

Company Registration Number: 05610284

**HELLENIC PETROLEUM FINANCE PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2018

Hellenic Petroleum Finance PLCAnnual report and financial statements for the year ended 31 December 2018

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OFFICERS AND PROFESSIONAL ADVISERS

Directors	Andreas Shiamishis Robertos Karahannas Kenneth Howard Prince-Wright Nita Ramesh Savjani (from 25/09/2018)
Other directors during the year	Grigorios Stergioulis (until 13/6/2018) Susan Elizabeth Lawrence (until 25/9/2018)
Company Registration Number	05610284
Company Secretary	TMF Corporate Administration Services Limited
Registered Office	5 th Floor, 6 St. Andrew Street London EC4A 3AE
Independent Auditors	Ernst & Young LLP Bedford House, 16 Bedford Street, Belfast BT2 7DT

STRATEGIC REPORT

Hellenic Petroleum Finance PLC (the “Company” and “HPF”) is a wholly owned subsidiary of Hellenic Petroleum S.A (the “Parent Company”), which is incorporated in Greece. The Parent Company has centralised treasury operations which coordinate and control the funding and cash management activities of all group companies. Within this framework, HPF was established in November 2005 in the U.K. to act as the central treasury vehicle of the Hellenic Petroleum Group (the “Group”). The principal activity of the Company is to raise finance in the international debt capital markets for the purposes of funding the activities of companies within the Group, in line with the Group’s business strategy.

The ability of the Company to service its liabilities – principally interest and capital on the issued Loan Notes – is almost entirely dependent on the ability of the Parent Company and to a lesser extent by other Group Companies, to pay capital and interest on the inter-group loans provided by the Company.

As stated above, the Parent Company operates in Greece, where following a period of economic recession between 2009-2016, during which real GDP fell by 26%, the Greek economy returned to positive growth rates in 2017, with GDP growing by 1.4%, supported mainly by exports of goods and services, as well as investments. The upward trend of the economy continued for a 7th consecutive quarter (for the first time since the period 2005-2006), with real GDP in first nine months of 2018 increasing by 2.1% compared to the respective period of 2017, mainly based on exports of goods and services, as well as private consumption. The improved macroeconomic situation in the country resulted in reduced risk of recoverability of the loans as compared to previous years.

Having considered the aforementioned, the Directors have also taken into account the specific factors related to the Group as outlined in section ‘Macroeconomic and financial factors – The Group’ on page 4 and consider it appropriate to use the going concern basis for the Company’s financial statements.

The profit for the year and the Company’s financial position at the end of the year are shown in the attached financial statements. The profit for the year was €222,543 (2017: €187,507) which is transferred to reserves.

Financing:

The Company’s activities are closely monitored and controlled by the directors on a regular basis, in line with the strategic and investment plans of the Group.

The Parent Company raises its borrowing from a number of sources, including the Company and Greek and International banks. At 31 December 2018, the Company accounted for €0.8 billion of a total of €2.7 billion in total Group borrowings (see Note 16 of the Group financial statements). Of this, €1.8 billion is due to Greek banks, including bilateral facilities of €0.7 billion (which are payable on demand). It should be noted that as at 31 December 2018 the Parent Company has cash reserves of €1.1 billion (see Note 12 of the Parent Company’s financial statements). Additional information on the overall Group’s business and the financial statements of Parent and Group are also available through the Hellenic Petroleum S.A. website (www.helpe.gr).

