HELLENIC PETROLEUM S.A.

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

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

Index to the 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)
Auditors:	ERNST & YOUNG (HELLAS) Certified Auditors – Accountants S.A. 8B Chimarras Str 151 25 Maroussi 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)

Statement of Financial Position

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

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

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

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

(All amounts in Euro thousands unless otherwise stated)

Statement of Comprehensive Income

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

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

(All amounts in Euro thousands unless otherwise stated)

Statement of Changes in Equity

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

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

(All amounts in Euro thousands unless otherwise stated)

Statement of Cash flows

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

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

Notes to the financial statements

1 General information

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

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

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

2 Summary of significant accounting policies

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

2.1 Basis of preparation

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

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

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

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

2.1.1 New standards, amendments to standards and interpretations

New and amended standards adopted by the Company

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

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

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

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

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

Standards issued but not yet effective and not early adopted

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.2 Investments in subsidiaries, associates and joint ventures

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

2.3 Segment reporting

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

2.4 Foreign currency translation

(a) Functional and presentation currency

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

(All amounts in Euro thousands unless otherwise stated)

(b) Transactions and balances

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

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

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

2.5 Property, plant and equipment

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

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

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

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

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

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

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

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

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

2.6 Borrowing costs

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

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

2.7 Intangible assets

(a) Licences and rights

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

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

(b) Computer software

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

2.8 Exploration for and Evaluation of Mineral Resources

(a) Exploration and evaluation assets

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

(b) Development of tangible and intangible assets

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

(c) Oil and gas production assets

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

(d) Depreciation/amortisation

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

(e) Impairment – exploration and evaluation assets

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

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

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

2.9 Impairment of non-financial assets

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

2.10 Financial assets

2.10.1 Classification

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

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

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

(b) Loans and receivables

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

(c) Available-for-sale financial assets

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

2.10.2 Reclassification

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

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

2.10.3 Recognition and measurement

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

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

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

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

2.10.4 Offsetting financial instruments

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

2.10.5 Impairment of financial assets

(a) Assets carried at amortised cost

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

(b) Assets classified as available for sale

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

2.11 Derivative financial instruments and hedging activities

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

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

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

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

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

Cash flow hedges

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

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

Derivatives held for trading

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

2.12 Government grants

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

2.13 Inventories

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

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

2.14 Trade receivables

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

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

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

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

2.15 Cash, cash equivalents and restricted cash

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

2.16 Share capital

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

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

2.17 Borrowings

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

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

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

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

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

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

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

2.18 Current and deferred income tax

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

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

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

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

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

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

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

2.19 Employee benefits

(a) Pension obligations

The Company has both defined benefit and defined contribution plans.

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

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

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

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

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

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

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

(b) Termination benefits

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

(c) Share-based compensation

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

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

(d) Short-term paid absences

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

2.20 Trade and other payables

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

2.21 Provisions

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

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

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

2.22 Environmental liabilities

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

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

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

2.23 Revenue recognition

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

(a) Sales of goods – wholesale

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

(b) Provision of services

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

(c) Interest income

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

(d) Dividend income

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

2.24 Leases

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

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

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

2.25 Dividend distribution

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

2.26 Financial guarantee contracts

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

2.27 Changes in accounting policies

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

2.28 Comparative figures

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

3 Financial risk management

3.1 Financial risk factors

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

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

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

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

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

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

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

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

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

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

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

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

(a) Market risk

(i) Foreign exchange risk

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

Foreign currency exchange risk arises on three types of exposure:

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

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

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

(ii) Commodity price risk

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

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

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

(iii) Cash flow and fair value interest rate risk

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

(b) Credit risk

(i) Risk Management

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

(ii) ii) Credit quality

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

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

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

(c) Liquidity risk

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

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

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

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

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

(All amounts in Euro thousands unless otherwise stated)

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

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

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

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

3.2 Capital risk management

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

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

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

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

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

3.3 Fair value estimation

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

(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 Company's assets and liabilities that are measured at fair value at 31 December 2017:

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

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

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

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

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

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

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.

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

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

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

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

4 Critical accounting estimates and judgements

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

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

(i) Critical accounting estimates and assumptions

(a) Income taxes

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

(b) Recoverability of deferred tax assets

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

(c) Provision for environmental restoration

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

(d) Estimates in value-in-use calculations

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

(e) Fair value of financial instruments

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

(f) Provision for impairment of receivables

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

(g) Pension benefits

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

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

(h) Provisions for legal claims

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

(i) Depreciation of property, plant and equipment

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

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

(j) Impairment of available-for-sale investments

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

(k) Impairment of non-financial assets and investments

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

(All amounts in Euro thousands unless otherwise stated)

5 Segment information

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

The Company's key operating segments are:

a) Refining, Supply and Trading (Refining)

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

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

b) Petrochemicals

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

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

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

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

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

(All amounts in Euro thousands unless otherwise stated)

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

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

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

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

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

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

(All amounts in Euro thousands unless otherwise stated)

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

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

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

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

6 Property, plant and equipment

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

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

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

(All amounts in Euro thousands unless otherwise stated)

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

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

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

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

7 Intangible assets

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

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

(All amounts in Euro thousands unless otherwise stated)

8 Investment in subsidiaries, associates and joint ventures

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

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

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

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

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

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

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

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

a) Impairment of investments

Elpedison B.V.

