HELLENIC PETROLEUM S.A.

Financial Statements

in accordance with IFRS

as endorsed by the European Union

for the year ended 31 December 2019

GENERAL COMMERCIAL REGISTRY: 000269901000

COMPANY REGISTRATION NUMBER: 2443/06/B/86/23

REGISTERED OFFICE: 8A CHIMARRAS STR, 15125 MAROUSSI, GREECE

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(All amounts in Euro thousands unless otherwise stated)

Company Information

Directors	Ioannis Papathanasiou – Chairman of the Board (from 7/8/2019)
	Andreas Shiamishis – Chief Executive Officer (from 7/8/2019)
	Georgios Alexopoulos – Member
	Theodoros–Achilleas Vardas – Member
	Michail Kefalogiannis – Member (from 7/8/2019)
	Alexandros Metaxas –Member (from 7/8/2019)
	Iordanis Aivazis – Member (from 7/8/2019)
	Loukas Papazoglou – Member (from 7/8/2019)
	Alkiviades-Konstantinos Psarras – Member (from 7/8/2019)
	Theodoros Pantalakis – Member
	Spiridon Pandelias - Member
	Georgios Papakonstantinou – Member
	Constantinos Papagiannopoulos – Member
Other Board Members during the year	Efstathios Tsotsoros – Chairman of the Board & Chief Executive Officer (until 7/8/2019)
	Georgios Grigoriou – Member (until 7/8/2019)
	Dimitrios Kontofakas – Member (until 7/8/2019)
	Vasileios Kounelis – Member (until 7/8/2019)
	Loudovikos Kotsonopoulos – Member (until 7/8/2019)
	Christos Tsitsikas – Member (until 7/8/2019)
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 at *https://www.helpe.gr/en/investor-relations/quarterly-results/annual-and-interim-financial-reports/* and which incorporates the Independent Auditor's Report.

(All amounts in Euro thousands unless otherwise stated)

Statement of Financial Position

	Note	As at 31 December 2019	31 December 2018
ASSETS			
Non-current assets			
Property, plant and equipment	**6**	2.693.794	2.684.237
Right-of-use assets	**2,7**	32.084	-
Intangible assets	**8**	8.704	4.799
Investments in subsidiaries, associates and joint ventures	**9**	1.045.138	1.032.372
Investment in equity instruments	**3**	965	318
Loans, advances and long-term assets	**10**	22.089	8.887
		3.802.774	**3.730.613**
Current assets			
Inventories	**11**	899.760	893.859
Trade and other receivables	**12**	791.257	643.261
Income tax receivable	**29**	87.616	38.294
Derivative financial instruments	**23**	3.474	-
Cash and cash equivalents	**13**	888.564	1.070.377
		2.670.671	**2.645.791**
Total assets		**6.473.445**	**6.376.404**
EQUITY			
Share capital and share premium	**14**	1.020.081	1.020.081
Reserves	**15**	283.106	262.263
Retained Earnings		935.648	864.333
Total equity		**2.238.835**	**2.146.677**
LIABILITIES			
Non-current liabilities			
Interest bearing loans and borrowings	**17**	1.607.838	1.657.598
Lease liabilities	**2,18**	21.264	-
Deferred income tax liabilities	**19**	182.065	151.873
Retirement benefit obligations	**20**	147.074	132.539
Provisions	**21**	22.797	37.858
Other non-current liabilities	**20**	13.620	14.810
		1.994.658	**1.994.678**
Current liabilities			
Trade and other payables	**16**	1.271.809	1.226.107
Derivative financial instruments	**23**	-	16.387
Income tax payable	**29**	5.785	76.322
Interest bearing loans and borrowings	**17**	875.576	915.350
Lease liabilities	**2,18**	9.919	-
Dividends payable		76.863	883
		2.239.952	**2.235.049**
Total liabilities		**4.234.610**	**4.229.727**
Total equity and liabilities		**6.473.445**	**6.376.404**

The Notes on pages 9 to 67 are an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 27 February 2020.

A. Shiamishis	C.Thomas	S. Papadimitriou
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 2019	31 December 2018
Revenue from contracts with customers	**5**	**8.023.563**	**8.967.702**
Cost of sales		(7.563.197)	(8.287.696)
Gross profit		**460.366**	**680.006**
Selling and distribution expenses	**24**	(104.209)	(99.248)
Administrative expenses	**24**	(85.966)	(95.795)
Exploration and development expenses	**25**	(2.289)	(875)
Other operating income / (expenses) and other gains / (losses)	**26**	(6.058)	(8.356)
Operating profit		**261.844**	**475.732**
Finance income	**27**	10.510	9.442
Finance expense	**27**	(115.800)	(136.636)
Lease finance cost	**18,27**	(967)	-
Dividend income	**9**	195.416	318.795
Currency exchange gains / (losses)	**28**	(910)	2.244
Profit before income tax		**350.093**	**669.577**
Income tax expense	**29**	(33.734)	(146.187)
Profit for the year		**316.359**	**523.390**
Other comprehensive income / (loss):			
Other comprehensive income / (loss), that will not be reclassified to profit or loss (net of tax):			
Actuarial losses on defined benefit pension plans	**15**	(9.835)	(10.878)
Changes in the fair value of equity instruments	**15**	469	(675)
		(9.366)	**(11.553)**
Other comprehensive income / (loss), that may be reclassified subsequently to profit or loss (net of tax):			
Fair value gains / (losses) on cash flow hedges	**15**	12.890	(5.006)
Recycling of (gains) / losses on hedges through comprehensive income	**15**	1.501	(14.920)
Other Comprehensive income / (loss) for the year, net of tax		**5.025**	**(31.479)**
Total comprehensive income for the year		**321.384**	**491.911**
Earnings per share (expressed in Euro per share)	**30**	**1,04**	**1,71**

The Notes on pages 9 to 67 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 2018 (as originally presented)		**1.020.081**	**360.694**	**428.448**	**1.809.223**
Effect of changes in accounting policy	**2**	-	166	(1.124)	(958)
Restated total equity as at 1 January 2018		**1.020.081**	**360.860**	**427.324**	**1.808.265**
Actuarial losses on defined benefit pension plans	**15**	-	(10.878)	-	(10.878)
Changes in the fair value of equity instruments	**15**		(675)		(675)
Fair value gains / (losses) on cash flow hedges	**15**	**-**	(5.006)	**-**	(5.006)
Recycling of gains / (losses) on hedges through comprehensive income	**15**	-	(14.920)	-	(14.920)
Other comprehensive income / (loss)		**-**	**(31.479)**	**-**	**(31.479)**
Profit for the year		-	-	523.390	523.390
Total comprehensive income for the year		**-**	**(31.479)**	**523.390**	**491.911**
Share based payments	**14**	-	(93)	(1.121)	(1.214)
Acquisition of Treasury Shares	**14**	-	(683)	-	(683)
Issue of Treasury shares to employees	**14**	-	1.214	-	1.214
Dividends	**31**	-	(76.408)	(76.408)	(152.816)
Transfer to statutory reserve	**15**	-	26.170	(26.170)	-
Transfers from reserves to retained earnings	**15**	-	(17.318)	17.318	-
Balance at 31 December 2018		**1.020.081**	**262.263**	**864.333**	**2.146.677**
Actuarial losses on defined benefit pension plans	**15**	-	(9.835)	-	(9.835)
Changes in the fair value of equity instruments	**15**		469		469
Fair value gains / (losses) on cash flow hedges	**15**	**-**	12.890	**-**	12.890
Recycling of gains / (losses) on hedges through comprehensive income	**15**	-	1.501	-	1.501
Other comprehensive income / (loss)		**-**	**5.025**	**-**	**5.025**
Profit for the year		-	-	316.359	316.359
Total comprehensive income for the year		**-**	**5.025**	**316.359**	**321.384**
Dividends	**31**	-	-	(229.226)	(229.226)
Transfer to statutory reserve	**15**	-	15.818	(15.818)	-
Balance at 31 December 2019		**1.020.081**	**283.106**	**935.648**	**2.238.835**

The Notes on pages 9 to 67 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 2019	31 December 2018
Cash flows from operating activities			
Cash generated from / (used in) operations	**32**	459.810	557.196
Income tax received / (paid)		(143.204)	2.224
Net cash generated from / (used in) operating activities		**316.606**	**559.420**
Cash flows from investing activities			
Purchase of property, plant and equipment & intangible assets	**6,8**	(160.831)	(101.318)
Proceeds from disposal of property, plant and equipment & intangible assets		1.074	-
Dividends received		45.416	318.795
Interest received	**27**	10.510	9.442
Participation in share capital increase of subsidiaries and joint ventures	**9**	(22.680)	(21.054)
Settlement of consideration of acquisition of further equity interest in subsidiary	**9**	-	(39.000)
Sale of investment in subsidiaries to related parties		-	7.000
Net cash generated from / (used in) investing activities		**(126.511)**	**173.865**
Cash flows from financing activities			
Interest paid		(117.527)	(131.965)
Dividends paid		(150.085)	(148.767)
Loans to affiliated companies		-	(3.600)
Acquisition of treasury shares	**14**	-	(683)
Proceeds from borrowings		231.420	440.748
Repayments of borrowings		(329.168)	(491.303)
Payment of lease liabilities - principal	**18**	(7.694)	-
Payment of lease liabilities - interest	**18**	(967)	-
Net cash generated from /(used in) financing activities		**(374.021)**	**(335.570)**
Net increase / (decrease) in cash and cash equivalents		**(183.926)**	**397.715**
Cash and cash equivalents at the beginning of the year	**13**	**1.070.377**	**667.599**
Exchange gains / (losses) on cash and cash equivalents		2.113	5.063
Net increase / (decrease) in cash and cash equivalents		(183.926)	397.715
Cash and cash equivalents at the end of the year	**13**	**888.564**	**1.070.377**

The Notes on pages 9 to 67 are an integral part of these financial statements.

Notes to the financial statements

1 General information

Hellenic Petroleum S.A. (the "Company") operates 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 the year ended 31 December 2019 were authorised for issue by the Board of Directors on 27 February 2020. 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

These financial statements are separate financial statements. The consolidated financial statements are available on the Company's website and also include a list of significant investments in subsidiaries, joint ventures and associates.

The financial statements of Hellenic Petroleum S.A. for the year ended 31 December 2019 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. 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:

- Financial instruments – some of which are measured at fair value;
- Defined benefit pension plans – plan assets measured at fair value;
- Assets held for sale – measured at the lower of carrying value and fair value, less cost to sell.

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 Company's 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 2018 and have been consistently applied in all periods presented in this report, except for the following IFRSs, which have been adopted by the Company as of 1 January 2019.

(All amounts in Euro thousands unless otherwise stated)

The Company applied for the first time IFRS 16 (Leases) and disclosed below, as required by IFRSs, the nature and effect of these changes. Several other amendments and interpretations were also applied for the first time in 2019 but, other than the classification effect of IFRIC 23, they do not have a significant impact on the financial statements of the Company for the year ended 31 December 2019.

- *IFRS 16 "Leases"*: IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases- Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single, on-balance sheet model.

  The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The comparative figures have not been restated. The Company applied the practical expedient to grandfather the definition of a lease on transition. This means that it applied IFRS 16 to all contracts entered into before 1 January 2019 that were identified as leases in accordance with IAS 17 and IFRIC 4. Furthermore, the Company elected to use the recognition exemptions proposed by the standard for lease contracts that, at the commencement date have a lease term of 12 months or less and do not contain a purchase option ('short-term leases') and lease contracts for which the underlying asset is of low value ('low-value assets'). Finally the Company decided to apply a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with similar remaining lease term for similar class of underlying assets in a similar economic environment).