Details of the Company’s borrowing history are set out in Note 15, and summarised below:

- In October 2016 the Company issued a Eurobond denominated in Euro with a notional amount of €375 million.
- The proceeds of the above issue were used to repay existing financial indebtedness, including the partial prepayment of the €500 million Eurobond, which matured in May 2017 through a tender offer process, which was completed in October 2016, at a cost of €7.9 million, during which notes of a nominal value of €225 million were accepted.
- In May 2017 the remaining outstanding balance of the €500 million Eurobond amounting to €264 million was repaid upon maturity.
- In July 2017, the Company issued an additional €74.53 million guaranteed notes due 14 October 2021, which were consolidated and form a single series with the €375 million guaranteed notes.
- In July 2014, the Company concluded a €50 million syndicated credit facility guaranteed by the Parent Company. The facility had a €40 million tranche which matured in July 2016 and a €10 million tranche maturing in July 2018. In July 2016, upon maturity of the €40 million tranche, the Group proceeded with a partial repayment of €20 million and extended the maturity of the remaining € 20 million to July 2018. Both maturing tranches were repaid during 2018.

STRATEGIC REPORT (continued)

Macroeconomic and financial factors - the Group

Since incorporation and up to the date of signing the financial statements, the Company has raised a total of €3,547 million. As at 31 December 2018 the indebtedness balance outstanding amounted to €768 million. The Company's indebtedness is guaranteed by the Parent Company.

The Group's consolidated financial statements were approved by the Board of Directors on 28 February 2019. The Group's operating results in 2018 reported a Net Income of €215 million (2017: €384 million). The reduction in Net Income is primarily due to a less favourable refining environment, despite an improved operational performance of the Group as a whole.

Greek Macros: Despite the significant progress in economic recovery recorded in Greece in 2018, as well as the successful conclusion of the 3rd bailout program and the positive measures towards public debt relief decided by the Eurogroup in June 2018, inflation and wage growth are still weak and concerns around the banking system sustainability and government funding after the bailout program termination remain, as reflected in debt capital and equity markets risk assessment and pricing. Economic developments in the country are beyond the Group's control; however, Management continually assesses the situation and its possible future impact to ensure that all necessary actions and measures are taken in order to minimize the impact on the Group's Greek operations.

United Kingdom's exit from the European Union: As stated above the main purpose of the Company is to raise finance from the international debt capital markets. It is uncertain how the potential exit of the UK from the EU, especially if that happens without an agreement (no deal Brexit), will affect the Company's Eurobonds, as well as the Company's funding therefrom. Preliminary legal advice received indicates that the Company will be able to continue unimpeded to source funding through the issue of Eurobonds under the terms and conditions of Notes currently in circulation. The Company is closely following relevant developments and assessing alternatives in order to maintain its ability to source funding from these markets.

Going concern: Given the current macroeconomic environment, and the continued challenges faced, the directors have considered the various issues which may affect the Company's and the Group's operations. They have assessed and quantified implications from possible continuation or even worsening of the current macroeconomic situation. Factors taken into account include:

- the utilisation of part of the €284 million proceeds from the DESFA sale (see Note 8 of the 2018 Group Financial Statements) which have been earmarked for debt reduction.
- the continued cash generation expected during 2019 which, combined with existing cash and undrawn available credit facilities will provide ample headroom to cover obligations falling due over the next 12 months.
- the planned competitiveness improvement of the Group's core refining assets such as:
 - refining margin improvement through conversion unit debottlenecking, and
 - energy efficiency initiatives to reduce the cost of energy and emissions of CO₂.

Having considered the above, as well as taking into consideration the guarantee from the Parent Company, the directors of the Company consider it appropriate to use the going concern basis in preparation of the Company's financial statements, as the Company is expected to continue its current operations and activities without any major interruption for the foreseeable future.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the implementation of the Company's strategy are subject to a number of risks. The key business risks affecting the Company are credit, liquidity and interest rate risk. The management of those risks has been detailed in Note 3 of the financial statements. Additional information on the overall Group business is also available through the Hellenic Petroleum S.A. website (www.helpe.gr).

KEY PERFORMANCE INDICATORS

The key performance indicators of the business are considered to be the net interest income and the net interest margin, calculated as the percentage of net interest to the interest income. During 2018, the Company achieved net interest income of €692,588 (2017: €748,598) and net interest margin of 1.59% (2017: 1.4%). The decrease of net interest income is due to decreased average amounts lent and the increase of net interest margin is due to increased interest rates for the year ended 31 December 2018, as compared to the previous year.

