the fact that the English translation of this audit report according to Section 273 of the Austrian Commercial Code (UGB) is presented for the convenience of the reader only and that the German wording is the only legally binding version.



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To the  
Management Board and the  
Members of the Supervisory Board of  
Hellenic Petroleum International AG  
Seilergasse 16  
1010 Vienna

## **AUDIT REPORT ON THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2016 (TRANSLATION)**

### **1. Engagement and Performance**

At the ordinary general meeting dated November 17, 2016 of Hellenic Petroleum International AG, Vienna, we were appointed as auditor for the fiscal year 2016. Prior to our appointment as auditor, we issued a declaration on our independence pursuant to Section 270 Austrian Commercial Code (UGB). The Company, represented by the supervisory board, concluded an engagement letter with us to audit the financial statements as at December 31, 2016, including the accounting system pursuant to Sections 269 ff. UGB, as well as to conclude whether the management report is consistent with the financial statements and has been prepared in accordance with the applicable legal requirements, as well as to state whether material incorrect information has been found in the management report – and to explain the type and nature of such incorrect information – based on the knowledge gained in the course of the audit and our understanding of the Company and its environment.

The Company is a large corporation pursuant to Section 221 UGB. Due to the Austrian Act on Changes in Accounting Practices 2014 (RÄG 2014) and within the meaning of Section 221 (4a) UGB, the legal consequences for large corporations apply to the Company at the balance sheet date.

This audit is statutory pursuant to Section 268 UGB.

Auditor responsible for the proper performance of the engagement is Ms. Ute Unten-Schubert, Austrian Certified Public Accountant.

The objective of the audit was to examine compliance with legal requirements and with the related supplementary stipulations of the articles of association. The management report is to be assessed whether it is consistent with the financial statements and whether it has been prepared in accordance with the applicable legal requirements, as well as to state whether material incorrect information has been found in the management report – and to explain the type and nature of such incorrect information – based on the knowledge gained in the course of the audit and our understanding of the Company and its environment.

In performing the audit, we adhered to the applicable legal provisions and the relevant expert opinions and standards. These standards require the application of the International Standards on Auditing (ISAs), issued by the International Auditing and Assurance Standards Board (IAASB).

We draw attention to the fact that the audit is to provide adequate assurance as to the accuracy of the financial statements. Absolute assurance cannot be achieved, since the possibility of errors is inherent in each internal control system and since the audit is based on samples, there is an unavoidable risk that material misstatements in the financial statements are not detected. The scope of the audit does not include areas that are normally subject to special audits.

The accounting, the records, inventory listings, as well as the financial statements including the management report as at December 31, 2016 provided by the Company served as the basis for our audit.

We performed the audit, with interruptions, from March to October 2017 mainly at the Company's premises in Vienna. The audit was substantially completed at the date of this report.

Our audit is based on the engagement letter concluded with the Company, an integral part of which are the General Conditions of Contract for the Public Accounting Professions ("AAB") issued by the Austrian Chamber of Public Accountants and Tax Advisors on March 8, 2000, last amended on February 21, 2011 (refer to Appendix 5). These General Conditions of Contract do not only apply between the Company and the auditor, but also towards third parties. Section 275 UGB applies with regard to our responsibility and liability as auditor towards the Company and towards third parties.

## 2. Breakdown and Description of Significant Items in the Financial Statements

The breakdown and description of all significant financial statement items are included in the notes to the financial statements and in the management report. We therefore refer you to the respective disclosures by the management board in the notes to the financial statements and in the management report.

In the following, further disclosures of material items are presented. The numbering corresponds to that of the balance sheet.

Figures in the tables may be rounded by +/- one unit (EUR, %, etc.) for calculatory reasons.

### A. Fixed assets

#### Financial assets

##### 1. Shares in affiliated companies

**EUR 658,411,608.13**  
12/31/2015: EUR 630,280,536.89

Company	Share	Acquisition cost	Book value 12/31/2016	Book value 12/31/2015
	%	EUR	EUR	EUR
Jugopetrol AD Kotor, Montenegro	54.35	65,000,279.00	65,000,279.00	36,800,000.00
Hellenic Petroleum Cyprus Ltd, Cyprus	100.00	112,015,362.21	112,015,362.21	112,015,362.21
Hellenic Petroleum International Consulting S.A., Greece	99.00	60,000.00	60,000.00	60,000.00
Hellenic Petroleum Serbia (Holdings) Limited, Cyprus	100.00	75,189,975.00	75,189,975.00	75,169,975.00
Hellenic Petroleum Bulgaria (Holdings) Limited, Cyprus	100.00	65,931,928.65	65,931,928.65	65,931,928.65
Hellenic Fuels and Lubricants Industrial and Commercial S.A. (formerly Hellenic Fuels S.A.), Greece	64.41	378,074,062.27	332,214,062.27	332,303,270.03
R.A.M. Oil Cyprus Limited, Cyprus	100.00	8,000,000.00	8,000,000.00	8,000,000.00
Hellenic Petroleum (UK) Limited, United Kingdom	100.00	1.00	1.00	1.00
		<b>704,271,608.13</b>	<b>658,411,608.13</b>	<b>630,280,536.89</b>

Development:	EUR
Balance 1/1/2016	630,280,536.89
Additions:	
Hellenic Petroleum Serbia (Holdings) Limited, Cyprus	20,000.00
Disposals:	
Hellenic Fuels and Lubricants Industrial and Commercial S.A., (formerly Hellenic Fuels S.A.), Greece	-89,207.76
Write-ups:	
Jugopetrol AD Kotor, Montenegro	<u>28,200,279.00</u>
Balance 12/31/2016	<u><u>658,411,608.13</u></u>

The disposal of Hellenic Fuels and Lubricants Industrial and Commercial S.A. (formerly Hellenic Fuels SA), Greece, relates to purchase price adjustments as a result of a Sale and Purchase Agreement entered into by Hellenic Petroleum International AG, Vienna, and BP Greece Limited, United Kingdom.

Since, pursuant to Section 204 (2), the reasons for the write-down do no longer apply, a write-up of the shares in Jugopetrol AD Kotor, Montenegro was made in the fiscal year 2016.

## 2. Participating interests

EUR **41,299,548.00**  
12/31/2015: EUR 41,299,548.00

	Share	Acquisition cost	Book value
	%	EUR	EUR
ELPEDISON B.V., the Netherlands	45.0	41,299,500.00	41,299,500.00
DMEP Holdco Limited, United Kingdom	48.0	48.00	48.00
		<u>41,299,548.00</u>	<u>41,299,548.00</u>

### **3. Summary of Audit Findings**

#### **3.1. Compliance of the Accounting System, the Financial Statements and of the Management Report**

In performing our audit, we obtained evidence that the statutory provisions, the related supplementary stipulations of the articles of association and Generally Accepted Accounting Principles in Austria have been complied with.

Under our risk and control based audit approach and to the extent we considered necessary for the purpose of expressing an opinion, we considered internal controls related to sub-processes of the financial reporting process as part of our audit.

With regard to the compliance of the financial statements and the management report with all applicable statutory requirements, we refer to the auditor's report.

Contrary to statutory provisions (Section 94 (3) AktG (Austrian Stock Corporation Act)) requires one meeting per quarter), supervisory board meetings were not held in each quarter of the fiscal year 2016.

#### **3.2. Information Provided**

We were allowed to inspect the Company's documents, contracts and correspondence. All the information required was provided by the management board and by the respective operative employees. A letter of representation signed by the management board has been included in our working papers.

#### **3.3. Statement on Matters Pursuant to Section 273 (2) and (3) UGB**

In performing our duties as auditor, we have not established any facts that might endanger the audited company's position as a going concern or adversely affect its future development, nor that would constitute a serious breach of the law or of the Company's articles of association by management or employees. Material weaknesses in the internal control of the accounting process have not come to our attention. The criteria for assuming a reorganization requirement (Section 22 (1) No. 1 URG (Austrian Reorganization Act)) are not met.

We draw attention to the fact that the English translation of this auditor's report according to Section 274 of the Austrian Commercial Code (UGB) is presented for the convenience of the reader only and that the German wording is the only legally binding version.

## **4. Auditor's Report**

### **Report on the Financial Statements**

#### **Audit Opinion**

We have audited the financial statements of Hellenic Petroleum International AG, Vienna, which comprise the balance sheet as at December 31, 2016, the income statement for the fiscal year then ended and the notes.

