HELLENIC PETROLEUM S.A.

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

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

Index to the consolidated financial statements

(All amounts in Euro thousands unless otherwise stated)

Company Information

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

These financial statements constitute an integral part of the Group Annual Financial Report which can be found at https://www.helpe.gr/userfiles/8ea1f0cb-9e62-48e4-b947-a27b00fb14bb/Annual_Financial_Report_2017_en_1.pdf and which incorporate the Independent Auditor's Report.

(All amounts in Euro thousands unless otherwise stated)

Consolidated Statement of financial position

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

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

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

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

(All amounts in Euro thousands unless otherwise stated)

Consolidated statement of comprehensive income

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

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

(All amounts in Euro thousands unless otherwise stated)

Consolidated statement of changes in equity

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

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

(All amounts in Euro thousands unless otherwise stated)

Consolidated statement of cash flows

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

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

Notes to the consolidated financial statements

1 General information

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

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

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

2 Summary of significant accounting policies

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

2.1 Basis of preparation

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

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

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

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

2.1.1 New standards, amendments to standards and interpretations

New and amended standards adopted by the Group.

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

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

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

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

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

Standards issued but not yet effective and not early adopted

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

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

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

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

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

(c) Disposal of subsidiaries

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

(d) Associates and Equity method

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

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

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

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

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(e) Joint arrangements

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

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

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

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

2.3 Business combinations

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

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

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

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

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

2.4 Segment reporting

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

2.5 Foreign currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

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

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

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

(c) *Group companies*

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

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

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

(All amounts in Euro thousands unless otherwise stated)

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

2.6 Property, plant and equipment

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

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

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

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

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

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

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

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

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

2.7 Borrowing costs

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

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

2.8 Intangible assets

(a) Goodwill

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

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

(b) Retail Service Stations Usage rights

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

(c) Licences and rights

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

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

Computer software

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

2.9 Exploration for and Evaluation of Mineral Resources

(a) Exploration and evaluation assets

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

(b) Development of tangible and intangible assets

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

(c) Oil and gas production assets

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

(d) Depreciation/amortisation

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

(e) Impairment – exploration and evaluation assets

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

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

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

2.10 Impairment of non-financial assets

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

2.11 Financial assets

2.11.1 Classification

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

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

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

(b) Loans and receivables

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

(c) Available-for-sale financial assets

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

2.11.2 Reclassification

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

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

2.11.3 Recognition and measurement

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

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

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

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

2.11.4 Offsetting financial instruments

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

2.11.5 Impairment of financial assets

a) Assets carried at amortized cost

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

b) Assets classified as available for sale

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

2.12 Derivative financial instruments and hedging activities

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

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

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

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

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

Cash flow hedges

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

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

Derivatives held for trading

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

2.13 Government grants

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

2.14 Inventories

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

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

2.15 Trade receivables

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

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

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

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

2.16 Cash, cash equivalents and restricted cash

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

2.17 Share capital

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

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

2.18 Borrowings

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

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

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

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

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

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

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

2.19 Current and deferred income tax

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

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

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

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

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

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

2.20 Employee benefits

(a) *Pension obligations*

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

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

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

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

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

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

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

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

(b) Termination benefits

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

(c) Share-based compensation

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

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

(d) Short-term paid absences

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

2.21 Trade and other payables

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

2.22 Provisions

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

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

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

2.23 Environmental liabilities

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

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

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

2.24 Revenue recognition

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

(a) Sales of goods – wholesale

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

(b) Sales of goods – retail

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

(c) Provision of services

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

(d) Interest income

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

(e) Dividend income

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

2.25 Leases

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

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

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

2.26 Dividend distribution

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

2.27 Financial guarantee contracts

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

2.28 Changes in accounting policies

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

2.29 Comparative figures

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

3 Financial risk management

3.1 Financial risk factors

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) Market risk

(i) Foreign exchange risk

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

Foreign currency exchange risk arises on three types of exposure:

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

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

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

(ii) Commodity price risk

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

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

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

(iii) Cash flow and fair value interest rate risk

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

(b) Credit risk

(i) Risk Management

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

(ii) Credit quality

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

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

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

(c) Liquidity risk

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

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

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

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

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

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

(All amounts in Euro thousands unless otherwise stated)

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

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

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

3.2 Capital risk management

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

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

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

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

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

3.3 Fair value estimation

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

(All amounts in Euro thousands unless otherwise stated)

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

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

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

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

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

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

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

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

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

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

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.

