HELLENIC PETROLEUM S.A.

CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

FOR THE THREE MONTH PERIOD ENDED

31 MARCH 2017

HELLENIC
PETROLEUM

CONTENTS

I. Company Information

Directors	Efstathios Tsotsoros - Chairman of the Board Grigorios Stergioulis - Chief Executive Officer Andreas Shiamishis - Member Ioannis Psichogios - Member Theodoros-Achilleas Vardas - Member Georgios Grigoriou - Member Stratis Zafiris - Member Dimitrios Kontofakas - Member Vasileios Kounelis - Member Panagiotis Ofthalmides - Member Theodoros Pantalakis - Member Spiridon Pantelias - Member Constantinos Papagiannopoulos - Member
Registered Office	8A Chimarras Str GR 151 25 - Marousi
Registration number	2443/06/B/86/23
General Commercial Registry	000296601000

(All amounts in Euro thousands unless otherwise stated)

II. Condensed Interim Consolidated Statement of Financial Position

	Note	As at 31 March 2017	31 December 2016
ASSETS			
Non-current assets			
Property, plant and equipment	**11**	3.276.876	3.302.923
Intangible assets	**12**	107.770	108.294
Investments in associates and joint ventures		720.224	689.607
Deferred income tax assets		65.251	100.973
Available-for-sale financial assets		1.642	1.626
Loans, advances and long term assets		88.893	91.131
		4.260.656	**4.294.554**
Current assets			
Inventories	**13**	988.987	929.164
Trade and other receivables	**14**	863.762	868.331
Derivative financial instruments		1.923	15.192
Cash, cash equivalents and restricted cash	**15**	1.081.096	1.081.580
		2.935.768	**2.894.267**
Total assets		**7.196.424**	**7.188.821**
EQUITY			
Share capital	**16**	1.020.081	1.020.081
Reserves	**17**	459.444	469.788
Retained Earnings		673.712	549.891
Capital and reserves attributable to owners of the parent		**2.153.237**	**2.039.760**
Non-controlling interests		101.086	101.875
Total equity		**2.254.323**	**2.141.635**
LIABILITIES			
Non-current liabilities			
Borrowings	**18**	1.258.762	1.456.204
Deferred income tax liabilities		42.191	42.736
Retirement benefit obligations		113.015	110.912
Provisions for other liabilities and charges		9.785	9.306
Trade and other payables		216.414	259.644
		1.640.167	**1.878.802**
Current liabilities			
Trade and other payables	**19**	1.690.768	1.777.909
Current income tax liabilities		3.576	3.534
Borrowings	**18**	1.607.135	1.386.299
Dividends payable		455	642
		3.301.934	**3.168.384**
Total liabilities		**4.942.101**	**5.047.186**
Total equity and liabilities		**7.196.424**	**7.188.821**

The notes on pages 8 to 29 are an integral part of this condensed interim consolidated financial information.

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

(All amounts in Euro thousands unless otherwise stated)

III. Condensed Interim Consolidated Statement of Comprehensive Income

	Note	For the three month period ended 31 March 2017	31 March 2016
Sales		**2.077.594**	**1.247.001**
Cost of sales		(1.792.930)	(1.073.088)
Gross profit		**284.664**	**173.913**
Selling and distribution expenses		(66.234)	(69.401)
Administrative expenses		(29.894)	(27.164)
Exploration and development expenses		(129)	(2.072)
Other operating income / (expenses) - net	**5**	(7.332)	4.204
Operating profit		**181.075**	**79.480**
Finance income	**6**	1.264	1.988
Finance expense	**6**	(47.651)	(50.418)
Currency exchange (losses) / gains	**7**	(854)	11.455
Share of profit / (loss) of investments in associates and joint ventures	**8**	30.617	(718)
Profit before income tax		**164.451**	**41.787**
Income tax expense	**9**	(40.627)	(10.192)
Profit for the period		**123.824**	**31.595**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Revaluation of land and buildings		(1.669)	-
Changes in the fair value on available-for-sale financial assets		14	(4.930)
Fair value gains / (losses) on cash flow hedges	**17**	(9.421)	(3.156)
Currency translation differences and other movements		(60)	(728)
Other comprehensive loss for the period, net of tax		**(11.136)**	**(8.814)**
Total comprehensive income for the period		**112.688**	**22.781**
Profit attributable to:			
Owners of the parent		123.821	32.406
Non-controlling interests		3	(811)
		123.824	31.595
Total comprehensive income attributable to:			
Owners of the parent		113.477	23.697
Non-controlling interests		(789)	(916)
		112.688	**22.781**
Basic and diluted earnings per share (expressed in Euro per share)	**10**	**0,41**	**0,11**

The notes on pages 8 to 29 are an integral part of this condensed interim consolidated financial information.