In our opinion, the accompanying financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as at December 31, 2016, and of its financial performance for the fiscal year then ended in accordance with the Austrian Commercial Code.

#### **Basis for Opinion**

We conducted our audit in accordance with Austrian generally accepted auditing standards. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with Austrian Generally Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of Management and the Supervisory Board for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Austrian Commercial Code, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The supervisory board is responsible for overseeing the Company's financial reporting process.



## Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Austrian generally accepted auditing standards, which require the application of ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

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

We communicate with the supervisory board 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.

## **Comments on the Management Report for the Company**

Pursuant to the Austrian Commercial Code, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the management report was prepared in accordance with the applicable legal requirements.

Management is responsible for the preparation of the management report in accordance with the Austrian Commercial Code.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the management report.

### *Opinion*

In our opinion, the management report for the Company was prepared in accordance with the applicable legal requirements and is consistent with the financial statements.

### *Statement*

Based on the findings during the audit of the financial statements and due to the obtained understanding concerning the Company and its circumstances no material misstatements in the management report came to our attention.

Vienna, October 4, 2017

PwC Wirtschaftsprüfung GmbH

signed:

Ute Unden-Schubert  
Austrian Certified Public Accountant

This report is a translation of the original report in German, which is solely valid. Publication and sharing with third parties of the financial statements together with our auditor's opinion is only allowed if the financial statements and the management report are identical with the German audited version. This audit opinion is only applicable to the German and complete financial statements with the management report. For deviating versions, the provisions of Section 281 (2) UGB apply.

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## ***Appendices***

**Balance sheet as at December 31, 2016  
(Translation)**

**Assets**

	12/31/2016		12/31/2015	
	EUR	EUR	EUR '000	EUR '000
<b>A. Fixed assets</b>				
Financial assets				
1. Shares in affiliated companies		658,411,608.13		630,280
2. Participating interests		41,299,548.00		41,300
		<u>699,711,156.13</u>		<u>671,580</u>
<b>B. Current assets</b>				
I. Receivables and other assets				
1. Trade receivables		0.00		2,781
<i>thereof with a remaining maturity of more than one year</i>	0.00		0	
2. Receivables from companies in which the Company has a participating interest		2,945,197.00		2,725
<i>thereof with a remaining maturity of more than one year</i>	2,000,001.00		2,000	
3. Other receivables and assets		33,063.76		30
<i>thereof with a remaining maturity of more than one year</i>	0.00		0	
		<u>2,978,260.76</u>		<u>5,536</u>
II. Cash at banks		<u>6,693,434.91</u>		<u>15,471</u>
		<u>9,671,695.67</u>		<u>21,007</u>
		<u>709,382,851.80</u>		<u>692,587</u>

**Balance sheet as at December 31, 2016  
(Translation)**

**Shareholders' equity and liabilities**

	12/31/2016		12/31/2015	
	EUR	EUR	EUR '000	EUR '000
<b>A. Shareholders' equity</b>				
I. Share capital called up and paid in <i>Share capital subscribed</i>	70,000.00	70,000.00	70	70
II. Capital reserves Unappropriated		196,167,286.60		196,167
III. Earnings reserves Statutory reserve		7,000.00		7
IV. Unappropriated retained earnings <i>thereof prior period unappropriated retained earnings brought forward</i>	74,182,216.18	109,521,820.04	117,395	74,182
		305,766,106.64		270,426
<b>B. Accruals and provisions</b> Other accruals and provisions		21,600.00		24
<b>C. Accounts payable</b> <i>thereof with a remaining maturity of less than one year thereof with a remaining maturity of more than one year</i>	403,595,145.16 0.00		422,137 0	
1. Trade payables <i>thereof with a remaining maturity of less than one year thereof with a remaining maturity of more than one year</i>	178,455.74 0.00	178,455.74	137 0	137
2. Payables to affiliated companies <i>thereof with a remaining maturity of less than one year thereof with a remaining maturity of more than one year</i>	403,410,922.22 0.00	403,410,922.22	422,000 0	422,000
3. Other liabilities <i>thereof with a remaining maturity of less than one year thereof with a remaining maturity of more than one year</i>	5,767.20 0.00	5,767.20	0 0	0
		403,595,145.16		422,137
		709,382,851.80		692,587

Vienna, October 4, 2017

The Management Board:

signed:

Ellie Digeni

signed:

Panagiotis Daveros

signed:

Georgios Alexopoulos

signed:

Angelos Kefaleas

signed:

Robertos Karahannas

**Income statement for the fiscal year 2016**  
**(Translation)**

	2016		2015	
	EUR	EUR	EUR '000	EUR '000
1. Other operating income				
a) Income from the reversal of accruals and provisions		252.00		0
b) Other		248.51		0
		500.51		0
2. Other operating expenses		-130,890.01		-151
<b>3. Subtotal of lines 1 to 2</b>		-130,389.50		-151
4. Income from participating interests		13,263,041.00		3,263
<i>thereof from affiliated companies</i>	13,263,041.00		3,263	
5. Other interest and similar income		82,825.00		84
6. Income from the disposal and write-up of fixed financial assets		28,200,279.00		0
7. Expenses on fixed financial assets and current securities		0.00		-45,860
<i>thereof write-offs</i>	0.00		-45,860	
<i>thereof relating to affiliated companies</i>	0.00		-45,860	
8. Interest and similar expenses		-5,782,477.78		-255
<i>thereof relating to affiliated companies</i>	-5,782,477.78		-255	
<b>9. Subtotal of lines 4 to 8</b>		35,763,667.22		-42,768
<b>10. Profit/Loss before taxation (subtotal of lines 3 and 9)</b>		35,633,277.72		-42,919
11. Taxes on income		-293,673.86		-294
<b>12. Profit/Loss after taxation</b>		35,339,603.86		-43,213
<b>13. Net income/loss for the year</b>		35,339,603.86		-43,213
14. Prior period unappropriated retained earnings brought forward		74,182,216.18		117,395
<b>15. Unappropriated retained earnings</b>		109,521,820.04		74,182

Vienna, October 4, 2017

The Management Board:

signed:

Ellie Digeni

signed:

Panagiotis Daveros

signed:

Georgios Alexopoulos

signed:

Angelos Kefaleas

signed:

Robertos Karahannas

Hellenic Petroleum International AG, Vienna

## Notes to the Financial Statements for the Financial Year 2016

### 1. General principles

The financial statements as of December 31, 2016 were prepared in accordance with current accounting principles of the Austrian Commercial Code (UGB). The Financial Statements were prepared under the Generally Accepted Accounting Principles, giving a true and fair view of the Company's financial position.

The principle of completeness was applied at preparation of the Financial Statements.

The evaluation of assets and liabilities was carried out considering the principle of individual items valuation and the going concern concept.

The principle of prudence was considered by showing only the realized gains at balance sheet date. All recognizable risks and possible future losses arisen in the fiscal year were taken into account.

Due to the Austrian Act on Changes in Accounting Practices 2014 (RÄG 2014) and pursuant to the transitional provisions of Section 906 (36) UGB, the classification of items in the balance sheet and income statement was adjusted to the new provisions and, if required by law, the prior-year figures were adjusted.

Estimates are based on prudent assessment. If statistical experience exists for similar circumstances, it was taken into account by the Company in its estimates.

The company is a group company within the meaning of Section 15 AktG (Austrian Stock Corporation Act) (*Section 115 GmbHG, Austrian Private Limited Companies Act*) and is included in the consolidated financial statement of Hellenic Petroleum SA. The consolidated financial statements are deposited at the Ministry of Development, Athens.

#### Fixed assets

#### Financial assets

Financial assets were stated at acquisition costs. Write-downs are made only in case the diminution in value is expected to be permanent.

#### Write-ups

Since the reasons for the write-down no longer apply, write-ups were made as follows:

	2016 EUR	2015 EUR
Financial assets	<u>28,200,279.00</u>	<u>0.00</u>
Total	<u><u>28,200,279.00</u></u>	<u><u>0.00</u></u>

Hellenic Petroleum International AG, Vienna

## **Current assets**

### **Receivables and other assets**

Receivables and other assets were stated at nominal values.

Foreign currency receivables were translated using the exchange rate at the date of the original transaction or the lower bank buying rate at balance sheet date.

Receivables were valued at their lower fair value if individual risks were identified.