  The effect of adoption of IFRS 16 as at 1 January 2019 (increase/(decrease)) is as follows:

	Note	**1 January 2019**
ASSETS		
Right of use assets	**7**	25.744
LIABILITIES		
Lease liabilities	**18**	25.744

  a) Nature of the effect of adoption of IFRS 16

  The Company has lease contracts for various items of commercial properties, plant & machinery and motor vehicles. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Company; otherwise it was classified as an operating lease. Finance leases were capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognized as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalized and the lease payments were recognized as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under Trade and other receivables and Trade and other payables, respectively.

  Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases, except for leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

  - Leases previously classified as finance leases

  The Company did not have any finance leases as at 1 January 2019.

(All amounts in Euro thousands unless otherwise stated)

- Leases previously accounted for as operating leases:

The Company recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for leases of low-value assets. The right-of-use assets were recognized as equal to the lease liability, adjusted by the amount of any prepaid lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients whereby it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

For the year ended 31 December 2019 the effect of the application of IFRS 16 in the statement of comprehensive income, is:

	Note	For the year ended 31 December 2019
Decrease in operating expenses & cost of sales		**8.661**
Depreciation expense for right-of-use assets	**7**	(6.793)
Interest expense on lease liabilities	**27**	(967)
Total cost of leases in scope of IFRS 16		**(7.760)**
Net increase in net income before tax		**901**

b) Summary of new accounting policies

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

- Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment on their own, or together with the cash generating unit to which they belong.

- Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The result of this re-measurement is disclosed in a line of the right-of-use assets note as modifications.

- Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the low-value assets recognition exemption to leases that are considered of low value (i.e., below five thousand Euros). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

- Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (as a change in business strategy).

During 2019, the IFRS Interpretations Committee (the “Committee”) issued, among others, a summary of decisions reached in its public meetings to clarify interpretations in respect to IFRS 16 on the following topics:

- Subsurface rights

The Committee concluded that the arrangement, presented in its decision, where a pipeline operator obtains the right to place a pipeline in an underground space constitutes a lease and therefore this arrangement as presented in this decision should be in scope of IFRS 16. As disclosed in Note 7, the Company operates a number of subsurface pipelines within the boundaries of various municipalities, in accordance with relevant laws, without the requirement to pay any compensation for them. As described in Note 33 of these financial statements, certain municipalities have proceeded with the imposition of duties and fines relating to the rights of way. The Company has appealed against such amounts imposed as described in the note and believes the outcome will be favourable. The Company considers these do not fall within the scope of IFRS 16 as there is no requirement to pay compensation.

- Lease term

The Committee issued a decision that in assessing the notion of no more than an insignificant penalty, when establishing the lease term, the analysis should not only capture the termination penalty payment specified in the contract, but use a broader economic consideration of penalty and thus include all kinds of possible economic outflows related to termination of the contract. The Company applies this decision and uses judgment in estimating the lease term, especially in cases, where the agreements do not provide for a predetermined term, such as rights of use of coastal zones as described in Note 7. The Company considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

- Lessor accounting

The Company enters into certain sublease agreements with third parties and therefore, acts as an intermediate lessor. In classifying a sublease, the Company acting as the intermediate lessor shall classify the sublease as a finance lease or an operating lease as follows:

(a) if the head lease is a short-term lease that the Company, as a lessee, has accounted for applying paragraph 6 of the standard, the sublease shall be classified as an operating lease.

(b) otherwise, the sublease shall be classified by reference to the right-of- use asset arising from the head lease, rather than by reference to the underlying asset.

The Company has assessed all subleases it enters into based on the above criteria and classifies these as either operating or finance. As at 31 December 2019, all leases where the Company acts as an intermediate lessor were assessed and evaluated as operating.

- *IFRS 9 (Amendment) "Prepayment features with negative compensation*". 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.

- *IAS 28 (Amendments) "Long-term Interests in Associates and Joint Ventures"*. 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.

- *IFRIC Interpretation 23 "Uncertainty over Income Tax Treatments"*. 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. Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions. The Company's tax filings include income tax deductions and the tax authorities may challenge the deductibility thereof. The Company determined, that the tax treatment adopted will be accepted by the tax authorities. The Interpretation did not have an impact on the Company's financial statements. As a result of IFRIC 23 and related IFRIC decisions the Company proceeded to reclassify its income tax receivables from trade and other receivable line to a separate line in the statement of financial position.

- *IAS 19 (Amendments) "Plan Amendment, Curtailment or Settlement"*. 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.

- *Annual Improvements to IFRSs (2015 – 2017 Cycle)*, is a collection of amendments to IFRSs.

  – *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.

Standards issued but not yet effective and not early adopted

The Company has not early adopted any other of the following standard, interpretation or amendment that has been issued but is not yet effective. In addition, the Company assessed all standards, interpretations and amendments issued but not yet effective and concluded that they will not have any significant impact on the financial statements.

- *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. The amendments have not yet been endorsed by the EU.

- *"Conceptual Framework in IFRS standards"*. The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, *"Amendments to References to the Conceptual Framework in IFRS Standards"*, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

- *IFRS 3 Business Combinations (Amendments):* The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted. These Amendments have not yet been endorsed by the EU.

- *IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material' (Amendments)* The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards.

- *IFRS 9, IAS 39 and IFRS 7 (Amendments) "Interest rate benchmark reform":* The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

- *IAS 1 Presentation of Financial Statements "Classification of Liabilities as Current or Non-current (Amendments)"*. The amendments are effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments. These Amendments have not yet been endorsed by the EU.

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. The Company's key operating segments are disclosed in Note 5.

2.4 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

For transactions that include the receipt or payment of advance consideration in a foreign currency 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.

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.

(All amounts in Euro thousands unless otherwise stated)

2.5 Property, plant and equipment

Property, plant and equipment is comprised mainly of land, buildings, plant and machinery, motor vehicles and transportation means 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 profit or loss of the statement of comprehensive income as incurred. Refinery turnaround costs that take place periodically are capitalised and charged to profit or loss 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
– Vehicles and means of transportation	5 – 25 years
– Furniture and fixtures	
▪ Computer hardware	3 – 5 years
▪ Other furniture and fixtures	4 – 10 years

Specialised industrial installations include refinery units, petrochemical plants and tank facilities.

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).

The cost and related accumulated depreciation of assets retired or sold are removed from the accounts at the time of sale or retirement and any gain or loss, which is determined by comparing the proceeds with the carrying amount, is 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

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

(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 (1 to 5 years).

2.8 Exploration for and evaluation of mineral resources

(a) Exploration and evaluation assets

During the exploration period and before a commercially 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. Upstream exploration rights are included in licenses and rights in intangible assets.

(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. The Company has not recognised any such assets, as it is currently in the first stages of exploration and evaluation.

(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, or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

2.10 Financial assets

2.10.1 Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section 2.23 "Revenue from contracts with customers".

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within (a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at fair value through profit or loss
- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

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

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. 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.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

(b) Financial assets at amortized cost

The Company measures financial assets at amortised cost if both of the following conditions are met: a) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(c) Financial assets at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the profit or loss of the statement of comprehensive income, when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company elected to classify irrevocably its listed equity investments under this category.

2.10.2 Derecognition and impairment

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

The rights to receive cash flows from the asset have expired; Or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment

Further disclosures relating to impairment of financial assets are also provided in the following notes:

• Disclosures for significant estimates and assumptions, Note 4
• Trade receivables, Note 12

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.10.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. 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 documentation also includes both at hedge inception and on an ongoing basis how it will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

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

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 non-current 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, where applicable. 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.

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

For trade receivables, which are not in default the Company applies the simplified approach, in accordance with IFRS 9 and calculates ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. On the other hand, trade receivables in default are assessed on a case-by-case basis. The amount of the provision is recognised in the statement of comprehensive income and is included in "Selling and distribution expenses".

2.15 Cash and cash equivalents

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.

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 statement of comprehensive income 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 the recognition of a new liability; any difference in the respective carrying amount is recognised in profit and loss in the statement of comprehensive income.

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. Any interest and penalties arising on uncertain tax positions are considered as part of income tax.

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 income tax assets are reviewed at each financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

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 State pension fund. 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.

Defined benefit pension plan

Under Greek labour laws, employees and workers are entitled to termination payments in the event of retirement with the amount of payment varying in relation to the employee's or worker's compensation and length of service. This program is considered as a defined benefit plan.

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 have terms to maturity approximating to the terms of the related pension obligation.

The current service cost of the defined benefit plan, recognised in the statement of profit or loss 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.

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 profit or loss in the statement of comprehensive income.

Defined contribution plans

The Company's employees are covered by one of several Greek State sponsored pension funds which relates to the private sector and provides pension and pharmaceutical benefits. Each employee is required to contribute a portion of their monthly salary to the funds, with the Company also contributing a portion. Upon retirement, the pension fund is responsible for paying the employees retirement benefits. As such, the Group has no legal or constructive obligation to pay future benefits under this plan.

(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

Employees may receive remuneration in the form of share-based payments as part of a share 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 may issue new shares. In that case, 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 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. 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.

2.22 Environmental liabilities

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.

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 or purchased are recognised at cost. A provision is recognised for the net obligation payable for the emission quantities that exceed the pre-allocated allowances, after taking into account any purchases of emission certifications. The provision recognised is measured at the amount that it is expected to cost the entity to settle the obligation, net of any certificates purchased. This will be the market price at the balance sheet date of the allowances required to cover any emissions deficit made to date.

2.23 Revenue recognition

<u>(a) Revenue from contracts with customers</u>

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 from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Control over goods sold and services rendered is transferred to the customer upon delivery of the respective products or service respectively. 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. Payment terms vary in line with the type of sales transaction and depend mainly on the products sold or services rendered, the distribution channels, as well as each customer's specifics.

The Company assesses whether it acts as a principal or agent in each of its revenue arrangements. The Company has concluded that in all sales transactions it acts as a principal.

Revenue is recognised as follows:

Sales of goods – wholesale

Revenue is recognised when a contractual promise to a customer (performance obligation) is fulfilled by transferring the promised goods (which is when the customer obtains control over the promised goods). If a contract contains more than one performance obligation, the total transaction price of the contract is allocated among the individual, separate performance obligations based on their relative standalone selling prices. The amount of revenue recognized is the amount allocated to the satisfied performance obligation based on the consideration that the Company expects to receive in accordance with the terms of the contracts with the customers.

Provision of services

For sales of services, revenue is recognised in the accounting period in which the services are rendered, as the customer obtains control over the promised services, by reference to stage of completion of each specific performance obligation and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Variable consideration

If the consideration in a contract includes a variable amount, the Company recognizes this amount as revenue only to the extent that it is highly probable that a significant reversal will not occur in the future.

Volume discounts

The Company provides volume discounts to customers based on thresholds specified in the respective contracts. Options for volume related discounts are assessed by the Company to determine whether they constitute a material right that the customer would not receive without entering into that contract. For all such options that are considered as material rights, the Company assesses the likelihood of its exercise and then the portion of the transaction price allocated to the option is deferred and recognized when it is either exercised or lapsed.

Under the new requirements, the Company concluded that volume discounts constitute a material right which should be recognized over time up to the point it is either exercised or lapsed. All such discounts are accrued within the financial year.