(All amounts in Euro thousands unless otherwise stated)

IV. Condensed Interim Consolidated Statement of Changes in Equity

		Attributable to owners of the Parent					
	Note	**Share Capital**	**Reserves**	**Retained Earnings**	**Total**	**Non-Controling interests**	**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	**17**	-	(4.927)	-	(4.927)	(3)	(4.930)
Currency translation gains / (losses) and other movements	**17**	-	(626)	-	(626)	(102)	(728)
Fair value gains/(losses) on cash flow hedges	**17**	-	(3.156)	-	(3.156)	-	(3.156)
Other comprehensive income/ (loss)		**-**	**(8.709)**	**-**	**(8.709)**	**(105)**	**(8.814)**
Profit/ (loss) for the period		-	-	32.406	32.406	(811)	31.595
Total comprehensive income/ (loss) for the period		**-**	**(8.709)**	**32.406**	**23.697**	**(916)**	**22.781**
Balance at 31 March 2016		**1.020.081**	**435.020**	**252.912**	**1.708.013**	**105.038**	**1.813.051**
Movement - 1 April 2016 to 31 December 2016							
Changes in the fair value on available-for-sale financial assets	**17**	-	(1.416)	-	(1.416)	79	(1.337)
Transfer of available-for-sale reserves to operating profit	**17**	-	6.414	-	6.414	-	6.414
Currency translation gains / (losses) and other movements	**17**	-	(258)	-	(258)	(90)	(348)
Actuarial gains/(losses) on defined benefit pension plans		-	(7.763)	-	(7.763)	(13)	(7.776)
Fair value gains/(losses) on cash flow hedges	**17**	-	19.018	-	19.018	-	19.018
Share of other comprehensive income of associates	**17**	-	(869)	-	(869)	-	(869)
Derecognition of gains/(losses) on hedges through comprehensive income	**17**	-	19.642	-	19.642	-	19.642
Other comprehensive income/ (loss)		**-**	**34.768**	**-**	**34.768**	**(24)**	**34.744**
Profit/ (loss) for the period		-	-	297.354	297.354	(214)	297.140
Total comprehensive income/ (loss) for the period		**-**	**34.768**	**297.354**	**332.122**	**(238)**	**331.884**
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**
Movement - 1 January 2017 to 31 March 2017							
Changes in the fair value on available-for-sale financial assets	**17**	-	7	-	7	7	14
Currency translation gains / (losses) and other movements	**17**	-	(23)	-	(23)	(37)	(60)
Revaluation of land and buildings	**17**	-	(907)	-	(907)	(762)	(1.669)
Fair value gains / (losses) on cash flow hedges	**17**	-	(9.421)	-	(9.421)	-	(9.421)
Other comprehensive income/ (loss)		**-**	**(10.344)**	**-**	**(10.344)**	**(792)**	**(11.136)**
Profit / (loss) for the period		-	-	123.821	123.821	3	123.824
Total comprehensive income/ (loss) for the period		**-**	**(10.344)**	**123.821**	**113.477**	**(789)**	**112.688**
Balance at 31 March 2017		**1.020.081**	**459.444**	**673.712**	**2.153.237**	**101.086**	**2.254.323**

The notes on pages 8 to 29 are an integral part of this condensed interim consolidated financial information.

(All amounts in Euro thousands unless otherwise stated)

V. Condensed Interim Consolidated Statement of Cash Flows

		For the three month period ended	
	Note	**31 March 2017**	**31 March 2016**
Cash flows from operating activities			
Cash generated from operations	**20**	40.600	(1.324.708)
Income tax paid		(1.559)	(1.777)
Net cash generated from / (used in) operating activities		**39.041**	**(1.326.485)**
Cash flows from investing activities			
Purchase of property, plant and equipment & intangible assets		(18.022)	(25.718)
Proceeds from disposal of property, plant and equipment & intangible assets		255	142
Interest received		1.264	1.988
Net cash generated from / (used in) investing activities		**(16.503)**	**(23.588)**
Cash flows from financing activities			
Interest paid		(41.477)	(43.664)
Dividends paid to shareholders of the Company		(187)	(473)
Movement in restricted cash		11.873	-
Proceeds from borrowings		45.502	21.923
Repayments of borrowings		(25.943)	(13.883)
Net cash generated from / (used in) financing activities		**(10.232)**	**(36.097)**
Net (decrease) / increase in cash and cash equivalents		**12.306**	**(1.386.170)**
Cash and cash equivalents at the beginning of the period	**15**	**924.055**	**1.952.808**
Exchange gains / (losses) on cash and cash equivalents		(917)	(2.370)
Net (decrease) / increase in cash and cash equivalents		12.306	(1.386.170)
Cash and cash equivalents at end of the period	**15**	**935.444**	**564.268**

The notes on pages 8 to 29 are an integral part of this condensed interim consolidated financial information.

VI. Notes to the Condensed Interim Consolidated Financial Information

1. GENERAL INFORMATION

Hellenic Petroleum S.A. and its subsidiaries (together "Hellenic Petroleum" or the "Group") operate 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 B.V. the Group also operates in the sector of natural gas and in the production and trading of electricity power.

2. BASIS OF PREPARATION, ACCOUNTING POLICIES AND ESTIMATES

Basis of preparation

The interim consolidated financial information of Hellenic Petroleum and its subsidiaries is prepared in accordance with International Accounting Standard 34 (IAS 34) – *Interim Financial Reporting*, and presents the financial position, results of operations and cash flows of the Group on a going concern basis. In this respect Management has concluded that (a) the going concern basis of preparation of the accounts is appropriate, and (b) all assets and liabilities of the Group are appropriately presented in accordance with the Group's accounting policies.

This interim consolidated financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. These can be found on the Group's website **www.helpe.gr**.

The condensed interim consolidated financial information of the Group for the three month period ended 31 March 2017 has been authorised for issue by the Board of Directors on 17 May 2017.