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

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

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

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

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

4 Critical accounting estimates and judgements

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

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

(i) Critical accounting estimates and assumptions

(a) Income taxes

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

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

(b) Recoverability of deferred tax assets

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

(c) Provision for environmental restoration

The Group operates in the oil industry with its principal activities being that of exploration and production of hydrocarbons, refining of crude oil and sale of oil products, and the production and trading of petrochemical products. Environmental damage caused by such substances may require the Group to incur restoration costs to comply with the regulations in the various jurisdictions in which the Group operates, and to settle any legal or constructive obligation. Analysis and estimates are performed by the Group together with its technical and legal advisers, in order to determine the probability, timing and amount involved with probable required outflow of resources. Estimated restoration costs, for which disbursements are determined to be probable, are recognised as a provision in the Group's financial statements. When the final determination of such obligation amounts differs from the recognised provisions, the Group's statement of comprehensive income is impacted.

(d) Estimates in value-in-use calculations

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

(e) Fair value of financial instruments

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

(f) Provision for impairment of receivables

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

(g) Pension benefits

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

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

(h) Provisions for legal claims

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

(i) Depreciation of property, plant and equipment

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

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

(j) Impairment of available-for-sale investments

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

(k) Impairment of non-financial assets and investments

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

5 Segment information

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

The Group's key operating segments are:

a) Refining, Supply and Trading (Refining)

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

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

b) Marketing

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

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

c) Exploration and Production of Hydrocarbons

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

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

d) Petro-chemicals

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

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

e) Gas & Power

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

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

(All amounts in Euro thousands unless otherwise stated)

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

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

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

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

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

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

(All amounts in Euro thousands unless otherwise stated)

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

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

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

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

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

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

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

(All amounts in Euro thousands unless otherwise stated)

6 Property, plant and equipment

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

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

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

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

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

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

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

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

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

(All amounts in Euro thousands unless otherwise stated)

7 Intangible assets

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

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

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

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

(All amounts in Euro thousands unless otherwise stated)

8 Investments in associates and joint ventures

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

a) Joint Ventures

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

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

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

(All amounts in Euro thousands unless otherwise stated)

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

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

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

Impairment of Investment in Elpedison B.V.

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

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

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

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

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

(All amounts in Euro thousands unless otherwise stated)

b) Associates

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

DEPA Group

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

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

The table below summarizes the key financials of DEPA Group:

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

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

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

Sale of DESFA

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

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

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

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

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

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

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

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

Other associates

In 2011, the Group participated with a 48% holding in the setting-up of a new company, DMEP HoldCo Ltd, through its subsidiary company Hellenic Petroleum International A.G. DMEP HoldCo Ltd is incorporated in the UK and ultimately owns 100% of "OTSM S.A. of Maintenance Compulsory Stocks and Trading of Crude Oil and Petroleum Products" (OTSM). OTSM is established under Greek law and is fully permitted to provide crude oil and petroleum products stock keeping and management services. The Group has delegated part of its compulsory stock keeping obligations to OTSM, reducing its stock holding by approximately 246 kMT, at a fee calculated in line with the legal framework.

(All amounts in Euro thousands unless otherwise stated)

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

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

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

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

c) Joint operations

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

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

9 Loans, Advances & Long Term assets

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

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

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

(All amounts in Euro thousands unless otherwise stated)

10 Inventories

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

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

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

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

11 Trade and other receivables

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

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

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

(All amounts in Euro thousands unless otherwise stated)

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

The table below analyses total trade receivables:

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

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

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

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

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

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

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

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

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

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

(All amounts in Euro thousands unless otherwise stated)

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

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

12 Cash, cash equivalents and restricted cash

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

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

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

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

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

13 Share capital

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

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

(All amounts in Euro thousands unless otherwise stated)

Share options

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

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

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

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

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

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

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

(All amounts in Euro thousands unless otherwise stated)