(b) 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.

(c) Dividend income

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

2.24 Leases (IAS 17 applicable up to 31 December 2018)

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Company as lessee

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. 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.

Company as lessor

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

As from 1 January 2019 this accounting policy has been updated based on the new IFRS 16, as described in 2.1.1

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. Interim dividends proposed by the Board of Directors are recognized as liabilities upon proposal.

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 amount of the loss allowance determined in accordance with IFRS 9 requirements and the amount initially recognised less, when appropriate, the cumulative amount of income.

2.27 Changes in accounting policies

The Company adopted the amendments described in paragraph 2.1.1 for the first time for the annual reporting period commencing 1 January 2019.

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: The Greek economy boosted its growth momentum in the period from January to September 2019, despite the slowdown on a global level. Positive developments in the financial sector have taken place, including increased deposits and improved lending conditions for banks. Confidence in the banking sector has grown significantly and restrictions on capital movements have been fully abolished since 1 September.

GDP grew by 2,3% in the third quarter of 2019, compared to the corresponding period of 2018 (GDP increase in the first 9 months of 2019 was 2,1%), mainly driven by higher exports of goods and services, private sector investments, as well as increased private consumption and decreased imports of goods. On the other hand, an increase in imports of services limited a further upward performance.

Total domestic fuels consumption for the year increased by 2,8%, compared to 2018, mainly supported by significantly higher demand for heating gasoil, which is attributed to lower temperatures during the first quarter of the year. Net demand for motor fuels marginally increased by 0,4%, driven by higher auto diesel consumption (+1,6%) and lower gasoline demand (-0,7%).

The Greek economy still faces a number of significant challenges, such as the relatively low growth rates, comparing to the other countries in the Eurozone and the lower than the investment class Greek government's credit rating. At the same time, there are significant risks and uncertainties coming from the external environment, such as the slowdown in global economic activity due to growing trade protectionism and geopolitical tensions. 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.

United Kingdom's exit from the European Union: The Company is sourcing funds from international debt capital markets, through Eurobonds, issued by its London based subsidiary, Hellenic Petroleum Finance Plc, listed in the Luxembourg stock exchange, for the optimal management of its debt liabilities. It is uncertain, how the exit of the UK from the EU will affect existing HPF Eurobonds, as well as the Company's funding from international debt capital markets. The Company is closely following relevant developments and assessing alternatives in order to maintain its ability to source funding through the international debt capital markets.

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: During the last 2,5 years crude oil reference prices have partially recovered, following a 3-year period of contraction (June 2014 – June 2017), averaging $64/bbl in 2019. Nonetheless, the cost of crude, for both sweet and especially sour grades, which represent the key source of feedstock for complex refiners like Hellenic Petroleum, remains at reasonable levels, maintaining the competitive position of Med refiners vs. their global peers. Concerning the USA's decision for the re-imposition of the nuclear-related sanctions against Iran, Hellenic Petroleum has successfully managed to replace the Iranian oil supply with other alternatives in the region, without any significant effect in the continuity and cost of its operations (Note 16).

Financing of operations: The key priorities of the Company are the management of the 'Assets and Liabilities' maturity profile, ensuring adequate financing capacity, in accordance with its strategic investment plans and liquidity risk management for its operational needs. As a result and in line with its medium term strategic plans and commercial requirements, Hellenic Petroleum maintains a mix of long term, medium term and short term credit facilities by taking into consideration banks' and debt capital markets' credit capacity. Approximately 67% of total debt comprises medium to long-term committed credit lines while the remaining debt consists predominantly of short term credit facilities. Additional information is disclosed in paragraph (c) Liquidity risk below and Note 17.

Capital management: Another key priority of the Company has been the management of its Assets. Overall the Company has around €3,8 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 42% 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 2019 if the Euro had weakened against the US dollar by 5% with all other variables held constant, pre-tax results would have been approximately €9 million lower, as a result of foreign exchange losses on translation of US dollar denominated receivables, payables, cash and borrowings.

- **Gross Margin transactions and translation risk:** The fact that most of the transactions in crude oil and oil products are based on international Platt's USD prices leads to exposure in terms of the Gross Margin translated in Euro. Market volatility had an adverse impact on the cost of mitigating this exposure; as a result the 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 2019, 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 €12 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) Credit quality

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

Bank rating (in €million)	31 December 2019	31 December 2018
A	40	0
BBB	279	462
BBB-	5	1
CCC+	412	-
CCC	136	579
CCC-	17	30
Total	**889**	**1.070**

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 12 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.

The Company's plans with respect to facilities expiring within the next 12 months are presented below, in million Euros.

(€ million)	1H20	2H20	2020	Schedule for repayment	Schedule for refinancing
Contractual Term Facilities					
European Investment Bank ("EIB") Term loan	22	22	44	44	-
Bond loan €400 million	-	225	225	-	225
Other credit lines (callable on demand)					
Bilateral / Factoring with recourse	-	-	607	-	-
Total	**22**	**247**	**876**	**44**	**225**

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 year-end to the contractual maturity date. The amounts disclosed in the table are the contractual cash flows.

	Note	Less than 1 year	Between 1 and 5 years	Over 5 years
31 December 2019				
Borrowings	**17**	876.670	1.583.672	33.000
Lease liabilities	**18**	7.964	17.712	4.540
Trade and other payables		1.239.360	-	-
31 December 2018				
Borrowings	**17**	1.025.165	1.765.196	3.680
Derivative financial instruments	**23**	16.387	-	-
Trade and other payables		1.199.786	-	-

(All amounts in Euro thousands unless otherwise stated)

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 "Investments in equity instruments". Total capital employed is calculated as "Total Equity" as shown in the statement of financial position plus net debt.

The gearing ratios as at 31 December 2019 and 2018 were as follows:

		As at	
	Note	**31 December 2019**	**31 December 2018**
Total Borrowings	**17**	2.483.414	2.572.948
Less: Cash and cash equivalents	**13**	(888.564)	(1.070.377)
Less: Investment in equity instruments	**3.3**	(965)	(318)
Net debt (excl. lease liabilities)		**1.593.885**	**1.502.253**
Total Equity		2.238.835	2.146.677
Total Capital Employed (excl. lease liabilities)		**3.832.720**	**3.648.930**
Gearing ratio (excl. lease liabilities)		**42%**	**41%**
Lease liabilities	**18**	31.183	-
Net debt (incl. lease liabilities)		**1.625.068**	**1.502.253**
Total Capital Employed (incl. lease liabilities)		**3.863.903**	**3.648.930**
Gearing ratio (incl. lease liabilities)		**42%**	**41%**

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. The different levels are defined as follows:

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

(All amounts in Euro thousands unless otherwise stated)

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2019:

	Level 1	Level 2	Level 3	Total balance
Assets				
Derivatives used for hedging	-	3.474	-	3.474
Investment in equity instruments	965	-	-	965
	965	**3.474**	**-**	**4.439**
Liabilities				
Derivatives used for hedging	-	-	-	-
	-	**-**	**-**	**-**

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2018:

	Level 1	Level 2	Level 3	Total balance
Assets				
Investment in equity instruments	318	-	-	318
	318	**-**	**-**	**318**
Liabilities				
Derivatives held for trading	-	66	-	66
Derivatives used for hedging	-	16.321	-	16.321
	-	**16.387**	**-**	**16.387**

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.

There were no changes in valuation techniques during the year. For the years ended 31 December 2019 and 31 December 2018, there were no transfers between levels.

The fair value of the following financial assets and liabilities approximate their carrying amount, due to their short-term nature:

- Trade 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 past experience with similar cases, as well as the advice of tax and legal experts in order to analyze the specific facts and circumstances, interpret the relevant tax legislation, assess other similar positions taken by the tax authorities to form a view about whether its tax treatments will be accepted by the tax authorities, or whether a provision is needed. Where the Company is required to make payments in order to appeal against positions of tax authorities and the Company assesses that it is more probable than not to win its appeal, the respective payments are recorded as assets, as these advance payments will be returned to the Company, if the Company's position is upheld. In case the Company determines a provision is needed for the outcome of the uncertain tax position, any amounts already paid are deducted from the said provision.

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. 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 Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. 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 9 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 investments in equity instruments) 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 expected credit losses of receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision matrix is based on the Company's historical credit loss experience, calibrated to adjust the historical credit loss experience with forward-looking information specific to the debtors and the economic environment. At each year end, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed credit losses, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

(g) Retirement benefit obligations

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 and salary rate increases. 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 20.

(h) 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

(i) Impairment of non-current assets and investments in subsidiaries, associates and joint ventures

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. The assessment includes both external and internal factors which include inter-alia, significant changes with an adverse effect in the regulatory or technological environment or evidence is available from internal reporting that indicates that the economic performance of the asset is, or will be worse than expected. If any indication exists, the Company estimates the asset's, or cash generating unit'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.

(j) Provisions for legal claims

The Company has a number of legal claims pending against it (Note 33). Management uses its judgement, as well as the available information from the Legal department 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.

(k) Determination of lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The following factors are normally the most relevant: If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate). If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate). Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. Most extension options in offices and vehicles leases have not been included in the lease liability, because the Company could replace the assets without significant cost or business disruption. The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

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 m^3 of crude oil and petroleum products.

(All amounts in Euro thousands unless otherwise stated)

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 the Company's key operating segments can be found in the consolidated Annual Report of the Hellenic Petroleum Group.

Financial information regarding the Company's operating segments for the years ended 31 December 2019 and 2018 are presented below:

Year ended 31 December 2019	**Note**	**Refining**	**Petro-chemicals**	**Exploration & Production**	**Other**	**Total**
Revenue from contracts with customers		7.724.295	299.268	-	-	8.023.563
EBITDA		**346.671**	**82.687**	**(1.483)**	**(10.867)**	**417.008**
Depreciation and amortisation (PPE & Intangibles)	**6,8**	(142.652)	(5.341)	(378)	-	(148.371)
Depreciation of right-of-use assets	**7**	(6.367)	(406)	(10)	(10)	(6.793)
Operating profit / (loss)		**197.652**	**76.940**	**(1.871)**	**(10.877)**	**261.844**
Finance income/(expense)	**27**	(50.077)	(1.840)	-	(53.373)	(105.290)
Lease finance cost	**27**	(943)	(23)	(1)	-	(967)
Dividend income		-	-	-	195.416	195.416
Currency exchange gains/(losses)	**28**	(910)	-	-	-	(910)
Profit / (Loss) before income tax		**145.722**	**75.077**	**(1.872)**	**131.166**	**350.093**
Income tax expense	**29**					(33.734)
Profit for the year						**316.359**

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

Comparability to figures as of 31 December 2018, is affected by the adoption of IFRS 16, as of 1 January 2019 (Note 2).

(All amounts in Euro thousands unless otherwise stated)

Year ended 31 December 2018		Refining	Petro-chemicals	Exploration & Production	Other	Total
Revenue from contracts with customers		8.652.986	314.716	-	-	8.967.702
EBITDA		**549.868**	**76.160**	**(5.067)**	**(4.476)**	**616.485**
Depreciation and amortisation (PPE & Intangibles)	**6,8**	(136.071)	(3.686)	(979)	(17)	(140.753)
Operating profit / (loss)		**413.797**	**72.474**	**(6.046)**	**(4.493)**	**475.732**
Finance income/(expense)	**27**	(92.870)	(1.817)	-	(32.507)	(127.194)
Dividend income		-	-	-	318.795	318.795
Currency exchange gains/(losses)	**28**	2.244	-	-	-	2.244
Profit / (Loss) before income tax		**323.171**	**70.657**	**(6.046)**	**281.795**	**669.577**
Income tax expense	**29**					(146.187)
Profit for the year						**523.390**

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

"Exploration & Production" includes costs relevant to the exploration and production of hydrocarbons, mainly within blocks where the Company holds the relevant rights, either through full control or in partnership with other oil & gas companies, as described in Note 9.