Accounting policies and the use of estimates

The accounting policies used in the preparation of the condensed interim consolidated financial information for the three month period ended 31 March 2017 are consistent with those applied for the preparation of the consolidated financial statements for the year ended 31 December 2016, except as described below. Where necessary, comparative figures have been reclassified to conform to changes in the presentation of the current year.

New standards, amendments to standards and interpretations: Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning on or after 1 January 2017. The Group's evaluation of the effect of these new standards, amendments to standards and interpretations is set out below.

a) Standards and Interpretations effective for the current financial year:

There are no new standards, amendments to standards and interpretations that are mandatory for periods beginning on 1 January 2017.

b) Standards and Interpretations effective for subsequent periods:

- *IFRS 9 "Financial Instruments" and subsequent amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2018).* IFRS 9 replaces the guidance in IAS 39 which deals with the classification and measurement of financial assets and financial liabilities and it also includes an expected credit losses model that replaces the incurred loss impairment model used today. IFRS 9 establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model of IAS 39.

  While the group has yet to undertake a detailed assessment of the classification and measurement of financial assets, it would appear that financial assets currently held would likely 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. While the group is yet to undertake a detailed assessment, it would appear 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. While the group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

  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" (effective for annual periods beginning on or after 1 January 2018).* IFRS 15 has been issued in May 2014. The objective of the standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognised. The underlying principle is that an entity will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services.

  Management has made a preliminary assessment of the impact on potential areas that may be affected by the application of this standard. The group considers that the application of the new rules will not affect the group's interim consolidated financial information.

- *IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019).* IFRS 16 has been issued in January 2016 and supersedes IAS 17. The objective of the standard is to ensure the lessees and lessors provide relevant information in a manner that faithfully represents those transactions. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The standard has not yet been endorsed by the EU.

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 € 229 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. The Group will make more detailed assessments of the impact during the year.

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.

- *IAS 12 (Amendments) "Recognition of Deferred Tax Assets for Unrealised Losses" (effective for annual periods beginning on or after 1 January 2017)*. These amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendments have not yet been endorsed by the EU.

- *IAS 7 (Amendments) "Disclosure initiative" (effective for annual periods beginning on or after 1 January 2017).* These amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments have not yet been endorsed by the EU.

- *IFRS 2 (Amendments) "Classification and measurement of Shared-based Payment transactions" (effective for annual periods beginning on or after 1 January 2018).* The amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. The amendments have not yet been endorsed by the EU.

- *IFRS 4 (Amendments) "Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts" (effective for annual periods beginning on or after 1 January 2018).* The introduce two approaches. The amended standard will: a) give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and b) give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard—IAS 39. The amendments have not yet been endorsed by the EU.

- *IAS 40 (Amendments) "Transfers of Investment Property" (effective for annual periods beginning on or after 1 January 2018)*. The amendments clarified that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition and the change must be supported by evidence. The amendments have not yet been endorsed by the EU.

- *IFRIC 22 "Foreign currency transactions and advance consideration" (effective for annual periods beginning on or after 1 January 2018)*. The interpretation provides guidance on how to determine the date of the transaction when applying the standard on foreign currency transactions, IAS 21. The Interpretation applies where an entity either pays or receives consideration in advance for foreign currency-denominated contracts. The interpretation has not yet been endorsed by the EU.

- *Annual Improvements to IFRSs 2014 (2014 – 2016 Cycle) (effective for annual periods beginning on or after 1 January 2017)*. The amendments set out below describe the key changes to two IFRSs. The amendments have not yet been endorsed by the EU.

  – *IFRS 12 "Disclosures of Interests in Other Entities".* The amendement clarified that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarised financial information.

- *IAS 28 "Investments in associates and Joint ventures".* The amendements clarified that when venture capital organisations, mutual funds, unit trusts and similar entities use the election to measure their investments in associates or joint ventures at fair value through profit or loss (FVTPL), this election should be made separately for each associate or joint venture at initial recognition.

3. FINANCIAL RISK MANAGEMENT

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: During the previous years the Group faced exceptional challenges and increased cost of doing business mainly as a result of the economic crisis in Greece and the political uncertainty. These challenges remained in 2016, albeit with a less profound impact, as signs of improvement appeared in certain areas.

The approval of the €86 billion bailout programme in August 2015 and the recapitalisation of the 4 systemic banks during December 2015 were key steps towards the stabilisation of the macroeconomic and financial environment in Greece. The improvement in the labour market has supported household consumption however the unemployment rate remains high despite a moderate decline since 2013. Tax and benefit reforms have materially improved the Greek state budget position, but public debt remains high. Despite signs of a turnaround and the slower pace of fiscal consolidation agreed in the context of the ESM programme, the macroeconomic and financial situation is still fragile. Confidence is not restored and banks are still challenged with non-performing loans. As stipulated in the August 2015 bailout programme, in order to achieve the fiscal targets agreed, the fiscal position requires additional measures to deliver medium-term sustainability, in order to reach primary fiscal surplus of 3,5% of GDP by 2018. Following completion of the program, the primary surplus target is expected to be sustained and closely monitored. Addressing these measures will be necessary for a stronger recovery and a faster reduction in unemployment.

The bailout program was approved to be dispensed in allotments/tranches following the adoption of a series of agreed upon changes and austerity measures. On 2 May 2017, the Greek Government announced a preliminary agreement on fiscal measures and other reforms that would result in the completion of the second review of the bailout program. If such a preliminary agreement is concluded, it will enable the disbursement of the second tranche and implementation of the measures that will secure the achievement of targeted surpluses, improving the country's debt sustainability assessment.