## **Share capital**

### **Comments on the share capital**

The Company's share capital subscribed amounts to EUR 70,000.00. The share capital is fully paid in. The total amount of distributed shares is 70,000 no-par bearer shares.

### **Authorized capital**

The authorized capital amounts to EUR 0k as at December 31, 2016 (prior year: EUR 0k).

### **Proposed appropriation of retained earnings**

The Company intends to carry forward the retained earnings to the next fiscal year.

## **Accruals and provisions**

### **Other accruals and provisions**

In accordance with the principle of prudence, other accruals and provisions take into account all risks identifiable at the time the balance sheet was prepared and all liabilities uncertain as to their amounts or bases which, based on the best estimate, are necessary to fulfil the obligation. All accruals and provisions have a remaining maturity of less than one year.

### **Accounts payable**

Accounts payable were valued at the amount repayable.

### **Currency translation**

Receivables in foreign currencies are translated using the exchange rate at the date of the original transaction or the lower bank buying rate prevailing at the balance sheet date.

Payables in foreign currencies are translated using the exchange rate at the date of the original transaction or the higher bank selling date prevailing at the balance sheet date.

### **Changes in accounting and valuation methods**

The previously applied accounting and valuation methods have been maintained for the preparation of the financial statements at hand.



Hellenic Petroleum International AG, Vienna

## 2. Notes to the balance sheet and income statement

### Notes to the Balance sheet

#### Fixed assets

The development of fixed assets and details to the depreciation are shown in the below schedule:

in EUR

	Acquisition/Production cost		Cumulated depreciation		Book value
	2016-01-01 2016-12-31	Additions Disposals	2016-01-01 2016-12-31	Depreciation Write-ups	2016-01-01 2016-12-31
<b>Fixed Assets</b>					
<b>Financial Assets</b>					
Shares in affiliated companies	704,340,815.89	20,000.00	74,060,279.00	0.00	630,280,536.89
	704,271,608.13	89,207.76	45,860,000.00	28,200,279.00	658,411,608.13
Participations (investments)	41,299,548.00	0.00	0.00	0.00	41,299,548.00
	41,299,548.00	0.00	0.00	0.00	41,299,548.00
Total asset schedule	745,640,363.89	20,000.00	74,060,279.00	0.00	671,580,084.89
	745,571,156.13	89,207.76	45,860,000.00	28,200,279.00	699,711,156.13

#### Participations

in EUR

Name	registered office	equity EUR ('000)	share in %	last profit or loss EUR ('000)
Jugopetrol AD Kotor	Montenegro	89,515	54.40	5,028
Hellenic Petroleum Cyprus Ltd	Cyprus	69,822	100.00	15,326
Hellenic Petroleum International Consulting S.A.	Greece	746	99.00	-22
Hellenic Petroleum Serbia (Holdings) Limited	Cyprus	75,158	100.00	-11
Hellenic Petroleum Bulgaria (Holdings) Limited	Cyprus	62,716	100.00	-11
Hellenic Petroleum (UK) Limited	United Kingdom	0	100.00	0
R.A.M. Oil Cyprus Limited	Cyprus	10,484	100.00	984
Hellenic Fuels and Lubricants Industrial and Commercial S.A. (formerly Hellenic Fuels S.A.)	Greece	330,090	64.41	-9,906
ELPEDISON B.V.	The Netherlands	73,696	45.00	-13,853
DMEP HOLDCO LIMITED	United Kingdom	-944	48.00	-171

#### Revenues affecting cash flow after the balance sheet date

The balance sheet item "Other receivables and assets" does not contain any revenues which affect cash flow after the balance sheet date.

#### Accounts payable

There are no accounts payable with a remaining maturity of more than 5 years.

Hellenic Petroleum International AG, Vienna

## **Comments on income statement items**

The income statement was prepared using the total expenditure format.

## **3. Other information**

### **Average number of employees**

During the fiscal year 2016 as in the previous year, the company neither employed waged workers nor salaried employees (Section 239 (1) No 1 UGB).

### **The Company's Managing Directors are:**

In the fiscal year 2016, the following persons served as members of the management board:

Georgios Alexopoulos  
Victor Papaconstantinou (until Mai 19, 2016)  
Ellie Digeni  
Panagiotis Daveros  
Robertos Karahannas  
Angelos Kefaleas (since November 17, 2016)

### **Members of the supervisory board:**

In the fiscal year 2016, the following persons served as members of the supervisory board:

Ioannis Apsouris  
Andreas Shiamishis  
Grigorios Stergioulis

### **Remunerations for activities of the members of the management board/the supervisory board**

In the fiscal year 2016, the members of the management board/the supervisory board did not receive any remuneration for their activities.

### **Advances for members of the management board/the supervisory board**

In the fiscal year 2016, no advances were paid to members of the management board/the supervisory board.

### **Granted loans**

In the fiscal year 2016, no loans were granted to members of the management board the supervisory board.

### **Contingent liabilities**

In the fiscal year 2016, no contingent liabilities were assumed in favor of the members of the management board/the supervisory board.

### **Expenses for severance payments and pensions**

In the fiscal year 2016, no expenses for severance payments and pensions to members of the management board/the supervisory board incurred.

Hellenic Petroleum International AG, Vienna

## **Related parties**

In the fiscal year 2016, the Company did not enter into any significant and/or unusual market transaction with related parties.

## **Expenses for the auditor**

Expenses for the auditor amount to EUR 12,000 (prior year: EUR 14k) and exclusively refer to the audit of the financial statements.

## **Company preparing the consolidated financial statements for the smallest and largest group of companies**

Pursuant to Section 237 (1) No. 7 UGB, information is provided as follows:

Parent company:	Hellenic Petroleum SA
Registered office:	Athens, Greece
Place of disclosure:	General Commercial Registry (G.E.M.I.), Athens

The exemption pursuant to Section 245 UGB was applied. The consolidated financial statements and the management report for the group of Hellenic Petroleum SA, Greece, thus exempt the Company from the obligation to prepare consolidated financial statements pursuant to Section 245 UGB.

## **Subsequent events**

No material events occurred after the balance sheet date.

Vienna, October 4, 2017

Managing Directors:

Ellie Digeni

Panagiotis Daveros

Georgios Alexopoulos

Angelos Kefaleas

Robertos Karahannas

Hellenic Petroleum International AG, Vienna

## Management report 2016 (Translation)

### I. Presentations and Analysis of business performance and trading results 2016

Hellenic Petroleum International AG's ("HPI") sole shareholder is Hellenic Petroleum SA ("HP"), Athens, Greece, that holds 100% of its shares. HPI is a holding company with no operations, holding participating interests in fixed financial assets.

In 2016, the net income before tax amounts to EUR 35,633,277.72 and results mainly from the reversal of an impairment provision of EUR 28,200,279.0 and dividend income from Jugopetrol AD Kotor amounting to EUR 2,969,367.14 (net of withholding tax) and from HP Cyprus Ltd. amounting to EUR 10,000,000. After consideration of the prior period unappropriated retained earnings brought forward, which are EUR 74,182,216.18, the unappropriated retained earnings amount to EUR 109,521,820.04.

The Company employed no personnel during 2016.

During the fiscal year ended December 31, 2016, no expenditure for research and development was incurred.

The Company has no branches.

**Hellenic Petroleum Cyprus Ltd ("HPC")** undertakes fuel retail and wholesale operations in Cyprus and is 100% owned by HPI. Its 2016 financial and operating performance increased compared to the previous year, with profits after tax in 2016 increasing by 12% as compared to 2015. This is also a consequence of improved market conditions.

HPC remains the undisputed leader in Cyprus' retail and wholesale fuels market and is expected to continue to defend its market position by focusing on marketing and efficiency improvements.

**R.A.M. Oil Cyprus Limited**, which commenced operations on December 1, 2009, is a 100% subsidiary of HPI and manages retail COMO petrol stations, the marine as well as the aviation fuel business in Cyprus. Its net profit after tax in 2016 was EUR 984k compared to a net profit of EUR 652k during the previous year. The company will continue to efficiently operate its petrol station network and thus expects positive financial results in the future.

**Jugopetrol A.D. Podgorica ("JP")** is a 54.35% subsidiary of HPI and the leader in the Montenegrin fuel market. JPK's 2016 profits after tax were 2% higher than in 2015. A net total of EUR 2.97 million in dividend (net of withholding tax) was paid to HPI by JPK in 2016. JPK maintains its market leading position in the Montenegrin fuel market.