STRATEGIC REPORT (continued)

On behalf of the Board



Andreas Sfiannishis
Director
29 March 2019

Hellenic Petroleum Finance PLC

Annual report and financial statements for the year ended 31 December 2018

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2018. The comparative period is the year ended 31 December 2017.

GENERAL INFORMATION

The Company is a public limited company limited by shares, incorporated in England and Wales on 2 November 2005. It is domiciled in the UK and is a wholly owned subsidiary of Hellenic Petroleum S.A. (the "Parent Company"), a company incorporated in Greece. The Company secretary and registered office are shown on page 2.

FUTURE DEVELOPMENTS

The €325 million Eurobond matures in July 2019. Repayment thereof is expected to be effected utilising Group available cash reserves as well as cash generated from 2019 profitability.

GOING CONCERN

Regarding the going concern assessment and the use of going concern basis in the preparation of the Company's financial statements, there is an extensive reference in the Strategic Report.

DIVIDENDS

The directors have not recommended a dividend for the current year (2017: nil).

POST BALANCE SHEET EVENTS

Please refer to Note 18.

DIRECTORS

The directors who served the Company during the year and up to the date of signing the financial statements were as follows:

- Andreas Shiamishis
- Robertos Karahannas
- Susan Elizabeth Lawrence (until 25/9/2018)
- Kenneth Howard Prince-Wright
- Grigorios Stergioulis (until 13/6/2018)
- Nita Ramesh Savjani (from 25/09/2018)

Grigorios Stergioulis, Andreas Shiamishis and Robertos Karahannas were employed by and/or participated in the board of directors ("the Board") of other member companies of the Group. In their capacity as directors of the Company they received no emoluments from the Company or from any other member of the Group.

CORPORATE GOVERNANCE

The directors have been charged with governance in accordance with the Articles of Association of the Company. The Company has in place policies and procedures that have been designed for safeguarding assets against unauthorised use or disposition, for maintaining proper accounting records, and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives whilst enabling the directors to comply with their regulatory obligations.

Due to the nature of the securities that have been issued, the Company is largely exempt from the disclosure requirements of the Financial Conduct Authority pertaining to the Disclosure and Transparency Rules (DTR) as detailed in DTR 7.1, audit committees and 7.2, corporate governance statements (save for DTR 7.2.5 a requiring description of the features of the internal control and risk management systems), which would otherwise require the Company respectively, to have an audit committee in place and include a corporate governance statement in the report of the directors. The directors are therefore satisfied that there is no requirement for an audit committee or a supervisory body entrusted to carry out the functions of an audit committee or to publish a corporate governance statement.

FINANCIAL RISK MANAGEMENT

The management of the business and the execution of the Company's strategy are subject to a number of risks which are formally reviewed by the Board and appropriate practices are put in place to monitor and mitigate them.

Please also refer to Note 3.

DIRECTORS' REPORT (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRS's) as endorsed by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRS's as endorsed by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors of the ultimate parent company are responsible for the maintenance and integrity of the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

In accordance with Section 418 of the Companies Act 2006, each director in office at the date of approval of the Directors' Report confirms:

(a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) he has taken all the steps that one ought to have taken as a director in order to make oneself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006.

On behalf of the Board



Andreas Shiamishis

Director

29 March 2019

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HELLENIC PETROLEUM FINANCE PLC

Opinion

We have audited the financial statements of Hellenic Petroleum Finance Plc (the 'company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters, in relation to which, the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Overview of our audit approach

Key audit matters	<ul style="list-style-type: none">• Recoverability of loans receivable from group companies and accrued interest income
Materiality	<ul style="list-style-type: none">• Overall materiality of €4m which represents 0.5% of total assets.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HELLENIC PETROLEUM FINANCE PLC (CONTINUED)

Key audit matters (continued)