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

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

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

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

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

Asprofos S.A.

As at 31 December 2017 Management carried out an impairment test according to the requirements of IAS 36, based on the post-tax cash flows produced by the Asprofos S.A.. The company's continuing losses and the anticipated future developments in the engineering market in which the company operates, were considered as indicators of impairment.

The valuation analysis considered Asprofos S.A. as a single cash generation unit (CGU). The analysis was carried out by identifying the recoverable value ("value in use") of the CGU. The estimation of the value in use was performed through the application of the Discounted Cash Flow Valuation Method, using a WACC of 7%, as of 31 December 2017.

Based on this impairment test, the Company recognised an additional impairment provision of €3,0 million (total provisions of €7,0 million were raised in previous years) in the carrying value of Asprofos S.A. in the statement of financial position as at 31 December 2017 and a respective impairment loss in the statement of comprehensive income, which was included in other income and expenses (Note 24).

b) Sale of DESFA

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

The Depa Group fully consolidates its 100% shareholding in DESFA SA. (Administrator of the Natural Gas High Pressure Transmission System) and its 100% shareholding in DEDA SA (Administrator of the Natural Gas Medium & Low Pressure Distribution System for areas other than the areas in which EDA THESS S.A.

& EDA Attica S.A. are active). Other major entities accounted for using the equity method of accounting are EDA THESS S.A. (gas Distribution Company for the Thessaloniki and Thessalia regions), EPA Thessaloniki-Thessalia S.A. (gas Supply Company for the Thessaloniki and Thessalia regions), EDA Attica S.A. (gas Distribution Company for the Attica region) and EPA Attica S.A. (gas Supply Company for the Attica region). Depa S.A. has a 51% shareholding in each of these companies.

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

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

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

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

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

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

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

The cost of investment of the DEPA group in the Company's financial statements is €237 million. DEPA Group, as it currently stands, continues to be accounted for and included in these financial statements as an associate.

c) The Company participates, directly or indirectly through its subsidiaries, in the following jointly controlled operations with other third parties relating to exploration and production of hydrocarbons in Greece and abroad:

- Edison International SpA – HELPE Patraikos, 100% subsidiary (Greece, Patraikos Gulf)

(All amounts in Euro thousands unless otherwise stated)

- Calfrac Well Services Ltd – Hellenic Petroleum S.A. (Greece, Sea of Thrace concession)

9 Loans, Advances & Long Term assets

	As at	
	31 December 2017	**31 December 2016**
Loans and advances	17.340	32.905
Other long term assets	2.346	2.204
Total	**19.686**	**35.109**

Loans and advances as at 31 December 2016 include a three-year bond loan of €14,9 million to ELPET Balkaniki, a subsidiary of Hellenic Petroleum S.A. The loan was repaid in December 2017. They also include trade receivables due in more than one year as a result of settlement arrangements. These are discounted at a rate of 7,30% (2016: 7,30%) over their respective lives.

10 Inventories

	As at	
	31 December 2017	**31 December 2016**
Crude oil	330.840	371.829
Refined products and semi-finished products	559.312	410.560
Petrochemicals	21.670	20.387
Consumable materials and other	79.454	75.254
- Less: Provision for Consumables and spare parts	(27.530)	(26.607)
Total	**963.746**	**851.423**

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

The cost of inventories recognised as an expense and included in “Cost of sales” amounted to €6,0 billion (2016: €4,8 billion). The Company has reported a loss of €0,04 million as at 31 December 2017 arising from inventory valuation which is reflected in a write-down of the year-end values (2016: €0,2 million). This was recognised as an expense in the year ended 31 December 2017 and included in ‘Cost of Sales’ in the statement of comprehensive income. Overall for 2017, management has estimated that the impact on the results of the Company from the fluctuations of crude oil and product prices during the year was positive and equal to approx. €58 million (2016: positive impact of €100 million).

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

(All amounts in Euro thousands unless otherwise stated)

11 Trade and other receivables

	As at	
	31 December 2017	**31 December 2016**
Trade receivables	450.922	444.395
- Less: Provision for impairment of receivables	(117.305)	(118.186)
Trade receivables net	**333.617**	**326.209**
Other receivables	670.606	679.848
- Less: Provision for impairment of receivables	(20.060)	(17.481)
Other receivables net	**650.546**	**662.367**
Deferred charges and prepayments	5.738	47.844
Total	**989.901**	**1.036.420**

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

'Other receivables' include balances in respect of VAT, income tax prepayment, advances to suppliers and advances to personnel. Other receivables also include the following:

a) Advances of €327 million extended to Hellenic Petroleum International A.G. (a Group company) for the transfer of 100% of the share capital of Hellenic Fuels S.A. (currently a direct subsidiary of Hellenic Petroleum International A.G.) (31 December 2016: €327 million). On 25 January 2018, the Board of Directors approved the acquisition of the remaining 64,41% of Hellenic Fuels S.A.'s shares by Hellenic Petroleum S.A., for a total consideration of €350 million (Notes 8, 34).
b) €54m of VAT approved refunds (31 December 2016: €54 million), which had been withheld in previous years by the customs office due to a dispute relating to stock shortages (see Note 31). The Company has filed a specific legal objection and claim against this action and expects to fully recover this amount, following the conclusion of the relevant legal proceedings.
c) A one-year bond loan of €138 million extended to EKO ABEE, a Group company (Note 33).