While the bailout program and its progress to date have reduced the risk of economic instability in Greece, concerns around its implementation remain, as reflected in debt capital and equity markets risk assessment and pricing. The implementation of the program and its effects on the economy are beyond the Group's control.

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.

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 Group and increased optionality. International crude oil reference prices dropped by more than 50% 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.

(All amounts in Euro thousands unless otherwise stated)

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. Further details of the relevant loans and refinancing are provided in note 18, "Borrowings".

Capital management: The second key priority of the Group has been the management of its Assets. Overall the Group has around €4,0 billion of capital employed which is driven from working capital, investment in fixed assets and its investment in 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 Group's investment plan, during the period 2007-2012, net debt level has increased to 44% of total capital employed with the remaining 56% being 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.

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 March 2017:

	Level 1	**Level 2**	**Level 3**	**Total balance**
Assets				
Derivatives held for trading	-	-	-	-
Derivatives used for hedging	-	1.923	-	1.923
Available for sale financial assets	1.642	-	-	1.642
	1.642	**1.923**	**-**	**3.565**
Liabilities				
Derivatives held for trading	-	-	-	-
Derivatives used for hedging	-	-	-	-
	-	**-**	**-**	**-**

(All amounts in Euro thousands unless otherwise stated)

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				
Derivatives 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				
Derivatives 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, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These financial 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 are 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.

There were no changes in valuation techniques during the period.
There were no transfers between levels during the period.

The fair value of Euro denominated Eurobonds as at 31 March 2017 was €960 million (31 December 2016: €949 million), compared to its book value of €945 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 value of the following financial assets and liabilities approximate their carrying amount:

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

(All amounts in Euro thousands unless otherwise stated)

4. ANALYSIS BY SEGMENT

Information on the revenue and profit regarding the Group's operating segments is presented below:

	For the period ended					
	31 March 2017			31 March 2016		
Sales	**Gross**	**Inter-segment**	**Net**	**Gross**	**Inter-segment**	**Net**
Refining	1.848.755	531.712	1.317.043	1.050.191	291.726	758.465
Marketing	686.886	1.239	685.647	424.392	2.116	422.276
Petro-chemicals	74.104	-	74.104	65.177	-	65.177
Gas & Power	376	-	376	446	-	446
Other	2.182	1.758	424	3.153	2.513	636
Total	**2.612.304**	**534.709**	**2.077.594**	**1.543.360**	**296.355**	**1.247.001**

		For the period ended	
	Note	**31 March 2017**	**31 March 2016**
Operating profit / (loss)			
Refining		154.370	60.097
Marketing		2.966	114
Exploration & Production		(1.187)	(2.960)
Petro-chemicals		26.434	22.842
Gas & Power		149	210
Other		(1.657)	(823)
Total		**181.075**	**79.480**
Currency exchange gains/ (losses)	**7**	(854)	11.455
Share of profit of investments in associates and joint ventures	**8**	30.617	(718)
Finance (expense)/income - net	**6**	(46.387)	(48.430)
Profit / (loss) before income tax		**164.451**	**41.787**
Income tax (expense) / credit		(40.627)	(10.192)
Profit / (loss) for the period		**123.824**	**31.595**
(Income) / loss applicable to non-controlling interests		(3)	811
Profit / (loss) for the period attributable to the owners of the parent		**123.821**	**32.406**

Inter-segment sales primarily relate to sales from the refining segment to other operating segments and are carried out at arm's length.

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

There were no changes in the basis of segmentation or in the basis of measurement of segment profit or loss, as compared to the consolidated financial statements published at 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 period ended	
	31 March 2017	**31 March 2016**
Net Sales		
Domestic	739.705	473.154
Aviation & Bunkering	202.595	115.471
Exports	874.524	470.106
International activities	260.770	188.270
Total	**2.077.594**	**1.247.001**

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 financial statements published at 31 December 2016.

(All amounts in Euro thousands unless otherwise stated)

5. OTHER OPERATING INCOME / (EXPENSES) AND OTHER GAINS / (LOSSES)

	For the three month period ended	
	31 March 2017	**31 March 2016**
Income from Grants	214	353
Services to 3rd Parties	1.054	765
Rental income	2.284	3.317
Profit / (loss) from the sale of PPE - net	144	49
Insurance compensation	212	56
Voluntary retirement scheme cost	(45)	(122)
Discounting of long-term liabilities	(2.281)	-
Legal costs relating to Arbitration proceedings ruling	(8.000)	-
Other operating income / (expenses)	(914)	(214)
Total other operating income / (expenses)	**(7.332)**	**4.204**

Other operating income / (expenses) – net, include income or expenses which do not relate to the trading activities of the Group.

6. FINANCE (EXPENSES) / INCOME – NET

	For the three month period ended	
	31 March 2017	**31 March 2016**
Interest income	1.264	1.988
Interest expense and similar charges	(47.651)	(50.418)
Finance (expenses)/income -net	**(46.387)**	**(48.430)**

7. CURRENCY EXCHANGE GAINS / (LOSSES)

Foreign currency exchange losses of €1 million mainly relate to unrealized losses arising from the valuation of bank accounts denominated in foreign currency (mostly USD).