These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated
<p>Recoverability of loans receivable from group companies (31 December 2018 - €784.5m, 31 December 2017 - €804m) and accrued interest income (31 December 2018 - €14.2m, 31 December 2017 - €14.6m)</p> <p><i>Refer to Accounting policies in Note 2 (pages 18 to 22); and Note 3 of the Financial Statements (pages 22 to 26) and Note 11 of the Financial Statements (page 28).</i></p> <p>The Company has Eurobonds totalling €765.1m (2017: €761.6m) which are listed on the Luxembourg Stock Exchange. The funds generated from the issue of the Eurobonds have been lent to the parent company and other companies within the Hellenic Petroleum group.</p> <p><i>Refer to Note 15 of the Financial Statements (pages 29 to 30).</i></p> <p>The Company's ability to service and redeem Eurobonds depends upon the parent and sister companies' ability to service and repay the intercompany loans & accrued interest income balances.</p> <p>Management have concluded that the intercompany balances are recoverable based upon the underlying financial performance and position of the relevant entities.</p>	<p>We obtained management's assessment of the recoverability of loans receivable from group companies and accrued interest income and agreed it to underlying documentation.</p> <p>We have obtained evidence to support the financial position and performance of the entities from whom the intercompany receivable is recoverable.</p> <p>We have considered this evidence independently of management, applying appropriate challenge, in order to conclude whether or not management's assessment that this balance is recoverable is reasonable.</p> <p>We have audited the disclosures in respect of the intercompany receivables in the financial statements.</p>	<p>Based upon the audit procedures that we have completed, we are satisfied that the loans receivable from group companies and accrued interest income are recoverable.</p> <p>We have also concluded that the disclosures in respect of the intercompany receivable in the financial statements are appropriate.</p>

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HELLENIC PETROLEUM FINANCE PLC (CONTINUED)

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Changes from the prior year

There have been no changes in scope from the prior year.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the company to be €4m (2017: €4.1m), which is 0.5% (2017: 0.5%) of total assets. We believe that total assets provide us with a consistent year on year basis for determining materiality and is the most relevant performance measure to the stakeholders of the entity.

During the course of our audit, and at completion, we reconfirmed that the initial calculation of materiality was appropriate.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was 75% (2017: 50%) of our planning materiality, namely €3m (2017: €2.1m).

We have set performance materiality at this percentage to ensure that total detected and undetected audit differences do not exceed our planning materiality for the financial statements as a whole.

This is the second year for Ernst & Young LLP as auditors of the company and we assessed that there are no factors which could lead us to the conclusion that there is higher likelihood that misstatements could occur, which is the reason for the change in the percentage applied for the calculation of performance materiality compared to prior year, from 50% to 75%.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with those charged with governance that we would report to them all uncorrected audit differences in excess of €200,000 (2017: €207,000), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HELLENIC PETROLEUM FINANCE PLC (CONTINUED)

Reporting threshold (continued)

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HELLENIC PETROLEUM FINANCE PLC (CONTINUED)

Responsibilities of directors (continued)

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (IFRSs as adopted by the European Union and Companies Act 2006) and the relevant tax compliance regulations in the jurisdiction in which the company operates.
- We understood how Hellenic Petroleum Finance Plc is complying with those frameworks by making inquiries of management, group internal audit, those responsible for legal and compliance procedures and the group general counsel. We corroborated our inquiries through our review of minutes of Board of Directors meetings, the review of reports issued by the group internal audit and the review of various correspondence examined in the context of our audit and noted that there was no contradictory evidence.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We also considered performance targets and their propensity to influence management to manage earnings and revenue by overriding internal controls. We performed specific procedures to respond to the fraud risk of inappropriate revenue recognition. Our procedures also included a risk – based sample of journal entries that may have been posted with the intention of overriding internal controls to manipulate earnings. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entries testing, with a focus on journals meeting our defined risk criteria based on our understanding of the business; inquiries of group legal counsel, group internal audit and senior management of the company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Hellenic Petroleum Finance PLC

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HELLENIC PETROLEUM FINANCE PLC (CONTINUED)

Other matters we are required to address

- We were appointed as auditors of the company by the General Assembly on June 06, 2017 to audit the financial statements for the year ending 31 December 2017 and were re-appointed on June 26, 2018 to audit the financial statements for the year ended 31 December 2018.