**Hellenic Petroleum Serbia (Holdings) Limited ("HPS")**, a 100% subsidiary of HPI, acquired in 2007 EKO Serbia AD Beograd, a fuel marketing company in the Republic of Serbia. HPS is a holding company and has no operations or staff. No material change in its status is expected in the near future. In the year 2016, HPS recorded a minor loss of 11k, generated by its administrative expenses.

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**Hellenic Petroleum Bulgaria (Holdings) Limited (“HPB”)**, a 100% subsidiary of HPI, has been the owner of 100% of the shares of EKO Bulgaria EAD since 2007, as well as 100% of the shares of Hellenic Petroleum Bulgaria Properties EAD since 2008. Both companies operate in the retail and wholesale fuel market. HPB is a holding company and has no operations. During 2016, as part of the overall reorganization of the Group's activities, Hellenic Petroleum Bulgaria Properties EAD was fully merged with EKO Bulgaria EAD and Hellenic Petroleum Bulgaria Properties EAD has ceased to exist after transferring all its rights and obligations to EKO Bulgaria EAD. In 2016, it recorded a minor loss of EUR 11k.

**Hellenic Petroleum International Consulting S.A. (“HPIC”)** is a Greek registered company and a 100% subsidiary of HPI. It employs personnel and provides consulting and other supporting services to other companies of the HPI Group. In 2016, HPIC recorded a profit before tax of EUR 16k, compared to a profit of EUR 245k in 2015. The decrease is due to higher costs that could not be charged to customers due to fixed term contracts.

HPI has held a participating interest of 45% in the share capital of **ELPEDISON B.V.** since 2008 (initial investment in 2007). ELPEDISON B.V. is a joint venture company between Hellenic Petroleum Group (Hellenic Petroleum SA owns 5% of the JV company) and Edison Group. ELPEDISON B.V. is a holding company which owns 75.78% of Elpedison S.A. The operations of Elpedison B.V. comprise the generation, trade and supply of electricity to end consumers in Greece.

The consolidated financial statements for the year ended December 31, 2016, show a net loss of EUR 13.9 million, total assets of EUR 453.7 million and a shareholder's equity of EUR 73.7 million (compared with EUR 87.5 million in 2015). During 2016, the profitability of ELPEDISON BV almost doubled in comparison with 2015, mainly on the back of higher production volumes, as the competitiveness of natural gas was improved, and capacity remuneration for the last 8 months of the year (no capacity remuneration during 2015).

**Hellenic Fuels and Lubricants Industrial and Commercial S.A. (formerly Hellenic Fuels S.A. (“HF”))** is the former BP Hellas S.A., which was acquired 100% by HPI on December 10, 2009. HPI took over the commercial activities in Greece of the former BP Hellas, excluding aviation fuels, lubricants and the solar business. The transferred commercial activities include a service station network, storage facilities, as well as the fuel retail and wholesale business. The acquired company will retain the BP brand in the service station network in Greece until 2020 with the option to extend until 2025.

During December 2015, the BOD approved the merger of Hellenic Fuels SA with EKO Industrial and Commercial Petroleum Company S.A. (a 100% subsidiary of Hellenic Petroleum SA – “EKO”). The merger was finalized in September 2016 with the absorption of EKO by HF. Hellenic Fuels S.A. was renamed to “Hellenic Fuels and Lubricants Industrial and Commercial S.A.” (“HFL”). Following the merger HPI's shareholding in HFL reduced to 64.41% and the remaining shares (35.59%) were acquired by Hellenic Petroleum.

For the year ended December 31, 2016, HFL recorded a net loss of EUR 9.9 million, compared to a net loss of EUR 22.2 million in 2015. The performance of the company in 2016 continued to reflect the general economic situation in Greece. Market conditions are not expected to improve materially in 2017.

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In December 2011, HPI acquired a participation in **DMEP Holdco Limited**, a company incorporated in England. By the end of 2014 this participation represented 48% of the share capital of DMEP Holdco Limited, with a book value of EUR 48 up to the end of 2015. HPI had granted a loan to DMEP Holdco Limited in the amount of EUR 2,383,001. During 2016 an additional amount of EUR 137k was granted. As of December 31, 2016, outstanding receivables (loan plus interest) in the amount of EUR 2.95 million were recognized in the balance sheet.

In January 2015, HPI established **Hellenic Petroleum (UK) Limited**, a 100% subsidiary incorporated in England. Hellenic Petroleum (UK) Limited has no operations or staff.

## II. Early Risk Detection and Risk Management System

The risk policy of HPI aims at the best possible exploitation of given opportunities, whereas risks are only taken if there is a chance of value in return.

Liquidity risk is very low, since HPI participates in the Hellenic Petroleum Group financing management scheme.

Risk management of HPI forms an integral part of the Hellenic Petroleum Group's risk management and business processes.

## III. Financial Instruments

In the preceding fiscal year there were no derivative financial instrument transactions. In the unlikely event of liquidity problems, HPI would address any need for financial support to its parent company Hellenic Petroleum SA.

## IV. Financial Performance Indicators

The equity ratio (equity divided by debt plus equity) for the fiscal year 2016 is 43.12%, representing a slight increase compared to the previous year (39.05%).

In comparison with the previous year, the sales indicators (in EUR '000, %) are shown as below:

	<b>2016</b>	<b>2015</b>
EBIT	-130	-151
Net operating income	35,633	-42,919
ROE (return on equity)	2.58	0.93

The cash flow from ordinary activities is EUR 7,433k (PY: EUR 2,941k), the net cash flow from operating activities is EUR 9,962k (PY: EUR 23,975k), the net cash flow from investment activities is EUR -152k (PY: EUR -87,062k), the net cash flow from financing activities is EUR -18,589k (PY: EUR 77,812k). The cash flow statement was calculated according to the KFS/BW 2 (expert opinion of the Board of Experts on Business Management within the Austrian Chamber of Public Accountants and Tax Advisors).

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## V. Preview and forecast

The main activity of HPI for the business year 2017 will be the administration of its participating interests.

Vienna, October 4, 2017

Members of the Management Board:

Elli Digeni

Panagiotis Daveros

George Alexopoulos

Angelos Kefaleas

Roberto Karahannas



# General Conditions of Contract for the Public Accounting Professions (AAB 2011)

Laid down by the Working Group for Fees and Conditions of Contract of the Chamber of Public Accountants and Tax Advisors, recommended for use by the Board of the Chamber of Public Accountants and Tax Advisors in its decision of March 8, 2000, and revised by the Working Group for Fees and Conditions of Contract on May 23, 2002, on October 21, 2004, on December 18, 2006, on August 31, 2007, on February 26, 2008, on June 30, 2009, on March 22, 2010, as well as on February 21, 2011

## Preamble and General Points

(1) The General Conditions of Contract for the professions in the field of public accounting are divided into four sections: Section I deals with contracts for services, excluding contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions; Section II deals with contracts for rendering services in the field of bookkeeping, payroll accounting and administration and assessment of taxes and contributions; Section III covers contracts not regarded as contracts for the rendering of services, while Section IV is devoted to consumer business covered by the Austrian Consumer Act.

(2) In the event that individual provisions of these General Conditions of Contract are void, this shall not affect the validity of the remaining provisions. The invalid provision shall be replaced by a valid provision that is as close as possible to the desired objective.

(3) The person entitled to exercise profession in the field of public accounting shall be obliged to render the services negotiated in accordance with the principles of due professional care and conduct. He/she shall have the right to engage suitable staff for the execution of the contract. This shall apply to all sections of The General Conditions of Contract.

(4) Finally, foreign law shall only be taken into account by the person entitled to exercise the profession, if this has been explicitly agreed upon in writing. This shall apply to all sections of the General Conditions of Contract.

(5) The work prepared in the offices of the person entitled to exercise the profession may, at the discretion of the person entitled to exercise the profession, be carried out with or without using electronic data processing. In case electronic data processing is used, the client – not the person entitled to exercise the profession – is obliged to effect the registrations or notifications required under the relevant provisions of the Data Protection Act.

(6) The client undertakes not to employ staff of the person entitled to exercise the profession during and within one year after termination of the contractual relationship, either in his/her company or in an associated company, failing which he/she shall be obliged to pay the person entitled to exercise the profession the amount of the annual salary of the employee taken over.