The fair values of trade and other receivables approximate their carrying amount.

Deferred charges and prepayments have decreased during the year ended 31 December 2017, due to the settlement of an insurance claim, amounting to €41 million, which related to property damage and business interruption of the Elefsina refinery during 2013 – 2015.

The table below analyses total trade receivables:

	As at	
	31 December 2017	**31 December 2016**
Not past due and not impaired	259.024	255.615
Past due, not impaired receivables	74.593	70.594
Past due, doubtful and impaired receivables	117.305	118.186
Total trade receivables	**450.922**	**444.395**

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

(All amounts in Euro thousands unless otherwise stated)

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

	As at	
	31 December 2017	**31 December 2016**
Up to 30 days	53.235	51.927
30 - 90 days	6.808	2.148
90 -120 days	127	1.170
Over 120 days	14.423	15.349
Total	**74.593**	**70.594**

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

	As at	
	31 December 2017	**31 December 2016**
Up to 30 days	-	-
30 - 90 days	-	-
Over 90 days	117.305	118.186
Total	**117.305**	**118.186**

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

	As at	
	31 December 2017	**31 December 2016**
Balance at 1 January	118.186	109.391
Charged / (credited) to the income statement:		
- Additional provisions	-	8.795
- Unused amounts reversed	(881)	-
Balance at 31 December	**117.305**	**118.186**

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

	As at	
	31 December 2017	**31 December 2016**
Balance at 1 January	17.481	13.299
Charged / (credited) to the income statement:		
- Additional provisions	4.539	4.182
Used during year	(1.960)	-
Balance at 31 December	**20.060**	**17.481**

12 Cash, cash equivalents and restricted cash

	As at	
	31 December 2017	**31 December 2016**
Cash at Bank and in Hand	667.599	731.258
Cash and cash equivalents	**667.599**	**731.258**
Restricted Cash	145.652	157.525
Total cash, cash equivalents and restricted cash	**813.251**	**888.783**

(All amounts in Euro thousands unless otherwise stated)

Restricted cash mainly relates to a deposit amounting to €144 million, placed as security for a loan agreement of an equal amount with Piraeus Bank, in relation to the Company's Facility Agreement B with the European Investment Bank (Note 16).

The outstanding balance under the EIB Facility Agreement B as at 31 December 2017 was €100 million, whilst the outstanding balance of the Piraeus loan as at 31 December 2017 was €144 million. The respective guarantee matured on 15 June 2017 and was renewed for an additional year. In February 2018, the EIB facility was amended in such a way that this guarantee is no longer required. The effect of the loan and the deposit with Piraeus Bank is a grossing up of the Statement of Financial Position, as at 31 December 2017 with no effect to the Net Debt position and Net Equity.

The balance of US Dollars included in Cash at bank as at 31 December 2017 was US$549 million (Euro equivalent €458 million). The respective amount for the year ended 31 December 2016 was US$ 503 million (Euro equivalent €477 million).

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

	As at	
	31 December 2017	**31 December 2016**
Euro	0,06%	0,07%
USD	0,10%	0,10%

13 Share capital

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

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

Share options

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

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

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

(All amounts in Euro thousands unless otherwise stated)

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

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

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

14 Reserves

		Statutory reserve	Special reserves	Tax reserves	Hedging reserve	Share-based payment reserve	Actuarial gains/ (losses)	Available-for-sale gains/ (losses)	Treasury shares	Total
Balance at 1 January 2016		**118.668**	**86.495**	**263.146**	**(24.718)**	**746**	**(5.519)**	**-**	**-**	**438.818**
Cash flow hedges:								-		
- Fair value gains/(losses) on cash flow hedges		-	-	-	15.862	-	-	-	-	15.862
- Derecognition of gains/(losses) on hedges through comprehensive income		-	-	-	19.642	-	-	-	-	19.642
Actuarial losses on defined benefit pension plans		-	-	-	-	-	(4.568)	-	-	(4.568)
Changes in the fair value on available-for-sale financial assets		-	-	-	-	-	-	(6.414)	-	(6.414)
Transfer of available-for-sale reserve to operating profit		-	-	-	-	-	-	6.414	-	6.414
Balance at 31 December 2016		**118.668**	**86.495**	**263.146**	**10.786**	**746**	**(10.087)**	**-**	**-**	**469.754**
Cash flow hedges:										
- Fair value gains/(losses) on cash flow hedges		-	-	-	(4.590)	-	-	-	-	(4.590)
- Derecognition of gains/(losses) on hedges through comprehensive income		-	-	-	1.979	-	-	-	-	1.979
Actuarial losses on defined benefit pension plans		-	-	-	-	-	(7.100)	-	-	(7.100)
Share-based payments		-	-	-	-	(653)	-	-	-	(653)
Acquisition of Treasury Shares		-	-	-	-	-	-	-	(10.245)	(10.245)
Issue of Treasury shares to employees		-	-	-	-	-	-	-	9.714	9.714
Dividends	29	-	-	(106.962)	-	-	-	-	-	(106.962)
Transfers to/ from retained earnings		-	-	8.797	-	-	-	-	-	8.797
Balance at 31 December 2017		**118.668**	**86.495**	**164.981**	**8.175**	**93**	**(17.187)**	**-**	**(531)**	**360.694**

Statutory reserves

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

Special reserves

Special reserves primarily relate to reserves arising from tax revaluations in accordance with the relevant legislation in prior years.