The period of total uninterrupted engagement including previous renewals and reappointments is 2 years, covering the years ending 31 December 2017 to 31 December 2018.

- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting the audit.
- The audit opinion is consistent with the additional report to the those charged with governance.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Ruth Logan (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast
Date:*

Notes:

1. The maintenance and integrity of the Hellenic Petroleum S.A. web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Hellenic Petroleum Finance PLC

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STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 31 December	
	Note	2018 €	2017 €
Interest receivable	6	43,666,968	52,132,758
Interest payable	7	(42,974,380)	(51,384,160)
Net interest income		692,588	748,598
Administrative expenses	8	(431,765)	(505,576)
Net foreign exchange gains / (losses)	9	18,259	(10,815)
Profit before income tax		279,082	232,207
Income tax expense	10	(56,539)	(44,700)
Profit for the year		222,543	187,507
Total comprehensive income for the year		222,543	187,507

The notes on pages 18 to 32 form an integral part of these financial statements.

Hellenic Petroleum Finance PLC

Annual report and financial statements for the year ended 31 December 2018

STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December	
		2018	2017
		€	€
ASSETS			
Non-current assets			
Loans and receivables	3,11	449,342,972	721,022,972
Current assets			
Loans and receivables	3,11	335,200,000	83,000,000
Prepayments and accrued income	12	14,174,785	14,608,210
Cash and cash equivalents	13	2,087,056	8,511,448
		351,461,841	106,119,658
TOTAL ASSETS		800,804,813	827,142,630
EQUITY AND LIABILITIES			
EQUITY			
Ordinary share capital	14	10,000,000	10,000,000
Retained earnings		12,574,599	12,352,056
Total equity		22,574,599	22,352,056
LIABILITIES			
Non current liabilities			
Interest bearing loans and borrowings	15	446,714,619	761,607,431
Current liabilities			
Interest bearing loans and borrowings	15	318,385,980	29,882,085
Income tax payable		32,359	79,877
Interest payable and other liabilities	16	13,097,256	13,221,181
		331,515,595	43,183,143
Total liabilities		778,230,214	804,790,574
Total equity and liabilities		800,804,813	827,142,630

These financial statements on pages 14 to 32 were approved by the Board of directors on 29 March 2019 and signed on its behalf by:

Andreas Shiamishis
Director

The notes on pages 18 to 32 form an integral part of these financial statements.

Company Registration Number: 05610284

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STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Ordinary Share Capital	Retained Earnings	Total Equity
	€	€	€
Balance at 1 January 2017	10,000,000	12,164,549	22,164,549
Total comprehensive income for the year	-	187,507	187,507
Balance at 31 December 2017 and 1 January 2018	10,000,000	12,352,056	22,352,056
Total comprehensive income for the year	-	222,543	222,543
Balance at 31 December 2018	10,000,000	12,574,599	22,574,599

The notes on pages 18 to 32 form an integral part of these financial statements.