8. SHARE OF NET RESULTS OF ASSOCIATES

The amounts represent the Group's share of the net profit / (losses) from associated companies accounted for on an equity accounting basis, which are analysed as follows:

	For the three month period ended	
	31 March 2017	**31 March 2016**
Public Natural Gas Corporation of Greece (DEPA)	27.011	4.468
ELPEDISON B.V.	1.232	(2.969)
DMEP	2.353	(2.262)
Other associates	21	45
Total	**30.617**	**(718)**

(All amounts in Euro thousands unless otherwise stated)

The main financial information of DEPA Group based on not reviewed interim consolidated accounts is presented below:

	For the three month period ended	
	31 March 2017	**31 March 2016** ***(revised)***
EBITDA	116.225	75.360
Income before Tax	100.294	58.418
Income Tax	(23.120)	(12.502)
Net income	**77.174**	**45.916**
Income accounted in Group	**27.011**	**4.468**

The Group's share of profit / (loss) arising from its investment in DEPA Group is accounted for based on management accounts which have not been reviewed or audited by an external auditor. Differences which may arise between audited and unaudited results are incorporated in the following year's results.

Sale of DESFA

On 16 February 2012, HELPE and the 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. The selling parties (HRADF & HELPE) are now considering their alternative options for the disposal of their shareholding in DESFA.

The Group consolidates the DEPA Group using the equity method of accounting and the carrying value of the investment in the interim consolidated financial information reflects HELPE's 35% share of the net asset value of the DEPA group which as at 31 March 2017 amounts to €658 million. The cost of investment of the DEPA group in the condensed interim financial information of HELPE S.A is €237 million. DEPA Group, as it currently stands, continues to be accounted for and included in HELPE Group's interim consolidated financial information as an associate.

9. INCOME TAXES

	For the three month period ended	
	31 March 2017	**31 March 2016**
Current tax	(1.643)	(975)
Deferred tax	(38.984)	(9.217)
Total (Expense) / Credit	**(40.627)**	**(10.192)**

The corporate income tax rate of legal entities in Greece for the period ending 31 March 2017 is 29% (31 December 2016: 29%).

Effective for fiscal years ending 31 December 2011 onward, Greek companies meeting certain criteria have to be audited on an annual basis by their statutory auditor in respect of compliance with tax law. This audit leads to the issuance of a Tax Certificate which 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 been audited by their respective statutory auditor and have received unqualified Tax Compliance Certificates, for fiscal years up to 2015 (inclusive).

Unaudited income tax years

The unaudited income tax years of the parent company and its most significant subsidiaries are set out below. As a result their income tax obligations are not considered final. As mentioned above from 2011 onwards, Group companies based in Greece have been audited by their respective statutory auditor and have obtained unqualified Tax Compliance Certificates up to the fiscal year ended 31 December 2015, therefore these fiscal years are considered audited.

Company Name	**Financial years ended**
HELLENIC PETROLEUM S.A.	2010
EKO S.A	2008-2010
HELLENIC FUELS S.A.	2010

Issuance of tax certificates for the fiscal year 2016 is expected within the 2nd quarter of 2017 and they are expected to be unqualified.

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 information for the period ended 31 March 2017.

Other Taxes

Provisional VAT audits have been completed for:

- Hellenic Petroleum S.A. for the period up to and including December 2014,
- EKO S.A. up to and including July 2014.

Relevant audits, for subsequent periods and for other Group companies are in progress.

10. EARNINGS PER SHARE

Diluted earnings per ordinary share are not presented because they are not materially different from basic 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.

	For the three month period ended	
	31 March 2017	**31 March 2016**
Earnings/ (losses) per share attributable to the Company Shareholders (expressed in Euro per share):	**0,41**	**0,11**
Net income/ (loss) attributable to ordinary shares (Euro in thousands)	123.821	32.406
Average number of ordinary shares	305.635.185	305.635.185

(All amounts in Euro thousands unless otherwise stated)

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant & Machinery	Motor vehicles	Furniture and fixtures	Assets Under Construction	Total
Cost							
As at 1 January 2016	**286.567**	**889.226**	**4.526.737**	**90.720**	**160.162**	**63.738**	**6.017.150**
Additions	17	116	776	880	1.058	22.610	25.457
Capitalised projects	-	763	11.926	-	71	(12.760)	-
Disposals	-	-	(108)	(4)	(124)	(87)	(323)
Currency translation effects	(226)	(452)	(303)	(2)	8	(51)	(1.026)
Transfers and other movements	-	433	233	-	(20)	(938)	(292)
As at 31 March 2016	**286.358**	**890.086**	**4.539.261**	**91.594**	**161.155**	**72.512**	**6.040.966**
Accumulated Depreciation							
As at 1 January 2016	**-**	**408.915**	**2.027.382**	**57.042**	**138.541**	**-**	**2.631.880**
Charge for the period	-	7.466	36.146	1.087	1.565	-	46.264
Disposals	-	-	(102)	(4)	(124)	-	(230)
Currency translation effects	-	(225)	(227)	(2)	(10)	-	(464)
Transfers and other movements	-	-	-	-	(4)	-	(4)
As at 31 March 2016	**-**	**416.156**	**2.063.199**	**58.123**	**139.968**	**-**	**2.677.446**
Net Book Value at 31 March 2016	**286.358**	**473.930**	**2.476.062**	**33.471**	**21.187**	**72.512**	**3.363.520**
Cost							
As at 1 January 2017	**288.126**	**897.678**	**4.582.512**	**92.769**	**168.215**	**88.609**	**6.117.909**
Additions	-	172	2.137	471	2.386	12.738	17.904
Capitalised projects	-	267	1.585	-	43	(1.895)	-
Disposals	(1.669)	(246)	(395)	(223)	(30)		(2.563)
Currency translation effects	(99)	(324)	1.687	(5)	(21)	(11)	1.227
Transfers and other movements	-	635	2.132	112	928	(2.486)	1.321
As at 31 March 2017	**286.358**	**898.182**	**4.589.658**	**93.124**	**171.521**	**96.955**	**6.135.798**
Accumulated Depreciation							
As at 1 January 2017	**-**	**439.270**	**2.171.654**	**60.625**	**143.437**	**-**	**2.814.986**
Charge for the period	-	7.298	32.438	1.095	1.641	-	42.472
Disposals	-	(219)	(311)	(223)	(30)	-	(783)
Currency translation effects	-	(162)	(310)	(3)	(20)	-	(495)
Transfers and other movements	-	-	1.549	112	1.081	-	2.742
As at 31 March 2017	**-**	**446.187**	**2.205.020**	**61.606**	**146.109**	**-**	**2.858.922**
Net Book Value at 31 March 2017	**286.358**	**451.995**	**2.384.638**	**31.518**	**25.412**	**96.955**	**3.276.876**