"Other" includes mainly income from dividends and part of corporate costs, not directly related to the Company's principal operating segments.

There were no changes in the basis of segmentation or in the basis of measurement of segmental profit or loss, as compared to the annual financial statements for the year ended 31 December 2018, other than the adoption of IFRS 16.

An analysis of the Company's revenue from contracts with customers by type of market (domestic, aviation & bunkering and exports), is presented below:

Year ended 31 December 2019	Note	Refining	Petro-chemicals	Exploration & Production	Other	Total
Domestic		2.560.469	100.874	-	-	2.661.343
Aviation & Bunkering		1.232.927	-	-	-	1.232.927
Exports		3.930.899	198.394	-	-	4.129.293
Revenue from contracts with customers		**7.724.295**	**299.268**	**-**	**-**	**8.023.563**

Year ended 31 December 2018	Refining	Petro-chemicals	Exploration & Production	Other	Total
Domestic	2.601.184	112.277	-	-	2.713.461
Aviation & Bunkering	1.249.509	-	-	-	1.249.509
Exports	4.802.294	202.439	-	-	5.004.733
Revenue from contracts with customers	**8.652.986**	**314.716**	**-**	**-**	**8.967.702**

(All amounts in Euro thousands unless otherwise stated)

The segment assets and liabilities at 31 December 2019 and 2018 are as follows:

Year ended 31 December 2019	**Refining**	**Petro-chemicals**	**Exploration & Production**	**Other**	**Total**
Total Assets	4.854.697	415.209	2.531	1.195.223	**6.467.660**
Total Liabilities	2.832.700	33.985	18.998	1.343.142	**4.228.825**

Year ended 31 December 2018	**Refining**	**Petro-chemicals**	**Exploration & Production**	**Other**	**Total**
Total Assets	4.979.937	361.507	2.546	1.032.414	**6.376.404**
Total Liabilities	3.071.172	37.343	17.590	1.103.622	**4.229.727**

Comparability to figures as of 31 December 2018, is affected by the adoption of IFRS 16, as of 1 January 2019 (Note 2). There has been no other 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 2018.

6 Property, plant and equipment

	Land	**Buildings**	**Plant & Machinery**	**Means of transport**	**Furniture and fixtures**	**Assets Under Cons-truction**	**Total**
Cost							
As at 1 January 2018	**142.850**	**534.559**	**3.900.635**	**15.453**	**89.474**	**83.287**	**4.766.258**
Additions	-	74	2.409	18	1.242	93.705	97.448
Capitalised projects	-	7.295	84.449	112	631	(92.487)	-
Disposals	-	-	(65)	-	(51)	-	(116)
Impairment / Write-off	-	-	-	-	-	(850)	(850)
Transfers and other movements	-	-	5.243	-	-	(1.367)	3.876
As at 31 December 2018	**142.850**	**541.928**	**3.992.671**	**15.583**	**91.296**	**82.288**	**4.866.616**
Accumulated Depreciation							
As at 1 January 2018	**-**	**216.487**	**1.741.434**	**10.814**	**78.351**	**-**	**2.047.086**
Charge for the year	-	15.682	116.963	412	2.352	-	135.409
Disposals	-	-	(65)	-	(51)	-	(116)
As at 31 December 2018	**-**	**232.169**	**1.858.332**	**11.226**	**80.652**	**-**	**2.182.379**
Net Book Value at 31 December 2018	**142.850**	**309.759**	**2.134.339**	**4.357**	**10.644**	**82.288**	**2.684.237**
Cost							
As at 1 January 2019	**142.850**	**541.928**	**3.992.671**	**15.583**	**91.296**	**82.288**	**4.866.616**
Additions	-	27	1.140	12	2.201	154.325	157.705
Capitalised projects	-	4.861	110.684	124	1.006	(116.675)	-
Disposals	-	-	(388)	(20)	(22)	-	(430)
Impairment / Write-off	-	-	-	-	-	(1.255)	(1.255)
Transfers and other movements	-	-	1.206	-	(1)	(4.490)	(3.285)
As at 31 December 2019	**142.850**	**546.816**	**4.105.313**	**15.699**	**94.480**	**114.193**	**5.019.351**
Accumulated Depreciation							
As at 1 January 2019	**-**	**232.169**	**1.858.332**	**11.226**	**80.652**	**-**	**2.182.379**
Charge for the year	-	15.299	125.456	409	2.443	-	143.607
Disposals	-	-	(388)	(20)	(21)	-	(429)
As at 31 December 2019	**-**	**247.468**	**1.983.400**	**11.615**	**83.074**	**-**	**2.325.557**
Net Book Value at 31 December 2019	**142.850**	**299.348**	**2.121.913**	**4.084**	**11.406**	**114.193**	**2.693.794**

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

(All amounts in Euro thousands unless otherwise stated)

(2) Additions are mainly comprised of capital expenditure in the refining segment that relate to projects of long-term maintenance and upgrades of the refining units. These amounts are mainly included in assets under construction and are reclassified into the relevant asset class when the projects are completed.

(3) During 2019 an amount of €2,8 million (2018: €2,5 million) in respect of interest has been capitalised within Assets under construction relating to the refining segment, at an average borrowing rate of 4,16% (2018: 5,11%).

(4) Gains or losses from disposals are included within "Other income / (expenses) and other gains / (losses) (Note 26).

(5) 'Transfers and other movements' include the transfer of computer software development costs to intangible assets and the transfer of spare parts for the refinery units between inventories and fixed assets.

(6) The Company performed its annual assessment for indicators of impairment of property, plant and equipment in December 2019 and 2018. Based on this assessment, the Company concluded that there were no indications for impairment, therefore no formal impairment test was performed and no impairment charge was recorded. "Impairment/Write-off" for the year ended 31 December 2019, includes write offs of assets both from cost and accumulated depreciation. Such charges are included within "Other income / (expenses) and other gains / (losses) (Note 26).

(7) Depreciation expense of €143,6 million (2018: €135,4 million) and amortisation expense of €4,8 million (2018: €5,3 million) is allocated in the following lines of the statement of comprehensive income:

- Cost of Sales €134,0 million (2018: €126,4 million),
- Selling and distribution expenses €7,2 million (2018: €7,4 million),
- Administration expenses €7,2 million (2018: €7,0 million)

7 Right-of-use assets

	Commercial Properties	Plant & Machinery	Motor vehicles	Total
Cost				
As at 1 January 2019	**17.054**	**6.285**	**2.405**	**25.744**
Additions	985	2.927	4.752	8.664
Modification	5.324	(343)	(512)	4.469
As at 31 December 2019	**23.363**	**8.869**	**6.645**	**38.877**
Accumulated Depreciation				
As at 1 January 2019	**-**	**-**	**-**	**-**
Charge for the period	4.644	1.134	1.015	6.793
As at 31 December 2019	**4.644**	**1.134**	**1.015**	**6.793**
Net Book Value at 31 December 2019	**18.719**	**7.735**	**5.630**	**32.084**

The Company leases a variety of assets in the course of its activities, such as office space, tanks and catalysts, as well as vehicles.

Part of the Company's operations require the use of coastal zones. The Company has entered into an agreement with the State for the use of coastal zones in certain areas. There are, however other areas, where the Company uses coastal zones and for which no agreement exists. The State may periodically issue a notice for compensation for the use of the coastal zones for these areas. Upon adoption of IFRS 16, the Company concluded that the use of coastal zones could meet the criteria of an identified asset under IFRS 16, where an agreement exists. Where the terms of use by the Greek state, are determinable from the agreement, the Company recognizes a right of use asset within commercial properties and a lease liability representing its obligation to make payments. For other instances, where the Company uses coastal zones without an agreement, the Company considers that the arrangement does not constitute a lease and provides for compensation for the use of the coast based on the most recently received notice. For the year ended 31 December 2019, this is estimated €720 thousands and is included in current liabilities.

(All amounts in Euro thousands unless otherwise stated)

Furthermore, the Company operates a number of underground pipelines within the boundaries of various municipalities, in accordance with relevant laws. As described in Note 33, certain municipalities have proceeded with the imposition of duties and fines relating to the rights of way. The group has appealed against such amounts imposed as described in the note and does not consider that any of these fall within the scope of IFRS 16.

8 Intangible assets

	Computer software	Licences & Rights	Total
Cost			
As at 1 January 2018	**95.205**	**24.299**	**119.504**
Additions	1.330	2.540	3.870
Disposals	-	(2.540)	(2.540)
Transfers & other movements	1.367	-	1.367
As at 31 December 2018	**97.902**	**24.299**	**122.201**
Accumulated Amortisation			
As at 1 January 2018	**88.175**	**24.287**	**112.462**
Charge for the year	4.932	412	5.344
Disposals	-	(404)	(404)
As at 31 December 2018	**93.107**	**24.295**	**117.402**
Net Book Value 31 December 2018	**4.795**	**4**	**4.799**
Cost			
As at 1 January 2019	**97.902**	**24.299**	**122.201**
Additions	1.889	1.237	3.126
Transfers & other movements	5.543	-	5.543
As at 31 December 2019	**105.334**	**25.536**	**130.870**
Accumulated Amortisation			
As at 1 January 2019	**93.107**	**24.295**	**117.402**
Charge for the year	4.495	269	4.764
As at 31 December 2019	**97.602**	**24.564**	**122.166**
Net Book Value 31 December 2019	**7.732**	**972**	**8.704**

(1) 'Licenses and rights' include net exploration license costs, relating to the new exploration & production of hydrocarbons' concessions in Western Greece.

(2) '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 (Note 6).

(All amounts in Euro thousands unless otherwise stated)

9 Investment in subsidiaries, associates and joint ventures

	As at	
	31 December 2019	**31 December 2018**
Beginning of the year	**1.032.372**	**671.622**
Increase / (Decrease) in share capital of subsidiaries and JV	22.680	21.050
Acquisition of remaining share in subsidiary	-	350.000
Sale of investments in subsidiaries to related parties	-	(7.000)
Impairment of investments	(9.914)	(3.300)
End of the year	**1.045.138**	**1.032.372**

A list of the Company's direct 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. (HFL)	100,0%	Greece	Subsidiary
ELPET BALKANIKI S.A.	100,0%	Greece	Subsidiary
HELLENIC PETROLEUM INTERNATIONAL AG (HPI)	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 E&P HOLDING 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) On 29 November 2018, HPI transferred its shareholding in HFL (64,41%) to Hellenic Petroleum S.A., who now holds the 100% shareholding of HFL, for a consideration of €350 million, utilizing an advance of €327 million, made in previous years. During 2019, the general meeting of HPI 's shareholders approved payment of dividends amounting to €150 million, which are included in the Company's statement of financial position in other receivables as at 31 December 2019 (Note 12).

b) On 24 May 2018, the Company established Hellenic Petroleum E&P Holding S.A. ('HELPE E&P Holding SA', 100% subsidiary), to act as the holding entity for its portfolio of E&P entities. The share capital injected to the new company amounted to €20 million. On 14 November 2018, the Company transferred the 100% of its shareholding in HELPE Upstream S.A. to HELPE E&P Holding S.A for a consideration of €0,9 million, realizing an intercompany profit of €0,1 million. On 27 November 2018, the Company transferred the 100% of its shareholding in HELPE Patraikos SA to HELPE E&P Holding S.A for a consideration of €6,2 million, with no profit or loss arising from the transaction. The share capital injected to HELPE E&P Holding S.A. during 2019 amounted to €15 million.

c) The share capital injected to Elpedison BV during 2019 amounted to €1 million. Furthermore, during 2019, the Company participated in a share capital increase in Asprofos S.A., as described below.

d) Impairment of investments

Elpedison B.V.