Hellenic Petroleum Finance PLC

Annual report and financial statements for the year ended 31 December 2018

STATEMENT OF CASH FLOWS

	Note	For the year ended 31 December	
		2018	2017
		€	€
Cash flows from operating activities			
Profit before income tax		279,082	232,207
<i>Adjustments for:</i>			
Amortisation of deferred borrowing costs	7	3,215,474	5,377,776
Finance income - net		(3,908,062)	(6,126,374)
Net changes in assets/liabilities relating to operating activities			
Increase in prepayments	12	(8,623)	(4,893)
Decrease in other payables	16	(120,272)	(105,605)
Cash flows from operating activities			
		(542,401)	(626,889)
Income tax paid		(104,056)	(20,224)
Loan fees paid		-	(1,316,605)
Net cash used in operating activities			
		(646,457)	(1,963,718)
Cash flows from investing activities			
Loans granted to related parties	17	(11,820,000)	(120,971,972)
Loan repayments received from related parties	17	31,300,000	297,500,000
Interest received	6,12	44,109,016	66,718,641
Net cash generated from investing activities			
		63,589,016	243,246,669
Cash flows from financing activities			
Proceeds from borrowings	15	-	79,001,800
Repayment of borrowings	15	(30,000,000)	(264,381,000)
Interest paid		(39,366,951)	(47,727,084)
Net cash used in financing activities			
		(69,366,951)	(233,106,284)
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year	13	8,511,448	334,781
Cash and cash equivalents at the end of the year			
	13	2,087,056	8,511,448

The notes on pages 18 to 32 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Hellenic Petroleum Finance Plc was incorporated as a public limited company in England and Wales on 2 November 2005 and is a wholly owned subsidiary of Hellenic Petroleum S.A., a company incorporated in Greece.

The Company engages in raising finance in the international capital markets for the purposes of funding the activities of the Parent Company and other companies within the Group in line with the Group's business strategy.

2. ACCOUNTING POLICIES

Basis of preparation

Having consulted with the Parent Company's directors and taking into account all the relevant information available to them including the investment plans, business strategy and financial position of the Group, and as described in detail in the Strategic Report on page 3, the directors consider the financial position of the Company to be satisfactory, and expect the business to continue during 2019 and for the foreseeable future. Accordingly, the financial statements of the Company have been prepared on a going concern basis.

The financial statements have been prepared under the historical cost convention.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee Interpretations (IFRIC) as endorsed by the European Union (EU) and with those parts of the Companies Act, 2006 applicable to companies reporting under IFRS.

A summary of the most important accounting policies which have been used for the preparation of these financial statements is set out below. These policies have been applied consistently for the years presented, unless otherwise stated. The preparation of financial statements, in accordance with IFRS, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying 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". These estimates are based on management's best knowledge of current events and actions; actual results ultimately may differ from those estimates.

Changes in accounting policies and disclosures

New standards, amendments to standards and interpretations of existing standards are detailed in the Group's consolidated financial statements available at Hellenic Petroleum S.A. website (www.helpe.gr). The below new standards have been adopted by the Company as of 1 January 2018, however they did not have a significant impact on the financial statements for the year ended 31 December 2018.

- IFRS 9 "Financial Instruments": The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

The Company adopted the new standard as of 1 January 2018 without restating comparative figures. The new standard had no impact on the Company's financial statements, upon adoption. Therefore it did not have any impact on retained earnings and no transition adjustments were required as a result of its application.

(a) Classification and measurement

Under IFRS 9, financial assets are subsequently classified and measured at fair value through profit or loss (FVPL), amortized cost, or at fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES (continued)

(b) Impairment

The adoption of IFRS 9 has changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. For other financial assets, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

(c) Hedge accounting

Hedge accounting is not applicable for the Company.

- IFRS 15 "Revenue from Contracts with Customers": The standard establishes a five-step model that applies to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The new standard is based on the principal that revenue is recognized when control of a good or service is transferred to a customer. As from 1 January 2018, the Company applies the new standard using the modified retrospective method, therefore the initial application did not result in any restatement of comparative data. The new standard had no impact on the Company's financial statements, upon adoption. Therefore it did not have any impact on retained earnings and no transition adjustments were required as a result of its application.

Early adoption of standards

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 9 (Amendment) Prepayment features with negative compensation: The Amendment is effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value through other comprehensive income.

IFRS 16 Leases: The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The standard is not applicable to the Company's financial statements.

IFRIC Interpretation 23: Uncertainty over Income Tax Treatments: The Interpretation is effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES (continued)

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. These Amendments have not yet been endorsed by the EU.