‘Transfers and other movements’ in assets under construction include the transfer of computer software development costs to intangible assets.

(All amounts in Euro thousands unless otherwise stated)

12. INTANGIBLE ASSETS

	Goodwill	Retail Service Station 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	-	-	90	167	4	261
Currency translation effects and other movements	-	(156)	157	349	(45)	305
As at 31 March 2016	**133.914**	**50.120**	**100.952**	**40.532**	**73.771**	**399.289**
Accumulated Amortisation						
As at 1 January 2016	**71.829**	**29.019**	**91.103**	**30.060**	**59.650**	**281.661**
Charge for the period	-	830	976	524	1.186	3.516
Currency translation effects and other movements	-	-	(51)	52	-	1
As at 31 March 2016	**71.829**	**29.849**	**92.028**	**30.636**	**60.836**	**285.178**
Net Book Value at 31 March 2016	**62.085**	**20.271**	**8.924**	**9.896**	**12.935**	**114.111**
Cost						
As at 1 January 2017	**133.914**	**49.915**	**106.036**	**40.683**	**74.426**	**404.974**
Additions	-	-	63	55		118
Currency translation effects and other movements	-	(52)	1.474	(18)	(172)	1.232
As at 31 March 2017	**133.914**	**49.863**	**107.573**	**40.720**	**74.254**	**406.324**
Accumulated Amortisation						
As at 1 January 2017	**71.829**	**32.022**	**96.559**	**32.106**	**64.164**	**296.680**
Charge for the period		749	1.057	196	84	2.086
Currency translation effects and other movements	-	(36)	(131)	52	(97)	(212)
As at 31 March 2017	**71.829**	**32.735**	**97.485**	**32.354**	**64.151**	**298.554**
Net Book Value at 31 March 2017	**62.085**	**17.128**	**10.088**	**8.366**	**10.103**	**107.770**

'Currency translation effects and other movements' in computer software include the transfer of computer software development costs from assets under construction to intangible assets.

(All amounts in Euro thousands unless otherwise stated)

13. INVENTORIES

	As at	
	31 March 2017	**31 December 2016**
Crude oil	399.774	371.829
Refined products and semi-finished products	523.962	489.037
Petrochemicals	17.104	20.387
Consumable materials and other spare parts	87.898	86.665
- Less: Provision for consumables and spare parts	(39.751)	(38.754)
Total	**988.987**	**929.164**

The cost of inventories recognised as an expense and included in "Cost of sales" amounted to €1,6 billion (31 March 2016: €0,9 billion). The Group has reported a loss of €0,1 million as at 31 March 2017 arising from inventory valuation which is reflected in a write-down of the three month period ended values (31 March 2016: €2,1 million). This was recognised as an expense in the three month period ended 31 March 2017 and included in 'Cost of Sales' in the statement of comprehensive income.

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.

14. TRADE AND OTHER RECEIVABLES

	As at	
	31 March 2017	**31 December 2016**
Trade receivables	744.376	722.269
- Less: Provision for impairment of receivables	(238.982)	(235.636)
Trade receivables net	**505.394**	**486.633**
Other receivables	368.456	359.486
- Less: Provision for impairment of receivables	(41.325)	(41.325)
Other receivables net	**327.131**	**318.161**
Deferred charges and prepayments	31.237	63.537
Total	**863.762**	**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 March 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 23). The fair values of trade and other receivables approximate their carrying amount.

(All amounts in Euro thousands unless otherwise stated)

15. CASH, CASH EQUIVALENTS AND RESTRICTED CASH

	As at	
	31 March 2017	**31 December 2016**
Cash at Bank and in Hand	935.444	924.055
Cash and Cash Equivalents	**935.444**	**924.055**
Restricted Cash	145.652	157.525
Total Cash, Cash Equivalents and Restricted Cash	**1.081.096**	**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. The outstanding balance under the EIB Facility Agreement B as at 31 March 2017 was €122 million, in accordance with the amortization schedule, whilst the outstanding balance of the Piraeus loan as at 31 March 2017 was €144 million. This is expected to be reduced to €122 million in the following months. The guarantee matured on 15 June 2016 and was renewed for an additional year. The effect of the loan and the deposit is a grossing up of the Statement of Financial Position 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 March 2017 was $ 644 million (euro equivalent €603 million). The respective amount for the period ended 31 December 2016 was $ 510 million (euro equivalent €484 million).