Tax-free and incentive law reserves

These reserves include:

(All amounts in Euro thousands unless otherwise stated)

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

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

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

Hedging reserve

The hedging reserve is used to record gains or losses on derivatives that are designated and qualify as cash flow hedges and that are recognised in other comprehensive income., as described in Note 21. Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

Other reserves

These include:

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

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

Treasury shares

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

15 Trade and other payables

	As at	
	31 December 2017	**31 December 2016**
Trade payables	1.417.731	1.579.039
Accrued Expenses	84.535	81.590
Other payables	51.761	31.344
Total	**1.554.027**	**1.691.973**

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

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

On 18 October 2015, by Decision (CFSP) 2015/1863, the Council of the European Union (EU) decided to terminate implementation of most of EU restrictions against Iran, taking into account UNSCR 2231 (2015) and Annex B to UNSCR 2231 (2015), simultaneously with the IAEA-verified implementation by Iran of agreed nuclear-related measures. On 16 January 2016 ("Implementation Day"), by Decision (CFSP) 2016/37, the

(All amounts in Euro thousands unless otherwise stated)

Council decided that Decision (CFSP) 2015/1863 shall apply from that date. On the same date, U.S and other International Restrictive Measures were also partially lifted. In light of the above developments, Hellenic Petroleum and NIOC executed Heads of Terms to a cooperation agreement on 22 January 2016 for the recommencement of their commercial relationship for the supply of crude and for the settlement of the due trade payables. Implementation of the agreement will be in full compliance with prevailing EU and international framework as well as surviving restrictions. In accordance with the aforementioned Heads of Terms, the relevant amount, which falls due after twelve months, is transferred from trade payables to trade and other payables in non-current liabilities (Note 20).

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

Accrued expenses mainly relate to accrued interest, payroll-related accruals and accruals for operating expenses not yet invoiced.

Accrued expenses include the estimated cost of the 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	188.556	233.000
Bond loan	721.023	1.227.281
Non-current borrowings	**909.579**	**1.460.281**
Current borrowings		
Short term bank borrowings	1.660.507	1.105.974
Current portion of long-term bank borrowings	44.444	44.444
Total current borrowings	**1.704.951**	**1.150.418**
Total borrowings	**2.614.530**	**2.610.699**

Non-current borrowings mature as follows:

	As at	
	31 December 2017	**31 December 2016**
Between 1 and 2 years	318.944	587.175
Between 2 and 5 years	557.635	817.884
Over 5 years	33.000	55.222
	909.579	**1.460.281**

The weighted average effective interest margins are as follows:

Bank Borrowings	**Currency**	**As at** **31 December 2017**	**31 December 2016**
Short-term			
- Floating Euribor + margin	Euro	4,84%	5,79%
- Floating Libor + margin	USD	-	5,82%
Long-term			
- Floating Euribor + margin	Euro	4,92%	5,49%
- Floating Libor + margin	USD	-	-

The carrying amounts of borrowings are denominated in Euro

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

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

	Maturity	**As at** **31 December 2017** **(€ million)**	**31 December 2016** **(€ million)**
Syndicated Bond loan €350 million	Jul 2018	348	344
Bond loan €400 million	Apr 2018	284	284
Bond loan €200 million	Feb 2018	200	199
Bond loan SBF €400 million	May 2018	239	72
European Investment Bank ("EIB") Term loan	Jun 2022	200	244
HPF Loan €488m	May 2017	-	170
HPF Loan €317,6m	Jul 2019	274	318
HPF Loan €367m	Oct 2021	447	367
Bilateral lines	Various	623	613
Total		**2.615**	**2.611**

Refer to ‘Liquidity Risk Management’ (Note 3.1) for an analysis of the Company’s plans regarding the facilities falling due in 2018.

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

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

Significant movement in borrowings for the year ended 31 December 2017 are as follows:

Syndicated bond loan €350 million

The Company concluded a €350 million syndicated bond loan credit facility guaranteed by HPF, maturing in July 2018.

Bond Loan €400 million

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

Bond Loan €200 million

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

Bond loans stand-by facility €400 million

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

EIB Term loans

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

HPF Loan €488m (Eurobond €500m)

In May 2013, HPF issued a €500 million four-year Eurobond, with an 8% annual coupon, maturing in May 2017. The notes were guaranteed by Hellenic Petroleum S.A. Subsequently the Company concluded a €488 million loan agreement with HPF, which was partially prepaid, in October 2016. Hellenic Petroleum SA repaid the outstanding balance in April 2017.

HPF Loan €317,6m (Eurobond €325m)

In July 2014, HPF issued a €325 million five-year Eurobond, with a 5,25% annual coupon, maturing in July 2019. The notes are guaranteed by Hellenic Petroleum S.A., were redeemable at the option of the Issuer in July 2017 and are listed on the Luxembourg Stock Exchange. Subsequently the Company concluded a €317,6 million loan agreement with HPF and the proceeds were used for general corporate purposes. Total repayments up during 2017 amounted to €44 million.