The Company owns a 5% shareholding in Elpedison B.V., a joint venture entity of the Group, in which HPI also participates (45%) and EDISON International (50%).

As at 31 December 2019 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 joint venture entity. 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 6,8% and was estimated as the post-tax Weighted Average Cost of Capital (WACC) of the company. Based on this impairment test, the Company concluded that the carrying amount of its investment is recoverable and consequently no 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.

It is estimated that at 31 December 2019 if the WACC used in the impairment test was higher by 0,5% with all other variables held constant, the Equity Value of Elpedison BV would have been lower by 10%. In addition, if the future Annual Flexibility Remuneration was lower by 10% with all other variables held constant, the Equity Value of Elpedison BV would have been lower by 14%. In both sensitivity analysis' scenarios, the carrying amount of the investment in Elpedison BV is recoverable.

Asprofos S.A.

In July 2019 the AGM of Asprofos S.A. approved a reduction in share capital of €6,9 million, through use of cumulative losses and a subsequent share capital increase of €6,7 million. The resulting loss of €6,9 million in the carrying value of Asprofos S.A. was recognised in the statement of financial position as at 31 December 2019 and in other income and expenses in the statement of comprehensive income (Note 26).

As at 31 December 2019 Management carried out an impairment test according to the requirements of IAS 36, based on the post-tax cash flows produced by 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 4,4%, as of 31 December 2019.

Based on this impairment test, the Company recognised an additional impairment provision of €3,0 million in the carrying value of Asprofos S.A. in the statement of financial position as at 31 December 2019 and a respective impairment loss in the statement of comprehensive income, which was also included in other income and expenses (Note 26).

e) DEPA Group

The DEPA Group operates in the wholesale, trading, transmission, distribution and supply of natural gas. Its shareholders are the Hellenic Republic Assets Development Fund (65%) and Hellenic Petroleum SA (35%).

In 2019 the Company received cash dividends of €28 million from DEPA (2018: €307 million, of which €284 million related to the proceeds from the sale of DESFA).

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

f) 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 (50%), HELPE Patraikos, a group company (50%) – Greece, Patraikos Gulf
- Total E&P Greece B.V. (50%), Edison International S.p.A. (25%), HELPE West Kerkyra SA, a group company (25%) – Greece, Block 2 – West of Corfu Island

(All amounts in Euro thousands unless otherwise stated)

- Total E&P Greece B.V. (40%), Exxon Mobil Exploration and Production Greece (Crete) B.V. (40%), Hellenic Petroleum S.A. (20%) – (Greece, Block West Crete)
- Total E&P Greece B.V. (40%), Exxon Mobil Exploration and Production Greece (Crete) B.V. 40%), Hellenic Petroleum S.A. (20%) – (Greece, Block South West Crete)
- Repsol Exploracion (50%), Hellenic Petroleum S.A. (50%) – (Greece, Block Ionian)
- Calfrac Well Services Ltd (75%), HELPE Sea of Thrace S.A., a group company (25%) – Greece, Sea of Thrace concession

The jointly controlled operations are still on a research phase and do not contribute to revenues.

10 Loans, advances & long term assets

	As at	
	31 December 2019	**31 December 2018**
Loans and advances	19.769	6.518
Other long term assets	2.320	2.369
Total	**22.089**	**8.887**

Loans and advances as at 31 December 2019 include a three-year bond loan of €3,6 million to ATEN Energy, a subsidiary of the HELPE Group, maturing in 2023.

They also include trade receivables due in more than one year as a result of settlement arrangements. These are discounted at a rate of 7,25% (2018: 7,25%) over their respective lives. The increase relates to new long-term arrangements contracted in 2019.

11 Inventories

	As at	
	31 December 2019	**31 December 2018**
Crude oil	331.447	328.010
Refined products and semi-finished products	487.614	486.792
Petrochemicals	25.554	24.400
Consumable materials and spare parts	85.485	83.903
- Less: Provision for consumables and spare parts	(30.340)	(29.246)
Total	**899.760**	**893.859**

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 €7,1 billion (2018: €7,8 billion). The Company has reported a loss of €2,1 million as at 31 December 2019 arising from inventory valuation which is reflected in a write-down of the year-end values (2018: €32,4 million). This was recognised as an expense in the year ended 31 December 2019 and included in ‘Cost of Sales’ in the statement of comprehensive income. Overall for 2019, 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. €24 million (2018: positive impact of €48 million).

(All amounts in Euro thousands unless otherwise stated)

In addition, as at 31 December 2019, an amount of €1,2 million (2018: €5,2 million) relating to spare parts for the refinery units, has been transferred from inventories to Plant and Machinery (Note 6).

12 Trade and other receivables

	As at	
	31 December 2019	**31 December 2018**
Trade receivables	449.115	449.595
- Less: Provision for impairment of receivables	(100.543)	(117.170)
Trade receivables net	**348.572**	**332.425**
Other receivables	443.101	312.475
- Less: Provision for impairment of receivables	(14.438)	(14.272)
Other receivables net	**428.663**	**298.203**
Prepaid expenses and accrued income	14.022	12.633
Total	**791.257**	**643.261**

Restatement: The other receivables balance as of 31 December 2018 has been restated by €1,2 million reclassified from cash and cash equivalents (Note 13) and for €35,7 million reclassified to income tax payable.

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' generally include balances in respect of advances to suppliers, advances to personnel, VAT, withholding taxes and taxes paid, other than amounts related to income tax, as a result of tax audit assessments during previous years from the tax authorities, where the Company has commenced legal proceedings and disputed the relevant amounts. The timing of the finalization of these disputes cannot be estimated and the Company has classified these amounts as current assets.

More specifically, other receivables as at 31 December 2019 include, among others, the following:

a) €54m of VAT approved refunds (31 December 2018: €54 million), which had been withheld in previous years by the customs authorities due to a dispute relating to stock shortages (Note 33). 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.
b) €150 million dividends receivable from HPI, a Group company
c) A one-year bond loan of €138 million extended to EKO ABEE, a Group company (Note 35).

The fair values of trade receivables approximate their carrying amount.

The table below analyses total trade receivables:

	As at	
	31 December 2019	**31 December 2018**
Not past due	241.104	244.027
Past due	208.011	205.568
Total trade receivables	**449.115**	**449.595**

(All amounts in Euro thousands unless otherwise stated)

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

	31 December 2019	31 December 2018
Up to 30 days	86.709	62.404
30 - 90 days	9.900	10.750
Over 90 days	111.402	132.414
Total past due trade receivables	**208.011**	**205.568**

Regarding trade receivables, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECLs). The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable. Collaterals include primarily first or second class pre-notices over properties of the debtor, personal and bank guarantees.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Not past due	Days past due			
		< 30 days	31-90 days	> 90 days	Total
31 December 2019					
Expected credit loss rate	0,01%	0,03%	0,42%	3,02%	0,04%
Total gross carrying amount	241.104	86.709	9.900	111.402	449.115
Expected credit loss	(33)	(22)	(41)	(64)	(160)

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

	As at	
	31 December 2019	31 December 2018
Balance at 1 January 2018 (as originally presented)	**117.170**	**117.305**
Effect of change in accounting policy	-	1.277
Balance at 1 January 2018 (restated)	**117.170**	**118.582**
Charged/(credited) to the statement of comprehensive income:		
- Additional provisions	248	430
- Receivables written off during the year as uncollectible	(14.091)	-
- Unused amounts reversed	(2.784)	(1.842)
Balance at 31 December 2019	**100.543**	**117.170**

The movement in the provision for impairment has been included in the selling and distribution costs in the statement of comprehensive income.

(All amounts in Euro thousands unless otherwise stated)

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

	As at	
	31 December 2019	**31 December 2018**
Balance at 1 January 2018	**14.272**	**20.060**
Charged / (credited) to the income statement:		
- Additional provisions	525	212
- Receivables written off during the year as uncollectible	(318)	-
- Unused amounts reversed	(41)	-
Transfer to provision for litigation	-	(6.000)
Balance at 31 December 2019	**14.438**	**14.272**

13 Cash and cash equivalents

	As at	
	31 December 2019	**31 December 2018**
Cash at bank and in hand	884.109	1.070.377
Short term bank deposits	4.455	-
Total cash and cash equivalents	**888.564**	**1.070.377**

Restatement: During the year, the Company reconsidered the presentation of restricted cash balances and now includes such balances in the caption “Trade and other receivables”. Previously, such balances were included in the caption “Cash, cash equivalents and restricted cash”. Following the reconsideration, an adjustment was applied retrospectively to the 2018 comparative balance, by reclassifying an amount of € 1,2 million from “Cash, cash equivalents and restricted cash” to “Trade and other receivables”.

The balance of US Dollars included in Cash at bank as at 31 December 2019 was US$822 million (Euro equivalent €732 million). The respective amount for the year ended 31 December 2018 was US$ 889 million (Euro equivalent €777 million).

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

	As at	
	31 December 2019	**31 December 2018**
Euro	0,03%	0,02%
USD	0,14%	0,10%

14 Share capital

	Number of Shares (authorised and issued)	**Share Capital**	**Share premium**	**Total**
As at 1 January & 31 December 2018	**305.635.185**	**666.285**	**353.796**	**1.020.081**
As at 31 December 2019	**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 2018: €2.18).