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

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

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

Foreign currency translation

(a) Functional and presentational currency

The Company transacts in Euros ("€"), US Dollars ("\$\$") and also GB Pounds ("£"). Items included in the financial statements are measured in Euros; which is the Company's functional and presentational currency and all values are rounded to the nearest Euro (€), except when otherwise indicated.

(b) Transactions and balances

Foreign currency balances are translated into the functional currency using the exchange rates prevailing 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, are recognised in the statement of comprehensive income.

Interest receivable and interest payable

Interest receivable and interest payable is recognised on an accrual basis using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and commissions paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Income 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, as well as additional taxes for prior years. Tax is recognised in the statement of comprehensive income.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES (continued)

the reporting period in the country where the Company operates and generates taxable income.

In accordance with the respective agreement between the Company and the HM Revenue & Customs, the tax is calculated on the basis of an on-lending margin based on a minimum 2.5 basis points spread.

Financial Assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised 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 business model for managing them.

The business model for managing financial assets refers to how the Company 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.

At 31 December 2018 and 2017, the Company had no financial assets at fair value through profit or loss or at fair value through other OCI.

Financial assets at amortised 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.

Loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as instruments at amortised cost in accordance with IFRS 9.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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, the fee is deferred until the draw-down occurs and recognized over the life of the loan using the effective interest method. To the extent that 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 derecognized 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

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES (continued)

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. At the end of the reporting period payable amounts of bank overdrafts are included within borrowings in current liabilities on the statement of financial position. In the

statement of cash flows, bank overdrafts are shown within financing activities.

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

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

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

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.

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.

Other liabilities

Liabilities for other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for services received.

Comparative figures

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

3. FINANCIAL RISK MANAGEMENT

The management of the business and the execution of the Company's strategy are subject to a number of risks primarily the key financial risks set out below. Risks are formally reviewed by the Board and appropriate processes are put in place to monitor and mitigate them.

Financial risk management

The main purpose of the Company is to raise finance in the international capital markets for the purpose of funding the activities of the Parent Company and other Group companies in line with Group's business strategy. The Company's activities expose it to a variety of financial risks, which the Directors consider to be principally credit risk, liquidity risk, interest rate risk and foreign exchange risk. The financial instruments of the Company include loans receivables, cash and other liquid resources, interest-bearing borrowings and various receivables and payables that arise directly from its operations.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk

The principal credit risk to the Company is that the borrowers will not be able to meet their obligations as they fall due. The risk is minimised by the fact that the loans are provided to the Parent Company and other subsidiaries of the Group, the credit quality of which is continuously monitored and assessed by the Company. None of the loans granted are either past due or impaired.

(b) Liquidity risk

Prudent liquidity risk management entails maintaining sufficient cash reserves and financial headroom through committed credit facilities. The Company maintains flexibility in its funding through the use of committed credit facilities and, moreover, by granting loans to the Group companies which are payable on demand or have a maturity period less than those of the related borrowings.

The balance outstanding on the €325 million Eurobond maturing in July 2019 will be repaid utilising existing cash and undrawn available credit facilities combined with the cash generation from operations expected during 2019.

The table below analyses the Company's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows expected to be paid or received. Accrued interest at year end for loans receivable and borrowings are separately presented.

Loans receivable are repayable on demand and have no standard interest rate margin (Note 11). Therefore, the receivable amounts below do not include the expected interest receivable amount.

	Less than 1 year €	Between 1 to 5 years €	Total €
As at 31 December 2018			
Loan receivable from Group companies	335,200,000	449,342,972	784,542,972
Accrued interest income	14,154,590	-	14,154,590
Total	349,354,590	449,342,972	798,697,562
Debt issued and other borrowings	358,465,145	493,359,175	851,824,320
Interest payable and other liabilities	13,097,256	-	13,097,256
Total	371,562,401	493,359,175	864,921,576

Further details regarding the Company's loans receivable are provided in Note 11 and for borrowings in Note 15.