## SECTION I

### 1. Scope

(1) The General Conditions of Contract in Section I shall apply to contracts concerning (statutory and voluntary) audits with or without auditor's certificate, expert opinions, court expert opinions, preparation of annual financial statements and other financial statements, tax consultancy and other services to be rendered within the framework of a contract for the rendering of services, excluding bookkeeping, payroll accounting and the administration and assessment of payroll-related taxes and contributions.

(2) The General Conditions of Contract shall apply, if their use has been explicitly or tacitly agreed upon. Furthermore, in the absence of another agreement, they shall be used for reference to facilitate interpretation.

(3) Point 8 shall also apply to third parties whose services, in certain cases, may be enlisted by the contractor for the execution of the contract.

## 2. Scope and Execution of Contract

(1) Reference shall be made to Items 3 and 4 of the Preamble.

(2) Should the legal situation change subsequent to delivering a final professional statement passed on by the client orally or in writing, the person entitled to exercise the profession shall not be obliged to inform the client of changes or of the consequences thereof. This shall also apply to the completed parts of a contract.

(3) An application submitted by the person entitled to exercise the profession to an authority (e.g. tax office, social security institution) by electronic means, shall be regarded as neither signed by the person entitled to exercise the profession nor by the person authorized to submit such an application.

## 3. Client's Obligation to Provide Information and Submit Complete Set of Documents

(1) The client shall make sure that all documents required for the execution of the contract be placed in good time and without special request at the disposal of the person entitled to exercise the profession and that he/she be informed of all events and circumstances which may be of significance for the execution of the contract. This shall also apply to documents, events and circumstances which become known only after the person entitled to exercise the profession has commenced his/her work.

(2) The client shall confirm in writing that all documents submitted, all information provided and explanations given in the context of audits, expert opinions and expert services are complete. This statement may be made on the forms specifically designed for this purpose.

(3) If the client fails to disclose considerable risks in connection with the preparation of annual financial statements and other statements, the contractor shall not be obliged to render any compensation in this respect.

## 4. Maintenance of Independence

(1) The client shall be obliged to take all measures to make sure that the independence of the employees of the person entitled to exercise the profession be maintained and shall refrain from jeopardizing their independence in any way. In particular, this shall apply to offers of employment and to offers to accept contracts on their own account.

(2) **The client consents that their personal details, meaning their name and the type and scope of the services, including the performance period, agreed between the professional practitioner and the client (both audit and non-audit services), shall be handled within the information network (network), to which the professional practitioner belongs, and for this purpose transferred to the other members of the information network (network) including abroad (a list of all recipients of communications shall be sent to the client at their request by the commissioned professional practitioner) for the purpose of examination of the existence of grounds of bias or grounds for exclusion within the meaning of Sections 271 et seq. of the Company Code (UGB). For this purpose the client expressly releases the professional practitioner in accordance with the Data Protection Act and in accordance with Section 91 Subsection 4 Clause 2 of the Auditing, Tax Advising and Related Professions Act (WTBG) from their obligation to maintain secrecy. Moreover, the client acknowledges in this regard that in states which are not EU members a lower level of data protection than in the EU may prevail. The client can revoke this consent at any time in writing to the professional practitioner.**

## 5. Reporting Requirements

(1) In the absence of an agreement to the contrary, a written report shall be drawn up in the case of audits and expert opinions.



(2) All information and opinions of the person entitled to exercise the profession and his employees shall only be binding provided they are set down or confirmed in writing. Written opinions shall only be those on which there is a company signature. Written opinions shall in no circumstances be information sent electronically, specifically not via e-mail.

(3) Transmission errors cannot be excluded when information and data is transmitted electronically. The person entitled to exercise the profession and his employees shall not be liable for losses which arise as a result of electronic transmission. Electronic transmission shall be exclusively at the client's risk. The client is aware that confidentiality is not guaranteed when the Internet is used. Furthermore, amendments or supplements to documents transmitted shall only be permissible subject to explicit approval.

(4) Receipt and forwarding of information to the person entitled to exercise the profession and his employees are not always guaranteed when the telephone is used, in particular in conjunction with automatic telephone answering systems, fax, e-mail and other electronic means of communication. As a result, instructions and important information shall only be deemed to have been received by the person entitled to exercise the profession provided they are also received in writing, unless explicit confirmation of receipt is provided in individual instances. Automatic confirmation that items have been transmitted and read shall not as such constitute explicit confirmations of receipt. This shall apply in particular to the transmission of decisions and other information relating to deadlines. As a result, critical and important notifications must be sent to the person entitled to exercise the profession by post or courier. Delivery of documents to employees outside the firm's offices shall not count as delivery.

(5) The client agrees to being sent recurrent general tax law and general commercial law information by the person entitled to exercise the profession via electronic means. This shall not apply to unsolicited information in accordance with § 107 of the Austrian Telecommunications Act (TKG).

### 6. Protection of Intellectual Property of the Person Entitled to Exercise the Profession

(1) The client shall be obliged to ensure that reports, expert opinions, organizational plans, drafts, drawings, calculations and the like, issued by the person entitled to exercise the profession, be used only for the purpose specified in the contract (e.g. pursuant to Section 44 Para. 3 Austrian Income Tax Act 1988). Furthermore, professional statements passed on by the client orally or in writing made by the person entitled to exercise the profession may be passed on to a third party for use only with the written consent of the person entitled to exercise the profession.

(2) The use of professional statements passed on by the client orally or in writing made by the person entitled to exercise the profession for promotional purposes shall not be permitted; a violation of this provision shall give the person entitled to exercise the profession the right to terminate without notice to the client all contracts not yet executed.

(3) The person entitled to exercise the profession shall retain the copyright on his/her work. Permission to use the work shall be subject to the written consent by the person entitled to exercise the profession.

### 7. Correction of Errors

(1) The person entitled to exercise the profession shall have the right and shall be obliged to correct all errors and inaccuracies in his/her professional statement passed on by the client orally or in writing which subsequently come to light and shall be obliged to inform the client thereof without delay. He/she shall also have the right to inform a third party acquainted with the original statement of the change.

(2) The client has the right to have all errors corrected free of charge, if the contractor can be held responsible for them; this right will expire six months after completion of the services rendered by the person entitled to exercise the profession and/or – in cases where a written statement has not been delivered – six months after the person entitled to exercise the profession has completed the work that gives cause to complaint.

(3) If the contractor fails to correct errors which have come to light, the client shall have the right to demand a reduction in price. The extent to which additional claims for damages can be asserted is stipulated under Point 8.

### 8. Liability

(1) The person entitled to exercise the profession shall only be liable for violating intentionally or by gross negligence the contractual duties and obligations entered into.

(2) In cases of gross negligence, the maximum liability for damages due from the appointed person entitled to exercise the profession is tenfold the minimum insurance sum of the professional liability insurance

according to Section 11 of the Act on Professions in the Field of Public Accounting (WTBG) in the currently valid version.

(3) Any action for damages may only be brought within six months after those entitled to assert a claim have gained knowledge of the damage, but not later than three years after the occurrence of the (primary) loss following the incident upon which the claim is based, unless other statutory limitation periods are laid down in other legal provisions.

(4) Should Section 275 of the Austrian Business Enterprise Code (Commercial Code, UGB) be mandatorily applicable, the liability provisions pursuant to Section 275 shall apply where these represent mandatory law, even in cases where several persons have participated in the execution of the contract or where several activities requiring compensation have taken place, irrespective of whether other participants have acted with intent.

(5) In cases where a formal audit certificate is issued, the applicable limitation period shall commence at the latest at the time of issue of said audit certificate.

(6) If activities are carried out by enlisting the services of a third party, e.g. a data-processing company, and the client is informed thereof, any warranty claims and claims for damages which arise against the third party according to law and in accordance with the conditions of the third party, shall be deemed as having been passed on to the client. The person entitled to exercise the profession shall only be liable for fault in choosing the third party.

(7) The person entitled to exercise the profession shall not be liable to a third party, if his/her professional statements are passed on by the client orally or in writing without the approval or knowledge of the person entitled to exercise the profession.

(8) The above provisions shall apply not only vis-à-vis the client but also vis-à-vis third parties, if the person entitled to exercise the profession, in exceptional cases, should be liable for his/her work. In any case, a third party cannot raise any claims that go beyond any claim raised by the client. The maximum sum of liability shall be valid only once for all parties injured, including the compensation claims of the client, even if several persons (the client and a third party or several third parties) have been wronged; the claims of the aggrieved parties shall be satisfied in the order in which the claims have been raised.