(All amounts in Euro thousands unless otherwise stated)

15 Reserves

	Statutory reserve	Special reserves	Tax-free & Incentive law reserves	Hedging reserve	Actuarial gains/ (losses)	Equity instrum. FVOCI gains/ (losses)	Share-based payment reserve	Treasury shares	Total
Balance at 1 January 2018 (as originally presented)	**118.668**	**86.495**	**164.981**	**8.175**	**(17.187)**	**-**	**93**	**(531)**	**360.694**
Effect of changes in accounting policy	-	-	-	-	-	166	-	-	166
Restated total equity as at 1 January 2018	**118.668**	**86.495**	**164.981**	**8.175**	**(17.187)**	**166**	**93**	**(531)**	**360.860**
Cash flow hedges:							-		
- Fair value gains/(losses) on cash flow hedges	-	-	-	(5.006)	-	-	-	-	(5.006)
- Derecognition of (gains)/losses on hedges through comprehensive income	-	-	-	(14.920)	-	-	-	-	(14.920)
Actuarial losses on defined benefit pension plans	-	-	-	-	(10.878)	-	-	-	(10.878)
Changes in the fair value of equity instruments	-	-	-	-	-	(675)	-	-	(675)
Share-based payments	-	-	-	-	-	-	(93)	-	(93)
Acquisition of Treasury Shares	-	-	-	-	-	-	-	(683)	(683)
Issue of Treasury shares to employees	-	-	-	-	-	-	-	1.214	1.214
Dividends	-	-	(76.408)	-	-	-	-	-	(76.408)
Transfers of tax on reserves to retained earnings	-	-	(17.318)	-	-	-	-	-	(17.318)
Transfer to statutory reserve	26.170	-	-	-	-	-	-	-	26.170
Balance at 31 December 2018	**144.838**	**86.495**	**71.255**	**(11.751)**	**(28.065)**	**(509)**	**-**	**-**	**262.263**
Balance at 1 January 2019	**144.838**	**86.495**	**71.255**	**(11.751)**	**(28.065)**	**(509)**	**-**	**-**	**262.263**
Cash flow hedges:									
- Fair value gains/(losses) on cash flow hedges	-	-	-	12.890	-	-	-	-	12.890
- Derecognition of (gains)/losses on hedges through comprehensive income	-	-	-	1.501	-	-	-	-	1.501
Actuarial losses on defined benefit pension plans	-	-	-	-	(9.835)	-	-	-	(9.835)
Changes in the fair value of equity instruments	-	-	-	-	-	469	-	-	469
Transfer to statutory reserve	15.818	-	-	-	-	-	-	-	15.818
Balance at 31 December 2019	**160.656**	**86.495**	**71.255**	**2.640**	**(37.900)**	**(40)**	**-**	**-**	**283.106**

Statutory reserve

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 this reserve is equal to one third of the 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 relate to retained earnings, which have not been taxed with the prevailing corporate income tax rate as allowed by Greek law under various statutes and reserves relating to investments under incentive laws. These reserves will become liable to tax at the rate prevailing at the time of distribution to shareholders or conversion to share capital 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 23. 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 investments in equity instruments.

(All amounts in Euro thousands unless otherwise stated)

16 Trade and other payables

	As at	
	31 December 2019	**31 December 2018**
Trade payables	1.165.580	1.075.569
Accrued Expenses	64.280	114.656
Other payables	41.949	35.882
Total	**1.271.809**	**1.226.107**

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

Trade payables, as at 31 December 2019 and 31 December 2018, 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. In the period from 16 January 2016 up to 8 May 2018, when sanctions were suspended, the Company successfully made several payments against a significant part of these amounts. Since 8 May 2018, following the re-imposition of relevant sanctions by the United States, no deliveries of Iranian crude oil or payments have taken place.

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 €12 million as at 31 December 2019 (2018: €54 million).

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

17 Interest bearing loans and borrowings

	As at	
	31 December 2019	**31 December 2018**
Non-current interest bearing loans and borrowings		
Bank borrowings	66.667	111.112
Intercompany borrowings	689.900	480.000
Bond loan	851.271	1.066.486
Total non-current interest bearing loans and borrowings	**1.607.838**	**1.657.598**
Current interest bearing loans and borrowings		
Short term bank borrowings	831.132	590.906
Intercompany borrowings	-	280.000
Current portion of long-term bank borrowings	44.444	44.444
Total current interest bearing loans and borrowings	**875.576**	**915.350**
Total interest bearing loans and borrowings	**2.483.414**	**2.572.948**

Non-current interest bearing loans and borrowings mature as follows:

	As at 31 December 2019	31 December 2018
Between 1 and 2 years	944.085	267.038
Between 2 and 5 years	630.753	1.357.560
Over 5 years	33.000	33.000
Total non-current interest bearing loans and borrowings	**1.607.838**	**1.657.598**

The weighted average effective interest margins are as follows:

Bank Borrowings	**Currency**	**As at 31 December 2019**	**31 December 2018**
Short-term			
- Floating Euribor + margin	Euro	3,31%	5,17%
- Floating Libor + margin	USD	4,84%	6,88%
Long-term			
- Floating Euribor + margin	Euro	3,99%	3,46%
- Floating Libor + margin	USD	4,60%	5,42%

The carrying amounts of borrowings are denominated in Euro and US Dollars:

	As at 31 December 2019	31 December 2018
Euro	2.324.473	2.417.888
US dollar	158.941	155.060
Total interest bearing loans and borrowings	**2.483.414**	**2.572.948**

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.

Company borrowings by maturity date as at 31 December 2019 and 31 December 2018 are summarised in the table below (amounts in € million):

	Maturity	**As at 31 December 2019 (€ million)**	**31 December 2018 (€ million)**
Bond loan €400 million	Jun 2023	394	392
Bond loan €400 million	Nov 2020	224	223
Bond loan €300 million	Feb 2021	299	297
Bond loan $250 million	Jun 2021	159	155
European Investment Bank ("EIB") Term loan	Jun 2022	111	156
HPF Loan, July 2014	Jul 2019	-	280
HPF Loan, October 2016	Oct 2021	442	447
HPF Loan, October 2019	Oct 2024	215	-
Bilateral lines	Various	639	623
Total		**2.483**	**2.573**

Refer to 'Liquidity Risk Management' (Note 3.1) for an analysis of the Company's plans regarding the facilities falling due in 2019.

No loans were in default as at 31 December 2019 (none as at 31 December 2018).

Significant movement in borrowings for the year ended 31 December 2019 are as follows:

Bond loan €400 million, maturing in June 2023

In June 2018, the Company refinanced a maturing loan with a 5 year syndicated revolving bond loan facility, which was subscribed to by Greek and international banks, for an amount of €400 million. The outstanding amount of the loan as at 31 December 2019 was €400 million.

Bond Loan €400 million, maturing in November 2020 (plus one-year extension option)

In November 2018, Hellenic Petroleum S.A. refinanced a €400 million syndicated bond loan with a new facility of the same principal amount, with a tenor of 2 years and a one-year extension option. The outstanding amount of the loan as at 31 December 2019 was €225 million.

Bond Loan €300 million, maturing in February 2021

In January 2015, Hellenic Petroleum S.A. issued a €200 million revolving bond loan facility, with a tenor of 3 years. The facility was refinanced in February 2018, for an increased amount of €300 million and a new tenor of 3 years. The outstanding amount of the loan as at 31 December 2019 was €300 million.

Bond Loan $ 250 million, maturing in June 2021

In June 2018, Hellenic Petroleum S.A. concluded a new $250 million revolving bond loan facility, with a tenor of 3 years. The outstanding amount of the loan as at 31 December 2019 was US$180 million.

EIB Term loans, maturing in June 2022

In 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 related to the upgrade of the Elefsina Refinery. Both loans had a maturity of twelve years and a 3 year grace period, as well as similar terms and conditions. Facility B was credit enhanced by a commercial bank guarantee until February 2018 (this is normal lending practice for EIB, particularly during the construction phase of large projects). Total repayments on both loans up to 31 December 2019 amounted to €289 million (€44 million paid during 2019). Facility B includes financial covenant ratios (leverage, interest cover and gearing ratios), which were amended in February 2018 in order to become aligned with those included in loans with commercial bank loans and Eurobonds.

HPF Loan, maturing in July 2019 (Eurobond €325m)

In July 2014, HPF issued a €325 million 5 year Eurobond, with a 5,25% annual coupon, maturing in July 2019. The notes are guaranteed by Hellenic Petroleum S.A., and are listed on the Luxembourg Stock Exchange. Subsequently the Company concluded a €317,6 million loan agreement with HPF. In June 2019 the Company fully repaid the outstanding balance of 280,2 million.

HPF Loan, maturing in October 2021 (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 proceeds of the issue were used to repay existing financial indebtedness, including the partial prepayment of the €500 million Eurobond maturing in May 2017. The latter was effected via a tender offer process where 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 2018 and for general corporate purposes.

(All amounts in Euro thousands unless otherwise stated)

In July 2017, HPF issued a notional amount of €74,5 million of notes guaranteed by Hellenic Petroleum S.A., maturing in October 2021, which were consolidated and form a single series with HPF's €375 million 4.875% guaranteed notes, as per above. Subsequently the Company increased its existing loan agreement with HPF. The notes were partially prepaid in October 2019 with the proceeds of a new 5-year Eurobond issue of €500 million, as detailed below. The outstanding amount of the loan as at 31 December 2019 was €442 million.

HPF Loan, maturing in October 2024 (Eurobond €500m)

In October 2019 Hellenic Petroleum Finance PLC issued a €500 million five-year 2% Eurobond guaranteed by Hellenic Petroleum S.A. with the issue price being 99.41 per cent. of the principal amount. The notes mature in October 2024. Part of the proceeds of the issue were used for the partial prepayment of the €450 million Eurobond maturing in October 2021 through a tender offer process which was completed in October 2019 during which notes of nominal value of €248.4 million were accepted. Subsequently the Company concluded a €223 million loan agreement with HPF. The outstanding amount of the loan as at 31 December 2019 was €214,9 million.

Bilateral lines

The Company has uncommitted credit facilities with various banks in place, to finance general corporate needs. These mainly relate to short-term loans which are renewed in accordance with the Company's finance needs. During 2019, the Company achieved further improvements in the cost base of the facilities.

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

18 Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period:

As at 1 January 2019	**Note**	**25.744**
Additions		8.664
Modification		4.469
Interest Cost	**27**	967
Repayment		(8.661)
At 31 December 2019		**31.183**
Current		**9.919**
Non-current		**21.264**

The following are the amounts recognized in the statement of comprehensive income:

	Note	**For the year ended 31 December 2019**
Depreciation expense for right-of-use assets	**7**	6.793
Interest expense on lease liabilities	**27**	967
Expense relating to short-term leases		3.911
Total amount recognised in statement of comprehensive income		**11.671**

(All amounts in Euro thousands unless otherwise stated)

The maturity table of the undiscounted cash flows of the lease liabilities is presented below:

	Less than 1 year	**Between 1 and 5 years**	**Over 5 years**	**Total**
31 December 2019				
Lease liability	7.964	17.712	4.540	30.216

19 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 liability is as follows:

	As at	
	31 December 2019	**31 December 2018**
Beginning of the year	(151.873)	(89.959)
Income statement charge	(27.205)	(72.739)
Charged / (released) to equity	(2.987)	10.506
Restatement of equity	-	319
End of year	**(182.065)**	**(151.873)**

Deferred tax relates to the following types of temporary differences:

	As at	
	31 December 2019	**31 December 2018**
Intangible and tangible fixed assets	(208.610)	(197.770)
Inventory valuation	11.463	11.182
Environmental provision	6.394	18.311
Unrealised exchange gains	97	(3.383)
Employee benefits provision	35.313	35.705
Provision for bad debts	6.005	10.116
Derivative financial instruments at fair value	(834)	4.002
Provision for write-down in investments of associates	12.928	10.989
Deferred tax on distribution of DESFA shares by DEPA	(46.556)	(48.496)
Other temporary differences relating to provisions and accruals	1.735	7.471
Net deferred income tax asset/(liability)	**(182.065)**	**(151.873)**

(All amounts in Euro thousands unless otherwise stated)

20 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 2019	**31 December 2018**
Statement of Financial position obligations for:		
Pension benefits	147.074	132.539
Liability in the Statement of Financial position	**147.074**	**132.539**

	For the year ended	
	31 December 2019	**31 December 2018**
Statement of Comprehensive Income charge for:		
Pension benefits	16.038	19.184
Total in the statement of comprehensive income	**16.038**	**19.184**

	For the year ended	
	31 December 2019	**31 December 2018**
Remeasurements for:		
Pension benefits	12.448	13.212
Income tax	(2.613)	(2.334)
Total as per Statement of Other Comprehensive Income	**9.835**	**10.878**