HPF Loan €367m (Eurobond €450m)

In October 2016 HPF issued a €375 million five-year 4.875% Eurobond guaranteed by Hellenic Petroleum S.A., with the issue price being 99.453 per cent of the principal amount. The notes mature in October 2021. The proceeds of the new issue were used to repay existing financial indebtedness, including the partial prepayment of the €500 million Eurobond maturing in May 2017, through a tender offer process which was completed in October 2016, during which notes of nominal value of €225 million were accepted. Subsequently the Company concluded a €367 million loan agreement with HPF and the proceeds were used to prepay existing indebtedness, including part of the €488 million maturing in May 2017 and for general corporate purposes.

(All amounts in Euro thousands unless otherwise stated)

In July 2017, HPF issued €74,5 million guaranteed notes, due 14 October 2021, which were consolidated to form a single series with HPF's €375 million 4.875% guaranteed notes. Subsequently the Company increased its existing loan agreement with HPF.

Bilateral lines

The Company has credit facilities with various banks in place, for general corporate purposes. These mainly relate to short-term loans which have been put in place and renewed as necessary over the past few years.

17 Deferred income tax

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

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

	As at	
	31 December 2017	**31 December 2016**
Beginning of the year	38.839	177.639
Income statement recovery / (charge)	(132.766)	(126.164)
Charged / (released) to equity	3.968	(12.636)
End of year	**(89.959)**	**38.839**

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

	As at	
	31 December 2017	**31 December 2016**
Intangible and tangible fixed assets	(205.222)	(181.995)
Inventory valuation	11.902	11.230
Environmental provision	5.420	3.548
Unrealised exchange gains	4.352	(5.371)
Employee benefits provision	35.915	27.337
Provision for bad debts	11.646	11.362
Derivative financial instruments at fair value	(3.339)	(4.406)
Provision for write-down in investments of associates	11.791	10.988
Net operating losses carried forward	-	121.563
Net interest cost carried forward (thin capitalisation)	37.307	41.966
Other temporary differences	269	2.617
Net deferred income tax asset/(liability)	**(89.959)**	**38.839**

In 2014, thin capitalisation rules as per art. 49 of law 4172/2013 were applied for the first time, whereby the net interest expense is deductible up to a certain percentage of tax EBITDA (60% for 2014, 50% for 2015 and 40% for 2016 and 30% thereafter). This resulted in a deferred tax asset of €37 million as at 31 December 2017 (2016: €42 million), which can be offset against future taxable profits without any time constraints.

(All amounts in Euro thousands unless otherwise stated)

18 Retirement benefit obligations

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

	As at	
	31 December 2017	**31 December 2016**
Statement of Financial Position obligations for:		
Pension benefits	104.331	88.521
Total as per Statement of Financial Position	**104.331**	**88.521**

	For the year ended	
	31 December 2017	**31 December 2016**
Statement of Comprehensive Income charge for:		
Pension benefits	7.349	7.060
Total as per Statement of Comprehensive Income	**7.349**	**7.060**

	For the year ended	
	31 December 2017	**31 December 2016**
Remeasurements for:		
Pension benefits	10.002	6.432
Total as per Statement of Other Comprehensive Income	**10.002**	**6.432**

The amounts recognised in the statement of financial position are as follows:

	As at	
	31 December 2017	**31 December 2016**
Present value of funded obligations	6.863	5.896
Fair value of plan assets	(1.842)	(1.296)
Deficit of funded plans	**5.021**	**4.600**
Present value of unfunded obligations	99.310	83.921
Liability in the Statement of Financial Position	**104.331**	**88.521**

The plans are final salary pension plans. The level of benefits provided depend on members' length of service and remuneration.

(All amounts in Euro thousands unless otherwise stated)

The movement in the defined benefit obligation is as follows:

	Present Value of Obligation	Fair Value of Plan Assets	Total
As at 1 January 2016	**77.709**	**(209)**	**77.500**
Current service cost	4.031	-	4.031
Interest expense/(income)	2.642	(11)	2.631
Past service costs and (gains)/losses on settlements	398	-	398
Statement of comprehensive income charge	**7.071**	**(11)**	**7.060**
Remeasurements:			
- Return on plan assets, excluding amounts included in Interest expense/(income)	-	(262)	(262)
- (Gain)/loss from change in financial assumptions	11.706	-	11.706
- Experience (gains)/losses	(5.012)	-	(5.012)
Statement of other comprehensive income charge	**6.694**	**(262)**	**6.432**
Benefits paid directly by the Company/Contributions paid by the Company	(1.532)	(939)	(2.471)
Benefit payments from the plan	(125)	125	-
As at 31 December 2016	**89.817**	**(1.296)**	**88.521**
Current service cost	4.806	-	4.806
Interest expense/(income)	2.363	(32)	2.331
Past service costs and (gains)/losses on settlements	212	-	212
Statement of comprehensive income charge	**7.381**	**(32)**	**7.349**
Remeasurements:			
- Return on plan assets, excluding amounts included in Interest expense/(income)	-	2	2
- (Gain)/loss from change in financial assumptions	5.868	-	5.868
- Experience (gains)/losses	4.132	-	4.132
Statement of other comprehensive income charge	**10.000**	**2**	**10.002**
Benefits paid directly by the Company/Contributions paid by the Company	(935)	(606)	(1.541)
Benefit payments from the plan	(89)	89	-
As at 31 December 2017	**106.174**	**(1.843)**	**104.331**