16. 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 March 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).

(All amounts in Euro thousands unless otherwise stated)

17. RESERVES

	Statutory reserve	Special reserves	Hedging reserve	Share-based payment reserve	Tax-free reserves	Other Reserves	Total
Balance at 1 January 2016	**118.668**	**98.420**	**(22.236)**	**747**	**263.047**	**(14.917)**	**443.729**
Cash flow hedges							
- Fair value gains / (losses) on cash flow hedges	-	-	(3.156)	-	-	-	(3.156)
- Fair value gains / (losses) on available-for-sale financial assets	-	-	-	-	-	(4.927)	(4.927)
Currency translation differences and other movements	-	-	-	-	-	(626)	(626)
Balance at 31 March 2016	**118.668**	**98.420**	**(25.392)**	**747**	**263.047**	**(20.470)**	**435.020**
Cash flow hedges							
- Fair value gains / (losses) on cash flow hedges	-	-	19.018	-	-	-	19.018
- Derecognition of gains/(losses) on hedges through comprehensive income	-	-	19.642	-	-	-	19.642
Changes in the fair value on available-for-sale finacial assets	-	-	-	-	-	(1.416)	(1.416)
Transfer of available-for-sale reserve to operating profit	-	-	-	-	-	6.414	6.414
Actuarial gains/(losses) on defined benefit pension plans	-	-	-	-	-	(7.763)	(7.763)
Share of other comprehensive income of associates	-	-	-	-	-	(869)	(869)
Currency translation differences and other movements	-	-	-	-	-	(258)	(258)
Balance at 31 December 2016 and 1 January 2017	**118.668**	**98.420**	**13.268**	**747**	**263.047**	**(24.362)**	**469.788**
Cash flow hedges							
Fair value gains / (losses) on cash flow hedges	-	-	(9.421)	-	-	-	(9.421)
Revaluation of land and buildings	-	-	-	-	-	(907)	(907)
Fair value gains / (losses) on available-for-sale financial assets	-	-	-	-	-	7	7
Currency translation differences and other movements	-	-	-	-	-	(23)	(23)
As at 31 March 2017	**118.668**	**98.420**	**3.847**	**747**	**263.047**	**(25.285)**	**459.444**

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 the outstanding share capital. This reserve cannot be distributed, but can be used to offset accumulated losses.

Special reserves
Special reserves primarily relate to reserves arising from tax revaluations in accordance with relevant legislation in prior years. Where considered appropriate deferred tax provisions are booked in respect of these reserves.

Tax-free reserves
Tax-free 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.

18. BORROWINGS

	As at 31 March 2017	31 December 2016
Non-current borrowings		
Bank borrowings	574.326	772.364
Eurobonds	680.864	680.111
Finance leases	3.572	3.729
Total non-current borrowings	**1.258.762**	**1.456.204**
Current borrowings		
Short term bank borrowings	1.297.859	1.078.095
Eurobonds	263.863	262.814
Current portion of long-term bank borrowings	44.820	44.815
Finance leases - current portion	593	575
Total current borrowings	**1.607.135**	**1.386.299**
Total borrowings	**2.865.897**	**2.842.503**

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

	Company	Maturity	Balance as at 31 March 2017	Balance as at 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	345	344
2. Bond loan €400 million	HP SA	Oct 2017	284	284
3. Bond loan €200 million	HP SA	Jan 2018	199	199
4. Bond loan SBF €400 million	HP SA	Nov 2017	72	72
5. European Investment Bank ("EIB")Term loan	HP SA	Jun 2022	244	244
6. Eurobond €500 million	HPF plc	May 2017	264	263
8. Eurobond €325 million	HPF plc	Jul 2019	314	313
9. Eurobond €375 million	HPF plc	Oct 2021	367	367
10. Bilateral lines	Various	Various	742	723
11. Finance leases	Various	Various	5	4
Total			**2.866**	**2.843**

The Group has centralized 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.

There was no significant movement in borrowings for the three month period ended 31 March 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/EBITDA", "EBITDA/Net Interest" and "Net Debt/Net Worth". Management monitors the performance of the Group to ensure compliance with the above covenants.

(All amounts in Euro thousands unless otherwise stated)

19. TRADE AND OTHER PAYABLES

	As at	
	31 March 2017	**31 December 2016**
Trade payables	1.530.103	1.617.894
Accrued Expenses & Deferred Income	110.673	78.584
Other payables	49.992	81.431
Total	**1.690.768**	**1.777.909**

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

Trade payables, as at 31 March 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 Union 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 has been transferred from trade payables to trade and other payables in non-current liabilities as at 31 March 2017.

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.