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

	As at	
	31 December 2019	**31 December 2018**
Present value of funded obligations	11.676	7.760
Fair value of plan assets	(2.657)	(2.262)
Deficit of funded plans	**9.019**	**5.498**
Present value of unfunded obligations	138.055	127.041
Liability in the Statement of Financial Position	**147.074**	**132.539**

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 2018	**106.174**	**(1.843)**	**104.331**
Current service cost	5.515	-	5.515
Interest expense/(income)	2.234	(46)	2.188
Past service costs and (gains)/losses on settlements	11.481	-	11.481
Statement of comprehensive income charge	**19.230**	**(46)**	**19.184**
Remeasurements:			
- Return on plan assets, excluding amounts included in Interest expense/(income)	-	10	10
- (Gain)/loss from change in financial assumptions	11.169	-	11.169
- Experience (gains)/losses	2.033	-	2.033
Statement of other comprehensive income charge	**13.202**	**10**	**13.212**
Benefits paid directly by the Company/Contributions paid by the Company	(3.562)	(626)	(4.188)
Benefit payments from the plan	(243)	243	-
As at 31 December 2018	**134.801**	**(2.262)**	**132.539**
Current service cost	7.082	-	7.082
Interest expense/(income)	2.565	(44)	2.521
Past service costs and (gains)/losses on settlements	6.435	-	6.435
Statement of comprehensive income charge	**16.082**	**(44)**	**16.038**
Remeasurements:			
- Return on plan assets, excluding amounts included in Interest expense/(income)	-	7	7
- (Gain)/loss from change in financial assumptions	14.470	-	14.470
- Experience (gains)/losses	(2.029)	-	(2.029)
Statement of other comprehensive income charge	**12.441**	**7**	**12.448**
Benefits paid directly by the Company/Contributions paid by the Company	(13.312)	(639)	(13.951)
Benefit payments from the plan	(281)	281	-
As at 31 December 2019	**149.731**	**(2.657)**	**147.074**

Past service costs include the voluntary retirement scheme costs for 2019 of €6,1 million (Note 24).

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

Balance at 31 December 2019	**Less than a year**	**Between 1-2 years**	**Between 2-5 years**	**Over 5 years**	**Total**
Pension Benefits	5.475	14.213	32.071	114.812	**166.571**

(All amounts in Euro thousands unless otherwise stated)

Plan assets are comprised as follows:

	31 December 2019				31 December 2018			
	Quoted	**Unquoted**	**Total**	**%**	**Quoted**	**Unquoted**	**Total**	**%**
Equity Instruments	96	-	96	*4%*	72	-	72	*3%*
Debt Instruments:								
- Government bonds	1.060	-	1.060	*40%*	1.053	-	1.053	*47%*
- Corporate bonds	1.092	-	1.092	*41%*	802	-	802	*35%*
Investment funds	271	-	271	*10%*	140	-	140	*6%*
Cash and cash equivalents	138	-	138	*5%*	195	-	195	0
Total	**2.657**	**-**	**2.657**		**2.262**	**-**	**2.262**	

The principal actuarial assumptions used were as follows:

	As at	
	31 December 2019	**31 December 2018**
Discount Rate	1,05%	2,05%
Future Salary Increases	1,10% - 2,50%	1,10% - 1,60%
Inflation	1,10%	1,10%

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%	-4,81%	5,22%
Future Salary Increases	0,50%	5,14%	-

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 10 years.

(All amounts in Euro thousands unless otherwise stated)

21 Provisions

The movement for provisions for 2019 and 2018 is as follows:

	Litigation povisions	Provisions for environmental costs	Provisions for other liabilities and charges
At 1 January 2018	**6.058**	**-**	**6.058**
Charged/(credited) to the statement of comprehensive income:			
- Additional provisions	10.565	15.000	25.565
- Unused amounts reversed	(2.509)	-	(2.509)
Other movements / reclassifications	10.988	-	10.988
Utilised during year	(2.244)	-	(2.244)
At 31 December 2018	**22.858**	**15.000**	**37.858**
Charged/(credited) to the statement of comprehensive income:			
- Additional provisions	198	-	198
- Unused amounts reversed	(1.745)	-	(1.745)
Other movements / reclassifications	(13.382)	-	(13.382)
Utilised during year	(132)	-	(132)
At 31 December 2019	**7.797**	**15.000**	**22.797**

Long-term provisions as at 31 December 2019 comprise of amounts for pending legal claims and environmental restoration costs. Other movements / reclassifications for 2019, include an amount of €12 million that relates to a tax provision reclassified to current income tax balance.

22 Other non-current liabilities

	As at	
	31 December 2019	**31 December 2018**
Government grants	7.701	8.171
Trade and other payables	5.919	6.639
Total	**13.620**	**14.810**

Government grants

Advances by the Government relate to grants for the purchase of property, plant and equipment. Amortisation for 2019 amounted to €0,7 million (2018: €0,7 million).

Trade and other payables

Trade and other payables, non-current generally include sundry operating items and risks arising from the Company's ordinary activities.

23 Derivative financial instruments

Derivatives held for Trading

	31 December 2019				31 December 2018			
Commodity Derivative type	**Notional Amount**		**Assets**	**Liabilities**	**Notional Amount**		**Assets**	**Liabilities**
	MT'000	**Bbls'000**	**€**	**€**	**MT'000**	**Bbls'000**	**€**	**€**
Commodity Swaps	-	-	-	-	-	2.000	-	66

Derivatives designated as Cash Flow Hedges

	31 December 2019				31 December 2018			
Commodity Derivative type	**Notional Amount**		**Assets**	**Liabilities**	**Notional Amount**		**Assets**	**Liabilities**
	MT'000	**Bbls'000**	**€**	**€**	**MT'000**	**Bbls'000**	**€**	**€**
Commodity Swaps	-	1.028	3.474	-	-	846	-	16.321
Total			**3.474**	**-**			**-**	**16.387**
Non-current portion								
Commodity swaps			-	-			-	-
Current portion								
Commodity swaps			3.474	-			-	16.387
Total			**3.474**	**-**			**-**	**16.387**

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the accounting 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 2019 amounts transferred to the statement of comprehensive income, relating to contracts that were settled during the year, amounted to €1.501 loss, net of tax (2018: €14.920 gain, net of tax).

The remaining cash flow hedges are highly effective and the movement in their fair value, amounting to a gain of €12.890 net of tax as at 31 December 2019 (2018: €5.006 loss, net of tax), is included in the hedging reserve (see Note 15).

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

(All amounts in Euro thousands unless otherwise stated)

24 Expenses by nature

	For the year ended	
	31 December 2019	**31 December 2018**
Raw materials and consumables used	7.058.642	7.792.036
Employee costs	217.227	211.592
Depreciation of property, plant and equipment and right-of-use assets	150.400	135.409
Amortization of intangible assets	4.764	5.344
Transportation and warehouse costs	68.773	67.607
Production overheads	190.441	213.079
Swaps gains / (losses)	12.751	(41.611)
Stock devaluations	2.106	32.425
Other expenses	48.268	66.858
Total cost of sales, distribution cost and administrative expenses	**7.753.372**	**8.482.739**

Restatement: Comparative balances of 31 December 2018 are restated to conform to the changes in presentation of the current year.

Other expenses mainly comprise items relating to maintenance & site expenses, insurance costs, provision for impairment of receivables, corporate social responsibility costs, third party services (consultancy & legal) expenses, IT costs and advertising and promotion costs. The current year's balance does not include rental cost, due to the application of IFRS 16, as from 1 January 2019.

The fees of Ernst & Young concerning the permissible non audit services which have been preapproved from the Audit Committee of the Company during 2019, amounts to €0,2m, out of which €0,13m related to fees of Ernst & Young Hellas.

Employee costs

Employee costs are set out in the table below:

	For the year ended	
	31 December 2019	**31 December 2018**
Wages and salaries	143.795	138.498
Social security costs	36.675	34.205
Defined benefit plans	10.046	19.553
Defined contribution plans	11.003	10.235
Other benefits - emoluments	15.708	9.101
Total	**217.227**	**211.592**

Other employment benefits include medical insurance, catering and transportation expenses. During 2019 they also include voluntary retirement scheme costs of €6,1 million (Note 20).

25 Exploration and development expenses

Geological and geophysical costs are expensed as incurred and relate to the Company's exploration activities (Note 5 and 9).

(All amounts in Euro thousands unless otherwise stated)

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

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

		For the year ended	
	Note	**31 December 2019**	**31 December 2018**
Other operating income and other gains			
Income from grants	**32**	665	675
Services to third parties		5.242	4.240
Rental income		1.530	1.429
Income from sale of exploration and production rights		-	1.161
Insurance compensation		-	2.291
Gains on disposal of non-current assets		1.074	-
Gains on sale of investments		-	123
Other		7.078	6.817
Total		**15.589**	**16.736**
Other operating expenses and other losses			
Voluntary retirement scheme cost		(6.125)	-
Discounting of long-term receivables		(1.276)	-
Provision for environmental restoration		-	(15.000)
Impairment of investments		(9.914)	(3.300)
Impairment of fixed assets	**6**	(1.255)	(840)
Other		(3.077)	(5.952)
Total		**(21.647)**	**(25.092)**
Total other operating income/(expenses) and other gains/(losses)		**(6.058)**	**(8.356)**

Restatement: Comparative balances of 31 December 2018 are restated to conform to the changes in presentation of the current year.

Other operating income / (expenses) and other gains / (losses), include amounts which do not relate to the trading activities of the Company (e.g. rental income and sales of personnel services to subsidiaries). Impairment of investments includes the impairment in Asprofos (Note 9).

27 Finance income / (expense)

	As at	
	31 December 2019	**31 December 2018**
Interest income	10.510	9.442
Interest expense	(93.937)	(114.400)
Other finance costs	(21.863)	(22.236)
Lease finance cost	(967)	-
Finance costs - net	**(106.257)**	**(127.194)**

Finance costs amounting to €2,8 million (2018: €2,5 million) have been capitalised (Note 6).

(All amounts in Euro thousands unless otherwise stated)

28 Currency exchange gains / (losses)

Foreign currency exchange losses of €1 million for the year ended 31 December 2019 mainly relate to unrealized losses arising from the valuation of borrowings denominated in foreign currency gains, which are partially offset by unrealized exchange gains arising from the valuation of bank accounts denominated in foreign currency (mostly US$). The corresponding amount for the year ended 31 December 2018 was a gain of €2 million.

29 Income tax expense

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

	For the year ended	
	31 December 2019	**31 December 2018**
Current tax	(11.437)	(64.656)
Prior year tax	4.908	4.698
Tax on distribution of dividends	-	(13.490)
Deferred tax (Note 19)	(27.205)	(72.739)
Total	**(33.734)**	**(146.187)**

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

	For the year ended					
	31 December 2019			31 December 2018		
	Before tax	**Tax (charge)/ credit**	**After tax**	**Before tax**	**Tax (charge)/ credit**	**After tax**
Investment in equity instruments	666	(197)	469	(938)	263	(675)
Cash flow hedges	19.794	(5.403)	14.391	(27.835)	7.909	(19.926)
Actuarial gains/ (losses) on defined benefit pension plans	(12.448)	2.613	(9.835)	(13.212)	2.334	(10.878)
Other comprehensive income	**8.012**	**(2.987)**	**5.025**	**(41.985)**	**10.506**	**(31.479)**

The corporate income tax rate is 24% for 2019 (2018: 29%).