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

Balance at 31 December 2017	**Less than a year**	**Between 1-2 years**	**Between 2-5 years**	**Over 5 years**	**Total**
Pension Benefits	3.294	1.179	19.116	211.698	**235.287**

(All amounts in Euro thousands unless otherwise stated)

Plan assets are comprised as follows:

	31 December 2017				31 December 2016			
	Quoted	**Unquoted**	**Total**	**%**	**Quoted**	**Unquoted**	**Total**	**%**
Equity Instruments	74	-	74	*4%*	0	-	0	*0%*
Debt Instruments:								
- Government bonds	882	-	882	*48%*	626	-	626	*48%*
- Corporate bonds	558	-	558	*30%*	386	-	386	*30%*
Investment funds	123	-	123	*7%*	283	-	283	*22%*
Cash and cash equivalents	206	-	206	11%	1	-	1	0
Total	**1.843**	**-**	**1.843**		**1.296**	**-**	**1.296**	

The principal actuarial assumptions used were as follows:

	As at	
	31 December 2017	**31 December 2016**
Discount Rate	2,00%	2,50%
Future Salary Increases	0,50%	0,50%
Inflation	0,60%	0,50%

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

	Impact on Defined Benefit Obligation		
	Change in assumption	**Increase in DBO**	**Decrease in DBO**
Discount Rate	0,50%	-5,95%	5,05%
Future Salary Increases	0,50%	5,05%	-

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

Expected contributions to defined benefit plans for the following year amount to €0,6 million. The weighted average duration of the defined benefit obligation is 17 years.

(All amounts in Euro thousands unless otherwise stated)

19 Provisions for other liabilities and charges

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

	Provisions for other liabilities and charges
At 1 January 2016	**3.000**
Charged / (credited) to the income statement:	
- Additional provisions	3.829
At 31 December 2016	**6.829**
Charged / (credited) to the income statement:	
- Additional provisions	2.269
Utilised during year	(3.040)
At 31 December 2017	**6.058**

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

20 Trade and other payables, non-current

	As at	
	31 December 2017	31 December 2016
Government grants	8.764	9.379
Trade and other payables	6.805	237.026
Total	**15.569**	**246.405**

Government grants

Advances by the Government relate to grants for the purchase of property, plant and equipment. Amortisation for 2017 amounted to €0,7 million (2016: €1,3 million).

Trade and other payables

Trade and other payables, non-current include sundry operating items and risks arising from the Company's ordinary activities. The balance at 31 December 2016 includes the long-term portion of NIOC payables (Note 15), which is nil as at 31 December 2017.

21 Derivative financial instruments

Derivatives designated as Cash Flow Hedges

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

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

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

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

Derivatives designated as cash flow hedges

During the year ended 31 December 2017 amounts transferred to the statement of comprehensive income, relating to contracts that were settled during the year, amounted to €1.979 loss, net of tax (2016: €19.642 loss, net of tax).

The remaining cash flow hedges are highly effective and the movement in their fair value, amounting to a loss of €4.590 net of tax as at 31 December 2017 (2016: €15.862 gain, net of tax), is included in the hedging reserve (see Note 14).

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

22 Expenses by nature

	For the year ended	
	31 December 2017	**31 December 2016**
Raw materials and consumables used	6.020.873	4.775.013
Employee costs	202.704	175.312
Depreciation	135.688	145.629
Amortization	4.313	5.823
Other expenses	252.747	272.909
Total cost of sales, distribution cost and administrative expenses	**6.616.325**	**5.374.686**

(All amounts in Euro thousands unless otherwise stated)

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

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

Employee costs are set out in the table below:

	For the year ended	
	31 December 2017	**31 December 2016**
Wages and salaries	141.683	122.471
Social security costs	33.913	30.380
Pension costs	8.876	6.429
Other employment benefits	18.232	16.032
Total	**202.704**	**175.312**

Other employment benefits include medical insurance, catering and transportation expenses.

23 Exploration and development expenses

Geological and geophysical costs are expensed as incurred and relate to the Company's exploration activities.

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

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

	For the year ended	
	31 December 2017	**31 December 2016**
Income from grants	725	1.272
Services to third parties	4.172	3.442
Rental income	1.362	1.329
Accrued income from insurance compensation	1.100	41.000
Total other operating income	**7.359**	**47.043**
Amortization of long-term contracts costs	(6.523)	5.475
Legal costs relating to arbitration proceedings ruling	(13.679)	-
Other income / (expenses)	(3.892)	(1.532)
Other operating income / (expenses)	**(16.735)**	**50.986**
Impairment of investments	(3.000)	(19.905)
Total other operating income / (expenses) - net	**(19.735)**	**31.081**

Other operating income / (expenses) – net, include income or expenses which do not relate to the trading activities of the Company (e.g. rental income and sales of personnel services to subsidiaries). Insurance compensation of €41 million in 2016, relates to the settlement of an insurance claim relating to the business interruption of the Elefsina refinery flexicocker unit in 2012.