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

(All amounts in Euro thousands unless otherwise stated)

20. CASH GENERATED FROM OPERATIONS

		For the three month period ended	
	Note	**31 March 2017**	**31 March 2016**
Profit / (loss) before tax		**164.451**	**41.787**
Adjustments for:			
Depreciation and amortisation of property, plant and equipment and intangible assets	**11, 12**	44.558	49.780
Amortisation of grants	**5**	(214)	(353)
Finance costs - net	**6**	46.387	48.430
Share of operating profit of associates	**8**	(30.617)	718
Provisions for expenses and valuation charges		8.992	6.384
Foreign exchange (gains) / losses	**7**	854	(11.455)
Discounting effect on long term payables	**5**	3.256	-
(Gain) / Loss on sales of property, plant and equipment		(144)	(49)
		237.523	**135.242**
Changes in working capital			
(Increase)/Decrease in inventories		(60.820)	13.310
(Increase)/Decrease in trade and other receivables		1.223	(86.320)
(Decrease)/Increase in payables		(137.326)	(1.386.940)
		(196.923)	**(1.459.950)**
Net cash (outflow)/ inflow from operating activities		**40.600**	**(1.324.708)**

21. RELATED PARTY TRANSACTIONS

The condensed interim consolidated statement of comprehensive income includes transactions between the Group and related parties. Such transactions mainly comprise 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

(All amounts in Euro thousands unless otherwise stated)

	For the three month period ended	
	31 March 2017	**31 March 2016**
Sales of goods and services to related parties		
Associates	172.294	99.165
Joint ventures	99	38
Total	**172.393**	**99.203**
Purchases of goods and services from related parties		
Associates	175.228	94.289
Joint ventures	1.602	565
Total	**176.830**	**94.854**

	As at	
	31 March 2017	**31 December 2016**
Balances due to related parties		
Associates	30.802	34.846
Joint ventures	580	639
Total	**31.382**	**35.485**
Balances due from related parties		
Associates	23.674	23.720
Joint ventures	72	9
Total	**23.746**	**23.729**

The parent 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 these as at 31 March 2017 was €95 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.

During the three month period ended 31 March 2017, transactions and balances with the above government related entities are as follows:

- Sales of goods and services amounted to €85 million (31 March 2016: €39 million)
- Purchases of goods and services amounted to €12 million (31 March 2016: €12 million)
- Receivable balances of €72 million (31 December 2016: €18 million)
- Payable balances of €2 million (31 December 2016: €2 million).

(All amounts in Euro thousands unless otherwise stated)

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 amounted as follows:

	For the three month period ended 31 March 2017		**For the three month period ended 31 March 2016**	
	Short term employee benefits	**Termination benefits**	**Short term employee benefits**	**Termination benefits**
BOD Executive Members	549	-	255	-
BOD Non Executive Members	111	-	103	-
General Managers	785	-	423	471
Total	**1.445**	**-**	**781**	**471**

The Board of Directors is comprised of four executive directors and nine non-executive directors

d) The Group participates in the following jointly controlled 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 Ltd (Greece, Sea of Thrace concession).

22. COMMITMENTS

Capital expenditure contracted for as of 31 March 2017 amounts to €27 million (31 December 2016: €23 million).

23. 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 interim consolidated financial information.

(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 March 2017 was the equivalent of €1.224 million (31 December 2016: €1.210 million). Out of these, €1.129 million (31 December 2016: €1.110 million) are included in consolidated borrowings of the Group and are presented as such in the interim consolidated financial information.

(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 interim consolidated financial information. 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, according to which a fine of €14 million against the Company had been imposed in 2011. Management believes that no additional material liabilities will arise as a result of these cases over and above those recognised in the interim consolidated financial information.

(b) Taxation and customs

(i) Open tax years – Litigation tax cases

Income tax audits for the Group's most important Greek legal entities have been completed up to and including the financial year ended 31 December 2009, with the exception of EKO where income tax audits have been concluded up to and including the financial year ended 31 December 2007, while ongoing audits are in place for financial years from 2008 up to and including the year ended 31 December 2010 for EKO, as well as for financial years from 2010 up to and including the years ended 31 December 2012, for HELPE. Furthermore, for these legal entities, provisional tax audits mainly relating to VAT refunds have been concluded up to more recent dates. In cases where the audits have been finalized and any amounts charged are disputable, the Group has timely practiced all possible legal remedies. 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 recognised in the interim consolidated financial information.

It is noted that for financial years ending 31 December 2011 up to 31 December 2015, Greek legal entities were subject to annual tax audits from their statutory auditors. All the relevant Group companies were audited for the financial years ended 31 December 2011- 2015 obtaining unqualified tax audit certificates. According to recent legislation, the tax audit and the issuance of tax certificates is also valid from 2016 onwards but on an optional basis. Management believes that the respective Group companies, will also receive unqualified tax certificates for the year 2016.

(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 14), 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.

24. DIVIDENDS

The BOD will propose to the upcoming AGM the distribution of a dividend out of taxed prior-year reserves of €0,20 per share. 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 2017.

(All amounts in Euro thousands unless otherwise stated)

25. LIST OF PRINCIPAL CONSOLIDATED SUBSIDIARIES AND ASSOCIATES INCLUDED IN THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

COMPANY NAME	ACTIVITY	COUNTRY OF REGISTRATION	EFFECTIVE PARTICIPATION PERCENTAGE	METHOD OF CONSOLIDATION
HELLENIC FUELS AND LUBRICANTS INDUSTRIAL	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	63,00%	FULL
VARDAX S.A	Pipeline	GREECE	50,40%	FULL
OKTA CRUDE OIL REFINERY A.D	Refining	FYROM	51,35%	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

26. EVENTS OCCURING AFTER THE REPORTING PERIOD

On 10 May 2017, Hellenic Petroleum Finance repaid the outstanding balance on the €500 million Eurobond upon maturity.