In accordance with the applicable tax provisions, tax audits are conducted as follows:

Audits by Certified Auditors – Tax Compliance Report

Effective from fiscal years ending 31 December 2011 onwards, Greek companies meeting certain criteria can obtain an "Annual Tax Compliance Report" as provided for by par.5, article 82 of L.2238/1994 and article 65A of L.4174/2013, 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 2018 (inclusive).

Audits by Tax Authorities

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

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 as of 31 December 2019 (Note 33).

With the adoption of IFRIC 23 as of 1 January 2019, the Company reclassified in the statement of financial position from trade and other receivables to a separate line item (income tax receivable) assets relating to advance payments against uncertain tax positions (Notes 2.18, 4(i) and 33). The comparatives have been reclassified accordingly.

As of 31 December 2019, income tax receivables of €87,6 million include amounts advanced by the Company relating to uncertain tax positions for income taxes (31 December 2019 and 2018: €14,2 million and €17,4 million respectively), as well as related interest and penalties (31 December 2019 and 2018: €17,9 million and €17,9 million). Income tax receivable also includes an amount of €55,5 million relating to the excess of income tax advances made against the income tax payable for 2019.

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

	For the year ended	
	31 December 2019	**31 December 2018**
Profit before Tax	**350.093**	**669.577**
Tax calculated at corporation tax rate 24% (2018: 29%)	(84.022)	(194.177)
Tax on income not subject to tax	46.900	36.196
Tax on expenses not deductible for tax purposes	(7.521)	(6.622)
Adjustments to deferred tax due to changes in tax rate	5.055	28.196
Adjustments for tax of prior periods	4.908	5.156
Tax on distribution of dividends	-	(13.490)
Other movements	946	(1.446)
Tax (Charge) / Credit	**(33.734)**	**(146.187)**
Effective tax rate	***21,8%***	***41,7%***

30 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. As of 31 December 2019 and 2018, all share options have either been exercised or lapsed and there are no treasury shares. Diluted earnings per ordinary share are not materially different from basic earnings per share.

	As at	
	31 December 2019	**31 December 2018**
Earnings per share attributable to the Company Shareholders (expressed in Euro per share):	**1,04**	**1,71**
Net income attributable to ordinary shares (Euro in thousands)	316.359	523.390
Weighted average number of ordinary shares	305.635.185	305.628.663

31 Dividends per share

On 28 February 2019, the BoD proposed to the AGM the distribution of a final dividend of €0,50 per share for the year ended 2018, which was approved by the AGM on 7 June 2019. The above dividend includes a special dividend of €0,25 per share relating to distribution of part of the proceeds from the sale of the Group's share in DESFA. The total final dividend for 2018, amounts to €152,8 million and is included in the financial statements for the year ended 31 December 2019. The whole amount was paid in July 2019.

At its meeting held on 5 November 2019, the Board of Directors decided to distribute an interim dividend of €0,25 per share for the financial year 2019. The dividend amounts to a total of €76,4 million and is also included in the financial statements for the year ended 31 December 2019.

(All amounts in Euro thousands unless otherwise stated)

A proposal to the AGM for a final dividend €0,25 per share for the year ended 2019, was approved by the Board of Directors on 27 February 2019. The total final dividend amounts to €76,4 million and is not included in the Consolidated Financial Statements for the year ended 31 December 2019, 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, or an additional special dividend during 2020.

32 Cash generated from operations

		For the year ended	
	Note	**31 December 2019**	**31 December 2018**
Profit before tax		**350.093**	**669.577**
Adjustments for:			
Depreciation and impairment of property, plant & equipment and right of use assets	**6,7**	151.655	136.259
Amortisation and impairment of intangible assets	**8**	4.764	5.344
Amortisation of grants	**26**	(665)	(675)
Financial expenses / (income) - net	**27**	106.257	127.194
Provisions for expenses and valuation changes		43.972	66.656
Amortisation of long-term contracts costs	**26**	1.276	951
(Gains) / Losses on disposal of non-current assets		(1.074)	(1.161)
Foreign exchange losses / (gains)	**28**	910	(2.244)
Dividend income		(195.416)	(318.795)
		461.772	**683.106**
Changes in working capital			
(Increase) / Decrease in inventories		(8.578)	68.171
(Increase) / Decrease in trade and other receivables		(10.595)	153.427
Increase / (Decrease) in trade and other payables		17.211	(347.508)
		(1.962)	**(125.910)**
Net cash generated from operating activities		**459.810**	**557.196**

33 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, the most significant of which are disclosed below:

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 that the final outcome will not have a significant effect on the Company's operating results or financial position and that no additional provisions, over and above provisions already reflected in the financial statements, are required.

During the current and preceding year, a number of Municipalities proceeded with the imposition of duties and fines relating to the rights of way occupied by underground pipelines operated by the Company within the boundaries of each respective municipality. As at 31 December 2019, the total amounts imposed amount to €26,5 million (2018: €26,5 million). In order to appeal against these, and in accordance with legislation, the Company has paid an amount of €14 million (2018: €6,4 million) which is included in other receivables in the financial statements.

The Company has exercised all available legal recourse relating to these cases and Management have assessed that it is most probable that the outcome of all appeals will be favourable. Therefore the Company has not raised a provision with regard to these cases.

(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 these as at 31 December 2019 was the equivalent of €912 (31 December 2018: €969).

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 a company may be assessed on a different basis than the one adopted during the preparation of its tax return and the financial statements. Based on past experience tax audits were 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 view to that adopted by the Company, 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 surcharges assessed is required.

All of the above result in inherent difficulties in the determination and accounting of tax liabilities. As a result, management aims to determine its policy based on specific legislation available at the time of accounting for a transaction, obtain specialist legal and tax advice on individual cases and utilise prior tax audits experience and rulings, including relevant court decisions. This process ensures 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 29, tax audits have been completed by the Tax Authorities 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 Report, the Company has disputed the additional taxes imposed (which are over and above the amounts already included in the Company's normal tax returns) and proceeded with all possible legal means and actions to appeal against these additional taxes and surcharges imposed.

Even though the Company disputed the additional taxes and surcharges imposed, it was obliged to pay 50% of the assessed amounts (taxes and surcharges) to the Tax Authorities, in order to appeal the results of the tax audits. This was paid within the applicable deadline, while the remaining amounts have been fully offset by the Authorities, with tax and other State receivables of the Company, within 2018. These amounts are included in 'Income tax receivable' if they relate to income tax, or in 'Trade and other receivables' if they relate to other taxes, as the Company assesses that it will succeed in its appeals. As far as surcharges are concerned, the report has assessed amounts at 120% of the original tax instead of the applicable 50%; this is also being legally challenged by the Company.

At present, notification for audit has been received for the year ended 31 December 2012, which according to the general provisions is time-barred.

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 2019. The Company has recorded down payments made for taxes and penalties assessed in previous disputes with the tax authorities in income tax, to the extent that the Company has assessed that the amounts will be ultimately recoverable.

(All amounts in Euro thousands unless otherwise stated)

It is noted that for financial years ending 31 December 2011 up to and including 31 December 2018, the Company obtained unqualified "Annual Tax Compliance Reports" from their Statutory Auditors, as provided for by par. 5, article 82 of L.2238/1994 and article 65A of L. 4174/2013.

(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 legal procedure will be concluded.

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 12), 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.

34 Commitments

(a) Capital commitments

Significant contractual commitments amount to €34 million as at 31 December 2019 (31 December 2018: €22 million), which mainly relate to improvements in refining assets.

(b) 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 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.

35 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.

	For the year ended	
	31 December 2019	**31 December 2018**
Sales of goods and services to related parties		
Group entities	2.871.274	2.971.811
Associates	397.245	597.133
Joint ventures	662	621
Total	**3.269.181**	**3.569.565**
Purchases of goods and services from related parties		
Group entities	54.908	58.972
Associates	454.389	764.274
Joint ventures	35.622	15.973
Total	**544.919**	**839.219**

Other operating income/(expenses) & other gains/(losses)-net for 2019 include income from subsidiaries, amounting to €4,5 million (2018: €4,1 million).

(All amounts in Euro thousands unless otherwise stated)

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

	As at	
	31 December 2019	**31 December 2018**
Balances due to related parties		
Group entities	14.469	27.107
Associates	8.732	11.797
Joint ventures	0	1.316
Total	**23.201**	**40.220**
Balances due from related parties		
Group entities	247.232	100.380
Associates	14.283	32.381
Joint ventures	256	141
Total	**261.771**	**132.902**

Transactions have been carried out with the following related parties:

a) Hellenic Petroleum Group companies. Interests in subsidiaries are set out in Note 9.

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 2019 was €105 million (31 December 2018: €83 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
- Hellenic Gas Transmission System Operator S.A.

During the year ended 31 December 2019, transactions and balances with the above government related entities are as follows:

- Sales of goods and services amounted to €126 million (2018: €130 million);
- Purchases of goods and services amounted to €68 million (2018: €51 million);
- Receivable balances of €27 million (31 December 2018: €7 million); and
- Payable balances of €16 million (31 December 2018: €10 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:

(All amounts in Euro thousands unless otherwise stated)

	For the year ended	
	31 December 2019	**31 December 2018**
Short-term employee benefits	4.615	4.246
Post-employment benefits	135	1.264
Termination benefits	1.633	1.661
Total	**6.383**	**7.171**

e) The Company has extended loans to its subsidiaries (Notes 10 and 12). The outstanding balance of these loans as at 31 December 2019 was €141 million (31 December 2018: €141 million). Interest income for the year was €7 million (2018: €7 million). All loans are at variable interest rates. The average interest rate on inter-company loans due was 4,65% (2018: 5,20%).

The Company has also received loans from its subsidiaries. The outstanding balance of these loans as at 31 December 2019 was €690 million (31 December 2018: €760 million). Interest expense for the year was €36 million (2018: €42 million). All loans are at variable interest rates. The average interest rate on inter-company loans was 4,87% (2018: 5,40%).

36 Events after the end of the reporting period

In January 2020 the extraordinary meeting of shareholders of Vardax SA, a group company, approved the issuance of a 5 year bond loan of a total of €5,0 million, maturing in February 2025. The bond loan will be issued in partial installments. Up to the date of these financial statements, Hellenic Petroleum S.A. has paid an amount of €0,8 million to Vardax.

On 17 February 2020, Hellenic Petroleum S.A. announced the acquisition (the "Transaction") of a portfolio of photovoltaic ("PV") projects (the "Project") at final permitting stage, in the area of Kozani, N. Greece, from German RES developer and contractor JUWI. The Transaction, is expected to be completed during the second quarter of 2020, with the construction estimated at 16 months and the Project becoming operational in the fourth quarter of 2021; the total investment is estimated at €130 million.

On 20 February 2020, the Extraordinary General Meeting of the shareholders of Hellenic Petroleum S.A. granted permission, in accordance with the provisions of article 100 of Law 4548/2018, for the conclusion of a Memorandum of Understanding between the "Hellenic Republic Asset Development Fund S.A." and Hellenic Petroleum S.A. regarding:

- The joint sale of DEPA Infrastructure S.A. (a company to be formed following the spin-off of DEPA's infrastructure business, within the framework of its privatization process), and
- The participation in the sales process of DEPA Commercial S.A., (DEPA S.A. will be renamed to DEPA Commercial S.A., following the spin-off of DEPA's infrastructure business, within the framework of its privatization process).