### 9. Secrecy, Data Protection

(1) According to Section 91 WTBG the person entitled to exercise the profession shall be obliged to maintain secrecy in all matters that become known to him/her in connection with his work for the client, unless the client releases him/her from this duty or he/she is bound by law to deliver a statement.

(2) The person entitled to exercise the profession shall be permitted to hand on reports, expert opinions and other written statements pertaining to the results of his/her services to third parties only with the permission of the client, unless he/she is required to do so by law.

(3) The person entitled to exercise the profession is authorized to process personal data entrusted to him/her within the framework of the purpose of the contract or to have them processed by a third party according to Point 8 Item 5. The person entitled to exercise the profession shall guarantee that according to Section 15 of the Data Protection Act secrecy be maintained. According to Section 11 of the Data Protection Act the material made available to the person entitled to exercise the profession (data carrier, data, control numbers, analyses and programs) as well as all results obtained as a result of the work provided shall be returned to the client, unless the client has requested in writing that the material and/or results be transferred to a third party. The person entitled to exercise the profession shall be obliged to take measures to ensure that the client can meet his/her obligation to provide information according to Section 26 of the Data Protection Act. The client's instructions required for this purpose shall be given in writing to the person entitled to exercise the profession. Unless a fee has been negotiated for providing such information, the client shall be charged only the actual efforts undertaken. The client shall meet his/her obligation to provide information to those concerned and/or to register in the data processing register, unless the contrary has been explicitly agreed in writing.

### 10. Termination

(1) Unless otherwise agreed in writing or stipulated by force of law, either contractual partner shall have the right to terminate the contract at any time with immediate effect. The fee shall be calculated according to Point 12.

(2) However, a continuing agreement (even with a flat fee) – always to be presumed in case of doubt – may, without good reason (cf. Section 88 Item 4 WTBG), only be terminated at the end of the calendar month by observing a period of notice of three months, unless otherwise agreed in writing.

(3) Except for cases listed in Item 5, in case of termination of a continuing agreement only those tasks shall be part of the list of jobs to be completed and finished that can be completed fully or to the largest part within the period of notice, with financial statements and annual income tax returns being deemed to be subject to successful completion within two months calculated from the balance sheet date. In this case the above-mentioned jobs actually have to be completed within a reasonable period of time, if all documents and records required are provided without delay and if no good reason within the meaning of Section 88 Paragraph 4 WTBG is cited.

(4) In case of a termination according to Item 2 the client shall be informed in writing within one month which assignments at the time of termination are considered to be part of the work to be completed.

(5) If the client is not informed within this period about the assignments still to be carried out, the continuing agreement shall be deemed terminated upon completion of the tasks under way at the date when the notice of termination is served.

(6) Should it happen that in case of a continuing agreement as defined under Items 2 and 3 – for whatever reason – more than two similar jobs which are usually completed only once a year (e.g. financial statements or annual tax returns etc.) are to be completed, any such jobs exceeding this number shall be regarded as assignments to be completed only with the client's explicit consent. If applicable, the client shall be informed of this explicitly in the statement pursuant to Item 4.

#### 11. Default in Acceptance and Failure to Cooperate on the part of the Client

If the client defaults on acceptance of the services rendered by the person entitled to exercise the profession or fails to carry out a task incumbent on him/her either according to Point 3 or imposed on him/her in another way, the person entitled to exercise the profession shall have the right to terminate the contract without prior notice. His/her fees shall be calculated according to Point 12. Default in acceptance or failure to cooperate on the part of the client shall also justify a claim for compensation made by the person entitled to exercise the profession for the extra time and labor hereby expended as well as for the damage caused, if the person entitled to exercise the profession does not invoke his/her right to terminate the contract.

#### 12. Entitlement to Fee

(1) If the contract fails to be executed (e.g. due to termination), the person entitled to exercise the profession shall be entitled to the negotiated fee, provided he/she was prepared to render the services and was prevented from so doing by circumstances caused by the client (Section 1168 of the Civil Code (ABGB)); in this case the person entitled to exercise the profession need not deduct the amount he/she obtained or could have obtained through alternative use of his/her own professional services or those of his/her employees.

(2) If the client fails to cooperate and the assignment cannot be carried out because of lack of cooperation, person entitled to exercise the profession shall also have the right to set a reasonable grace period on the understanding that, if this grace period expires without results, the contract shall be deemed cancelled and the consequences indicated in Item 1) shall apply.

(3) If the person entitled to exercise the profession terminates the contract without good reason and at an inopportune moment, he/she shall compensate the client for the damage caused according to Point 8.

(4) If the client – having been made aware of the legal situation – agrees that the person entitled to exercise the profession duly completes the task, the work shall be completed accordingly.

#### 13. Fee

(1) Unless the parties agreed that the services would be rendered free of charge or unless explicitly stipulated otherwise, an appropriate remuneration in accordance with Sections 1004 and 1152 of the Austrian Civil Code (ABGB) is due. Unless a different agreement has demonstrably been reached, payments by the client shall in all cases be credited against the oldest debt. The claim for remuneration by the person entitled to exercise the profession is based upon an agreement concluded between him/her and the principal involved.

(2) Proper understanding between the person entitled to exercise the profession and their principals is most effectively achieved by clearly expressed remuneration agreements.

(3) The smallest service unit which may be charged is a quarter of an hour.

(4) Travel time to the extent required is also charged in most cases.

(5) Study of documents which, in terms of their nature and extent, may prove necessary for preparation of the person entitled to exercise the profession in his/her own office may also be charged as a special item

(6) Should a remuneration already agreed upon prove inadequate as a result of the subsequent occurrence of special circumstances or special requirements of the principal, additional negotiations for the agreement of a more suitable remuneration are usual. This also usually applies where inadequate fixed sum remunerations are concerned.

(7) Persons entitled to exercise the profession also include charges for supplementary costs and value-added (turnover) tax in addition to the above.

(8) Supplementary costs also include documented or flatrate cash expenses, travelling expenses (first class for train journeys, sleeping car (wagon lits) if necessary, dietary requirements, mileage allowance, photocopy costs and similar supplementary costs.

(9) Should particular third party liabilities be involved, the necessary insurance premiums also count as supplementary costs.

(10) Personnel and material expenses for the preparation of reports, expertises and similar documents are also viewed as supplementary costs.

(11) For the execution of a commission wherein mutual conclusion involves several persons entitled to exercise the profession, each of the latter will charge his/her own remuneration.

(12) Remunerations and advance payments required are due immediately after receipt of their written claim should no other agreements exist. Where payments of remuneration are made later than 14 days after the due date, default interest may be charged. Where mutual business transactions are concerned, a default interest rate of 8% above the base rate is agreed upon (Cf. Section 352 of the Austrian Business Enterprise Code (Commercial Code, UGB)).

(13) Time limitation is in accordance with Section 1486 of the Austrian Civil Code (ABGB), starting at the time of conclusion of the service involved or a later rendering of accounts after an appropriate time-limit.

(14) An objection may be raised in writing against bills presented by the appointed trustee up to 4 weeks after the date of presentation. Otherwise the bill is considered as accepted. Filing of a bill in the accounting system of the recipient is also considered as acceptance.

(15) Application of § 934 ABGB (Austrian Civil Code) within the meaning of § 351 Austrian Business Enterprise Code (Commercial Code, UGB), i.e. rescission for *laesio enormis* (lesion beyond moiety) among entrepreneurs, is hereby renounced.

#### 14. Other Provisions

(1) In addition to the reasonable rate or fee charged, the person entitled to exercise the profession shall have the right to claim reimbursement of expenses. He/she can ask for advance payments and can make delivery of the results of his/her (continued) work dependent on satisfactory fulfillment of his/her demands. In this context reference shall be made to the legal right of retention (Section 471 of the Civil Code (ABGB), Section 369 of the Austrian Business Enterprise Code (Commercial Code, UGB)). If the right of retention is wrongfully exercised, the person entitled to exercise the profession shall be liable only in case of gross negligence up to the outstanding amount of his/her fee. As regards standing orders, the provision of further services may be denied until payment of previous services has been effected. This shall analogously apply if services are rendered in installments and fee installments are outstanding.

(2) After all the data to be archived, which has been prepared by the public accountant and tax advisor, has been delivered to the client or to the succeeding public accountant and tax advisor, the person entitled to exercise the profession shall be entitled to delete the data in question.