Impairment of investments includes the impairment in Asprofos, while as at 31 December 2016 the amounts related to Elpedison B.V. (Note 8) and the impairment of available-for-sale financial assets.

(All amounts in Euro thousands unless otherwise stated)

25 Finance (Expenses)/ Income-Net

	As at	
	31 December 2017	**31 December 2016**
Interest income	12.834	13.541
Interest expense and similar charges	(153.105)	(189.015)
Finance (expenses)/income - net	**(140.271)**	**(175.474)**

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

26 Currency exchange gains / (losses)

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

27 Income tax expense

	For the year ended	
	31 December 2017	**31 December 2016**
Current tax	(3.634)	(5.737)
Deferred tax (Note 17)	(132.766)	(126.164)
Total	**(136.400)**	**(131.901)**

The corporate income tax rate is 29% for 2017 and 2016. In accordance with the applicable tax provisions, tax audits are conducted as follows:

Audits by Certified Auditors – Tax Compliance Report

Effective for fiscal years ending 31 December 2011 onward, Greek companies meeting certain criteria can obtain an "Annual Tax Certificate" as provided for by par.5, article 82 of L.2238/1994 from their statutory auditor in respect of compliance with tax law. The issuance of a Tax Compliance Report, under certain conditions, substitutes the full tax audit by the tax authorities; however, the tax authorities reserve the right of future tax audit. The Company has received unqualified Tax Compliance Reports, for fiscal years up to 2016 (inclusive).

Audits by Tax Authorities

The Company has undergone full tax audits for the financial years ended 31 December 2011.

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

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

	For the year ended					
	31 December 2017			31 December 2016		
	Before tax	Tax (charge)/ credit	After tax	Before tax	Tax (charge)/ credit	After tax
Cash flow hedges	(3.678)	1.067	(2.611)	50.006	(14.502)	35.504
Actuarial gains/ (losses) on defined benefit pension plans	(10.001)	2.901	(7.100)	(6.434)	1.866	(4.568)
Other comprehensive income	**(13.679)**	**3.968**	**(9.711)**	**43.572**	**(12.636)**	**30.936**

Numerical reconciliation of income tax expense to prima facie tax payable:

	For the year ended	
	31 December 2017	31 December 2016
Profit / (loss) before Tax	**482.391**	**466.224**
Tax calculated at tax rates applicable to profits	(139.893)	(135.205)
Tax on income not subject to tax	9.780	11.121
Tax on expenses not deductible for tax purposes	(7.874)	(7.949)
Adjustments for deferred tax of prior periods	1.607	1.411
Other movements	(20)	(1.279)
Tax (Charge) / Credit	**(136.400)**	**(131.901)**

28 Earnings per share

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

	As at	
	31 December 2017	31 December 2016
Earnings per share attributable to the Company Shareholders (expressed in Euro per share):	**1,13**	**1,09**
Net income attributable to ordinary shares (Euro in thousands)	345.991	334.323
Weighted average number of ordinary shares	305.559.147	305.635.185

29 Dividends per share

The AGM held on 23 June 2017 approved the proposal for a €0,20/ share distribution as final dividend for the year 2016, out of prior-year taxed reserves, which was paid out on 10 July 2017 (amounting to a total of €61.127).

At its meeting held on 9 November 2017, the Board of Directors decided to distribute an interim dividend of €0,15 per share (excluding treasury shares – Note 13) for the financial year 2017. The dividend amounts to a total of €45.835.

The relevant amounts relating to the interim dividend for 2017 and the final dividend for 2016 (total amount of €106.962) have been included in the financial statements for the year ended 31 December 2017.

(All amounts in Euro thousands unless otherwise stated)

A proposal to the AGM for a final dividend of €0,25 /share (excluding treasury shares – Note 13) for the year ended 31 December 2017 was approved by the Board of Directors on 22 February 2018. This amounts to a total of €76.404 and is not included in the financial statements for the year ended 31 December 2017, as it has not yet been approved by the shareholders' AGM.

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

30 Cash generated from operations

		For the year ended	
	Note	**31 December 2017**	**31 December 2016**
Profit before tax		**482.391**	**466.224**
Adjustments for:			
Depreciation and amortisation of property, plant & equipment and intangible assets	**6,7**	140.001	151.452
Amortisation of grants		(725)	(1.272)
Financial expenses / (income) - net	**25**	140.271	175.474
Provisions for expenses and valuation changes		43.259	55.413
Losses from disposal of PPE		280	71
Foreign exchange losses / (gains)	**26**	8.483	(21.462)
Dividend income		(33.724)	(38.348)
		780.236	**787.552**
Changes in working capital			
Increase in inventories		(117.608)	(272.911)
Decrease / (increase) in trade and other receivables		57.287	(83.302)
Decrease in payables		(412.132)	(826.694)
		(472.453)	**(1.182.907)**
Net cash generated from / (used in) operating activities		**307.783**	**(395.355)**

31 Contingencies and litigation

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

Business Issues

(i) *Unresolved legal claims*

The Company is involved in a number of legal proceedings and has various unresolved claims pending arising in the ordinary course of business. Based on currently available information and the opinion of legal counsel, management believes the final outcome will not have a significant effect on the Company's operating results or financial position, over and above provisions already reflected in the financial statements (Note 19).