14 Reserves

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

Statutory reserves

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

Special reserves

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

Tax free and Incentive Law reserves

These reserves include:

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

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

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

Hedging reserve

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

(All amounts in Euro thousands unless otherwise stated)

Other reserves

These include:

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

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

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

Treasury Shares

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

15 Trade and other payables

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

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

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

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

Where deemed beneficial to the Group, in order to achieve better terms (such as better pricing, higher credit limits, longer payment terms), the Group provides short term letters of credit or guarantee for the payment of liabilities arising from trade creditors, making use of its existing credit lines with its banks. To the extent these liabilities materialise before the balance sheet date, they are included in the balance under trade creditors.

(All amounts in Euro thousands unless otherwise stated)

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

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

16 Borrowings

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

Non-current borrowings mature as follows:

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

The weighted average effective interest margins are as follows:

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

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

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

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

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

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

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

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

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

1. Term loans

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

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

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

2. *Bond Loan €400 million*

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

3. *Bond loan €200 million*

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

4. *Bond loans stand-by facility €400 million*

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

5. *EIB Term loans*

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

6. *Eurobond €500m*

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

7. *Eurobond $400m*

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

(All amounts in Euro thousands unless otherwise stated)

8. Eurobond €325m

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

9. Eurobond €450m

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

10. Bilateral lines

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

11. Finance leases

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

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

17 Deferred income tax

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

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

(All amounts in Euro thousands unless otherwise stated)

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

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

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

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

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

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

18 Retirement benefit obligations

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

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

(All amounts in Euro thousands unless otherwise stated)

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

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

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

The movement in the defined benefit obligation is as follows:

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

(All amounts in Euro thousands unless otherwise stated)

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

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

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

Plan assets are comprised as follows:

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

The principal actuarial assumptions used were as follows:

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

(All amounts in Euro thousands unless otherwise stated)

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

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

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

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

19 Provisions for other liabilities and charges

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

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

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

20 Trade and other payables, non-current

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

Government grants

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

Trade and other payables

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

21 Derivative financial instruments

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

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

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

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

Derivatives designated as cash flow hedges

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

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

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

(All amounts in Euro thousands unless otherwise stated)

22 Expenses by nature

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

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

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

Employee costs

Employee costs are set out in the table below:

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

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

23 Exploration and Development expenses

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

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

(All amounts in Euro thousands unless otherwise stated)

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

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

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

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

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

25 Finance (Expenses) / Income - Net

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

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

26 Currency exchange gains / (losses)

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

(All amounts in Euro thousands unless otherwise stated)

27 Income tax expense

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

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

a. Audits by Certified Auditors - Tax Compliance Report

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

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

b. Audits by Tax Authorities

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

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

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

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

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

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

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

28 Earnings per share

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

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

29 Dividends per share

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

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

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

A proposal to the AGM for a final dividend €0,25 per share (excluding treasury shares – Note 13) for the year ended 2017 was approved by the Board of Directors on 22 February 2018. This amounts to €76,404 million and is not included in the Consolidated Financial Statements for the year ended 31 December 2017, as it has not yet been approved by the shareholders' AGM.

(All amounts in Euro thousands unless otherwise stated)

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

30 Cash generated from operations

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

31 Contingencies and litigation

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

(a) Business issues

(i) Unresolved legal claims

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

(ii) Guarantees

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

(iii) International operations

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

(b) Taxation and customs

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

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

(i) Open tax years – Litigation tax cases

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

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

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

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

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

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

(All amounts in Euro thousands unless otherwise stated)

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

and

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

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

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

(ii) Assessments of customs and fines

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

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

The Company considers that the above amounts will be recovered.

32 Commitments

(a) Capital commitments

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

(b) Operating lease commitments

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

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

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

(All amounts in Euro thousands unless otherwise stated)

(c) Letters of Credit

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

33 Related-party transactions

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

Transactions have been carried out with the following related parties:

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

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

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

(All amounts in Euro thousands unless otherwise stated)

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

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

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

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

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

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

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

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

(All amounts in Euro thousands unless otherwise stated)

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

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

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

35 Events after the end of the reporting period

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

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

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

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

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