(3) With the exception of obvious essential errors, a complaint concerning the work of the person entitled to exercise the profession shall not justify the retention of remuneration owed in accordance with Item 1.

(4) Offsetting the remuneration claims made by the person entitled to exercise the profession in accordance with Item 1 shall only be permitted, if the demands are uncontested and legally valid.

(5) At the request and expense of the client, the person entitled to exercise the profession shall hand over all documents received from the client within the scope of his/her activities. However, this shall not apply to correspondence between the person entitled to exercise the profession and his/her client, to original documents in his/her possession or to

documents which have to be kept in accordance with the directive on money laundering. The person entitled to exercise the profession may make or retain copies or duplicates of the documents to be returned to the client. The client shall be obliged to bear these expenses in so far as these copies or duplicates may be required as a proof of the orderly execution of all professional duties by the person entitled to exercise the profession.

(6) In the event of termination of the contract, the contractor shall be entitled to charge an appropriate fee for further queries after termination of the contract and for granting access to the relevant information about the audited company.

(7) The client shall fetch the documents handed over to the person entitled to exercise the profession within three months after the work has been completed. If the client fails to do so, the person entitled to exercise the profession shall have the right to return them to the client at the cost of the client or to charge safe custody charges, if the person entitled to exercise the profession can prove that he/she has asked the client twice to pick up the documents handed over.

(8) The person entitled to exercise the profession shall have the right to compensation of any fees that are due by use of any available deposited funds, clearing balances, trust funds or other liquid resources at his/her disposal even if these funds are explicitly intended for safe keeping, if the client had to reckon with a counterclaim of the person entitled to exercise the profession.

(9) To safeguard an existing or future fee payable, the person entitled to exercise the profession shall have the right to transfer a balance held by the client with the tax office or another balance held by the client in connection with charges and contributions, to a trust account. In this case the client shall be informed about the transfer. Subsequently, the amount secured may be collected either after agreement has been reached with the client or after enforceability by execution has been declared.

#### 15. Applicable Law, Place of Performance, Jurisdiction

(1) The contract, its execution and the claims resulting from it shall be exclusively governed by Austrian law.

(2) The place of performance shall be the place of business of the person entitled to exercise the profession.

(3) In case of disputes, the court of the place of performance shall be the competent court.

#### 16. Supplementary Provisions for Audits

(1) For statutory audits of financial statements which are carried out in order to issue a formal audit certificate (e.g. Section 268 and the following sections of the Company Code), the purpose of the contract, unless otherwise agreed to in writing, shall not be to investigate whether regulations concerning tax laws or specific regulations, e.g. price fixing, restriction of competition and foreign exchange regulations have been adhered to. Neither shall the purpose of the statutory audit of financial statements be to investigate whether the business is run in an economical, efficient and expedient manner. Within the framework of a statutory audit of a financial statement there shall be no obligation to detect the falsification of accounts or other irregularities.

(2) When a qualified or unqualified audit certificate is issued within the scope of a statutory audit of the annual financial statement, the audit certificate issued shall be appropriate for the respective type of business organization.

(3) If financial statements are published together with the audit certificate, they shall only be published in the form confirmed or explicitly permitted by the auditor.

(4) If the auditor revokes his/her audit certificate, the further use thereof shall no longer be permitted. If the financial statements have been published with the audit certificate, the revocation thereof shall also be published.

(5) For other statutory and voluntary audits of financial statements as well as for other audits, the above principles shall apply accordingly.

#### 17. Supplementary Provisions concerning the Preparation of Annual Financial Statements and Other Financial Statements, Consultation and Other Services to be Provided within the Framework of a Contract for the Rendering of Services

(1) The person entitled to exercise the profession, when performing the aforementioned activities, shall be justified in accepting information provided by the client, in particular figures, as correct. However, he/she is

obliged to inform the client of any errors identified by him/her. The client shall present the person entitled to exercise the profession with all important documents required for keeping deadlines, in particular tax assessment notices, in good time so as to ensure that the person entitled to exercise the profession has a reasonable amount of time, but not less than one week, to process the information.

(2) In the absence of written agreements to the contrary, consultation shall consist of the following activities:

- a) preparing annual tax returns for income tax and corporate tax as well as value-added tax (VAT) on the basis of the financial statements and other documents and papers required for taxation purposes and to be submitted by the client or prepared by the contractor.
- b) examining the tax assessment notices for the tax returns mentioned under a).
- c) negotiating with the fiscal authorities in connection with the tax returns and notices mentioned under a) and b).
- d) participating in external tax audits and assessing the results of external tax audits with regard to the taxes mentioned under a).
- e) participating in appeal procedures with regard to the taxes mentioned under a). If the person entitled to exercise the profession receives a flat fee for regular tax consultation, in the absence of written agreements to the contrary, the activities mentioned under d) and e) shall be invoiced separately.

(3) Particular matters pertaining to income tax, corporate tax and ratable value tax return as well as all matters relating to value-added tax, withholding tax on salaries and wages and other taxes and duties shall only be prepared on the basis of a specific contract. This shall also apply to

- a) processing non-recurring matters pertaining to tax, e.g. inheritance tax, capital transfer tax, land transfer tax,
- b) the defense and consultation in penal procedures relating to the taxes mentioned,
- c) providing consultation and expert opinions in matters pertaining to the foundation, restructuring, merger, capital increase and decrease, and reorganization of a company, entry and retirement of a shareholder or partner, sale of a business, winding up, management consultancy and other activities according to Sections 3 to 5 of the Act on Professions in the Field of Public Accounting (WTBG).
- d) the preparation of applications to the Register of Companies in connection with annual financial statements, including the keeping of records required.

(4) Provided the preparation of the annual value added tax return is part of the contract accepted, this shall not include the examination of any particular accounting conditions nor the examination of whether all relevant value added tax concessions have been utilized, unless the person entitled to exercise the profession can prove that he/she has been commissioned accordingly.

(5) The aforementioned paragraphs shall not apply to services requiring particular expertise provided by an expert.

#### SECTION II 18. Scope

The General Conditions of Contract in Section II shall apply to contracts for the rendering of services in the field of bookkeeping, payroll accounting and the administration and assessment of payroll-related taxes and contributions.

#### 19. Scope and Execution of Contract

(1) Reference shall be made to Items 3 and 4 of the Preamble.

(2) The person entitled to exercise the profession shall be justified in regarding information and documents presented to him/her by the client, in particular figures, as correct and complete and in using them as a basis for accounting. The person entitled to exercise the profession shall not be obliged to identify errors, unless he/she has been specifically instructed to do so in writing. However, if errors are identified, he/she shall inform the client thereof.

(3) If a flat fee has been negotiated for the activities mentioned in Point 18, in the absence of written agreements to the contrary, representation in matters concerning all types of tax audits and audits of payroll-related taxes and social security contributions including settlements concerning tax assessments and the basis for contributions, preparation of reports, appeals and the like shall be invoiced separately.

(4) Particular individual services in connection with the services mentioned in Point 18, in particular ascertaining whether the requirements for statutory social security contributions are met, shall be dealt with only

on the basis of a specific contract and shall be treated according to Section I or Section III of the General Conditions of Contract.

(5) Any application submitted to authorities (e.g. tax office, social insurance institution) electronically, shall be regarded as neither signed by the person entitled to exercise the profession nor by the person authorized to transmit the application.

#### 20. Client's Duty to Cooperate

The client shall make sure that all information and documents required for bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions be placed at the disposal of the person entitled to exercise the profession on an agreed date without his/her specific request.

#### 21. Termination

(1) Unless otherwise agreed to in writing, either contractual partner may terminate the contract at the end of each month with three months' notice without giving a particular reason.

(2) If the client repeatedly fails to fulfill his/her duties according to Point 20, the person entitled to exercise the profession shall have the right to terminate the contract immediately without prior notice.

(3) If the person entitled to exercise the profession delays in rendering services due to reasons for which he/she is solely responsible, the client shall have the right to terminate the contract immediately without prior notice.

(4) In case of a termination of the contractual relationship only those assignments shall be considered part of the contract which the contractor is already working on or major parts of which can be completed within the period of notice and which are notified to the client within one month.

#### 22. Fee and Entitlement to Fee

(1) Unless otherwise agreed to in writing, the fee shall be considered agreed upon for one year at a time.