(ii) *Guarantees*

The Company has provided letters of comfort and guarantees in favour of banks as security for loans granted by them to subsidiaries and associates of the Group, the outstanding amount of which as at 31 December 2017 was the equivalent of €1.016 (31 December 2016: €1.210).

Taxation and customs

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

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

(i) *Open tax years – litigation tax cases:*

As disclosed in Note 27, tax audits have been completed up to and including the financial year ended 31 December 2011. The Tax audit reports for years ended 31 December 2010 and 2011 were received in December 2017 and they are subject to legal dispute by the Company. In summary, the reports assess additional taxes of €22,5 million and penalties of €23,5 million for items relating to stamp duty, various non-deductible expenses and other income tax adjustments. Following a detailed review of the Tax Audit Reports, the Company disputes the additional taxes imposed (which are over and above the amounts already included in the Company's normal tax returns) and has proceeded with all possible legal means and actions to appeal against these additional taxes and penalties. Even though the Companys dispute the additional taxes and penalties imposed, it is obliged to pay 50% of the assessed amounts to the Tax Authorities, in order to appeal the results of the tax audits. This was paid within the applicable deadline in January 2018.

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

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

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

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

(ii) *Assessments of customs and fines*

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

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

The Company considers that the above amounts will be recovered.

(All amounts in Euro thousands unless otherwise stated)

32 Commitments

(a) Capital commitments

Significant contractual commitments amount to €20 million as at 31 December 2017 (31 December 2016: €22 million), which mainly relate to improvements in refining assets.

(b) Operating lease commitments

The Company leases offices under non-cancellable operating lease agreements.

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

	For the year ended	
	31 December 2017	**31 December 2016**
No later than 1 year	4.871	4.557
Later than 1 year and no later than 5 years	10.124	14.523
Later than 5 years	-	-
Total	**14.995**	**19.080**

(c) Letters of Credit

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

33 Related party transactions

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

	For the year ended	
	31 December 2017	**31 December 2016**
Sales of goods and services to related parties		
Group entities	2.522.184	1.954.336
Associates	780.031	759.558
Joint ventures	434	170
Total	**3.302.649**	**2.714.064**
Purchases of goods and services from related parties		
Group entities	56.408	55.792
Associates	841.513	778.872
Joint ventures	10.954	1.966
Total	**908.875**	**836.630**

The statement of financial position includes balances, which derive from sales / purchases of goods and services in the ordinary course of business.

(All amounts in Euro thousands unless otherwise stated)

	As at	
	31 December 2017	**31 December 2016**
Balances due to related parties		
Group entities	37.726	42.292
Associates	3.094	34.750
Joint ventures	1.677	400
Total	**42.497**	**77.442**
Balances due from related parties		
Group entities	458.313	462.804
Associates	34.144	20.938
Joint ventures	30	3
Total	**492.487**	**483.745**

Transactions have been carried out with the following related parties:

a) Hellenic Petroleum Group companies. Interests in subsidiaries are set out in Note 8.

b) Associates and joint ventures of the Group, which are consolidated under the equity method:
- Athens Airport Fuel Pipeline Company S.A. (EAKAA)
- Public Gas Corporation of Greece S.A. (DEPA)
- Elpedison B.V.
- Spata Aviation Fuel Company S.A. (SAFCO)
- HELPE Thraki S.A.
- D.M.E.P. HOLDCO

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

c) Government related entities which are under common control with the Company due to the shareholding and control rights of the Hellenic State and with which the Company has material transactions or balances:

- Public Power Corporation Hellas S.A.
- Hellenic Armed Forces

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

- Sales of goods and services amounted to €190 million (2016: €99 million);
- Purchases of goods and services amounted to €43 million (2016: €50 million);
- Receivable balances of €26 million (31 December 2016: €8 million); and
- Payable balances of €5 million (31 December 2016: €2 million).

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

	For the year ended	
	31 December 2017	**31 December 2016**
Short-term employee benefits	4.055	3.515
Post-employment benefits	1.170	874
Termination benefits	-	523
Total	5.225	4.912

(All amounts in Euro thousands unless otherwise stated)

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

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

(i) The Company has extended loans to its subsidiaries (see Notes 9 and 11). The outstanding balance of these loans as at 31 December 2017 was €138 million (31 December 2016: €153 million). Interest income for the year was €10 million (2016: €10 million). All loans are at variable interest rates. The average interest rate on inter-company loans due was 6,33% (2016: 6,57%).

The Company has also received loans from its subsidiaries. The outstanding balance of these loans as at 31 December 2017 was €754 million (31 December 2016: €888 million). All loans are at variable interest rates. The average interest rate on inter-company loans was 6,10% (2016: 8,14%).

34 Events after the end of the reporting period

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

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

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

On 25 January 2018, the Board of Directors approved the acquisition of HPI's 64,41% shareholding by Hellenic Petroleum S.A., for a consideration of €350 million, closing the advance payment of €327 million, as disclosed in Note 11.