(2) If the contract is terminated pursuant to Point 21 Item 2 the person entitled to exercise the profession shall have the right to the full fee negotiated for three months. This shall also apply if the client fails to observe the period of notice.

(3) If the contract is terminated pursuant to Point 21 Item 3, the person entitled to exercise the profession shall only have the right to the fee corresponding to the services rendered up to this point, provided they are of value to the client.

(4) If a flat fee has not been negotiated, the fee shall be calculated pursuant to Item 2 according to the monthly average of the current year of contract until termination.

(5) Unless the parties agreed that the services would be rendered free of charge or unless explicitly stipulated otherwise, an appropriate remuneration in accordance with Sections 1004 and 1152 of the Austrian Civil Code (ABGB) is due. Unless a different agreement has demonstrably been reached, payments by the client shall in all cases be credited against the oldest debt. The claim for remuneration by the person entitled to exercise the profession is based upon an agreement concluded between him/her and the principal involved. Furthermore, the basics standardized under section 13 apply.

(6) Application of § 934 ABGB (Austrian Civil Code) within the meaning of § 351 Austrian Business Enterprise Code (Commercial Code, UGB), i.e. rescission for *laesio enormis* (lesion beyond moiety) among entrepreneurs, is hereby renounced.

#### 23. Other Provisions

In all other cases, the provisions of Section I of the General Conditions of Contract shall apply accordingly.

### SECTION III

#### 24. Scope

(1) The General Conditions of Contract in Section III shall apply to all contracts not mentioned in the previous sections, which are not to be regarded as contracts for rendering services and are not related to the contracts mentioned in the previous sections.

(2) In particular, Section III of the General Conditions of Contract shall apply to contracts concerning the non-recurring participation in negotiations, to services as an agent in matters pertaining to insolvency, to contracts concerning non-recurring interventions and the handling of the

individual matters mentioned in Point 17 Item 3 in the absence of a continuing agreement.

#### 25. Scope and Execution of Contract

(1) Reference shall be made to Items 3 and 4 of the Preamble.

(2) The person entitled to exercise the profession shall be justified in regarding and obliged to regard information and documents presented to him/her by the client, in particular figures, as correct and complete. In case of penal procedures he/she shall protect the rights of the client.

(3) The person entitled to exercise the profession shall not be obliged to identify errors, unless he/she has been specifically instructed to do so in writing. However, if he/she identifies errors, the client shall be informed accordingly.

#### 26. Client's Duty to Cooperate

The client shall make sure that all the necessary information and documents be placed at the disposal of the person entitled to exercise the profession in good time and without his/her special request.

#### 27. Termination

Unless otherwise agreed to in writing or stipulated by force of law, either contractual party shall have the right to terminate the contract at any time with immediate effect (Section 1020 of the Civil Code (ABGB)).

#### 28. Fee and Entitlement to Fee

(1) Unless the parties agreed that the services would be rendered free of charge or unless explicitly stipulated otherwise, an appropriate remuneration in accordance with Sections 1004 and 1152 of the Austrian Civil Code (ABGB) is due. Unless a different agreement has demonstrably been reached, payments by the client shall in all cases be credited against the oldest debt. The claim for remuneration by the person entitled to exercise the profession is based upon an agreement concluded between him/her and the principal involved. Furthermore, the basics standardized under section 13 apply.

(2) In the event of termination the fee shall be calculated according to the services rendered up to this point, provided they are of value to the client.

(3) Application of § 934 ABGB (Austrian Civil Code) within the meaning of § 351 Austrian Business Enterprise Code (Commercial Code, UGB), i.e. rescission for *laesio enormis* (lesion beyond moiety) among entrepreneurs, is hereby renounced.

#### 29. Other Provisions

The reference in Point 23 to provisions in Section I shall apply accordingly.

### SECTION IV

#### 30. Scope

The Conditions of Contract of Section IV shall only apply to consumer business in accordance with the Consumer Act (Federal Law of March 8, 1979/Federal Law Gazette No. 140 as amended).

#### 31. Supplementary Provisions for Consumer Transactions

(1) Contracts between persons entitled to exercise the profession and consumers shall fall under the obligatory provisions of the Consumer Act.

(2) The person entitled to exercise the profession shall only be liable for the deliberate and gross negligent violation of the obligations assumed.

(3) Contrary to the limitation laid down in Point 8 Item 2 of the General Conditions of Contract, the duty to compensate on the part of the person entitled to exercise the profession shall not be limited in case of gross negligence.

(4) Point 8 Item 3 of the General Conditions of Contract (asserting claims for damages within a certain period) shall not apply.

(5) Right of Withdrawal according to Section 3 of the Consumer Protection Act

If the consumer has not made his/her contract statement in the office usually used by the person entitled to exercise his/her profession, he/she may withdraw from the contract application or the contract proper. This withdrawal may be declared until the contract has been concluded or within one week after its conclusion; the period commences as soon as a

document has been handed over to the consumer which contains at least the name and the address of the person entitled to exercise the profession as well as instructions on the right to revoke the contract, but no earlier than the conclusion of the contract.

The consumer shall not have the right to withdraw from the contract,

1. if the consumer himself/herself established the business relationship concerning the conclusion of this contract with the person entitled to exercise the profession or his/her agent,

2. if the conclusion of the contract has not been preceded by any talks between the parties involved or their agents or

3. in case of contracts where the mutual services have to be provided immediately, if the contracts are usually concluded outside the offices of the persons entitled to exercise the profession, and the fee agreed upon does not exceed €15.

In order to become legally effective, the revocation shall be declared in writing. It is sufficient if the consumer returns a document that contains his/her contract declaration or that of the person entitled to exercise the profession to the person entitled to exercise the profession with a note which reveals that the consumer rejects the conclusion or the maintenance of the contract. It is sufficient if this declaration is dispatched within a week.

If the consumer withdraws from the contract according to Section 3 of the Consumer Act,

1. the person entitled to exercise the profession shall return all benefits received, including all statutory interest, calculated from the day of receipt, and to compensate the consumer for all necessary and useful expenses incurred in this matter,

2. the consumer shall pay for the value of the services rendered by the person entitled to exercise the profession as far as they are of a clear and predominant benefit to him/her.

According to Section 4 Paragraph 3 of the Consumer Act claims for damages shall remain unaffected.

### (6) Cost Estimates according to Section 5 of the Consumer Act

The consumer shall pay for the preparation of a cost estimate in accordance with Section 1170a of the Austrian Civil Code by the person entitled to exercise the profession only, if this payment obligation has been notified to the consumer beforehand.

If the contract is based on a cost estimate prepared by the person entitled to exercise the profession, its correctness shall be deemed warranted as long as the opposite has not been explicitly declared.

### (7) Correction of Errors: Supplement to Point 7

If the person entitled to exercise the profession is obliged according to Section 932 of the Austrian Civil Code to improve or complement his/her services, he/she shall execute this duty at the place where the matter was transferred to him/her. If it is in the interest of the consumer to have the work and the documents returned by the person entitled to exercise the profession, the consumer may carry out this transfer at his/her own risk and expense.

### (8) Jurisdiction: Instead of Point 15 Item 3:

If the domicile or the usual residence of the consumer is within the country or if he/she is employed within the country, in case of an action against him/her according to Sections 88, 89, 93 Paragraph 2 and 104 Paragraph 1 JN the jurisdiction of a court shall depend on the district where the consumer has his domicile, usual residence or place of employment.

### (9) Contracts on Recurring Services

(a) Contracts which oblige the person entitled to exercise the profession to render services and the consumer to effect repeated payments and which have been concluded for an indefinite period or a period exceeding one year, may be terminated by the consumer at the end of the first year, and after the first year at the end of every six months, by adhering to a two-month period of notice.

(b) If the total work is regarded as a service that cannot be divided on account of its character, the extent and price of which is determined already at the conclusion of the contract, the first date of termination may be postponed until the second year has expired. In case of such contracts the period of notice may be extended to a maximum of six months.

(c) If the execution of a certain contract indicated in lit.a) 1 requires considerable expenses on the part of the person entitled to exercise the profession and if he/she informed the consumer about this not later than when the contract was concluded, reasonable dates of termination and periods of notice which deviate from lit.a) and b) and which fit the respective circumstances may be agreed.

(d) If the consumer terminates the contract without complying with the period of notice, the termination shall become effective at the next termination date which follows the expiry of the period of notice.