	Less than 1 year €	Between 1 to 5 years €	Total €
As at 31 December 2017			
Loan receivable from Group companies	83,000,000	721,022,972	804,022,972
Accrued interest income	14,596,638	-	14,596,638
Total assets	97,596,638	721,022,972	818,619,610
Debt issued and other borrowings	69,432,701	851,824,320	921,257,021
Interest payable and other liabilities	13,221,181	-	13,221,181
Total liabilities	82,653,882	851,824,320	934,478,202

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

(c) Interest rate risk

Interest rate risk exists where assets and liabilities have interest rates set under a different basis or which settle at different dates. The Company minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of floating rate assets and floating rate liabilities are similar and by adjusting, if necessary, the interest rate on its

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

(c) Interest rate risk (continued)

financial assets in order to match that of any fixed rate liabilities. At 31 December 2018, the Company had total borrowings amounting to €768 million of fixed coupons Eurobonds.

Re-pricing analysis

The following table indicates the interest rate re-pricing profile of the Company's assets and liabilities.

Assets and liabilities are allocated into time bands according to their re-pricing date for variable interest rate instruments, or according to their maturity date for fixed rate instruments. The re-pricing of the variable interest rate of loan receivables from Group Companies is calculated to match the liabilities so that the Company meets its obligations as they fall due.

As at December 2018	Total	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years
	€	€	€	€
Assets				
Loans receivable from Group companies	784,542,972	335,200,000	-	449,342,972
Accrued interest income	14,154,590	14,154,590	-	-
Total assets	798,697,562	349,354,590	-	449,342,972
Liabilities				
Borrowings	768,087,313	319,763,000	-	448,324,313
Accrued interest expense	12,932,167	12,932,167	-	-
Total liabilities	781,019,480	332,695,167	-	448,324,313
Total interest sensitivity gap	17,678,082	16,659,423	-	1,018,659
As at December 2017	Total	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years
	€	€	€	€
Assets				
Loans receivable from Group companies	804,022,972	83,000,000	274,500,000	446,522,972
Accrued interest income	14,596,638	14,596,638	-	-
Total assets	818,619,610	97,596,638	274,500,000	446,522,972
Liabilities				
Borrowings	797,691,704	30,000,000	319,763,000	447,928,704
Accrued interest expense	12,935,820	12,935,820	-	-
Total liabilities	810,627,524	42,935,820	319,763,000	447,928,704
Total interest sensitivity gap	7,992,086	54,660,818	(45,263,000)	(1,405,732)

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

(c) Interest rate risk (continued)

Effective interest rates

The weighted average effective interest rates were as follows:

	2018	2017
Loans receivable		
- US\$ floating	-	-
- Euro floating	5.39%	6.08%
Loans payable		
- US\$ fixed	-	-
- Euro floating	4.43%	4.36%
- Euro fixed	5.03%	5.03%

Interest rate sensitivity

The Company's sensitivity to interest rates is limited as any changes in interest rates on the loans received are passed directly to the loans granted to other members of the Group. The directors therefore consider that there would be minimal change in the net profit for the year and net assets attributable to shareholders' equity for the year ended 31 December 2018 should interest rates have moved upwards or downwards by 100bps.

(d) Foreign exchange risk

The Company's foreign currency risk exposure is managed by having back to back currency loans and assets. The Company does not face any significant foreign exchange risk.

(e) Capital risk management

The Company's principal objective when managing capital is to raise financing in the international capital markets for the purpose of funding the activities of the Parent Company and other Group companies in line with the Group's business strategy. In order to maintain or adjust its capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

Consistent with the industry convention, the Company monitors capital 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". Total capital employed is calculated as "Total Equity" as shown in the statement of financial position plus net debt.

The gearing ratios at 31 December 2018 and 2017 were as follows:

	2018	2017
	€	€
Total Borrowings (Note 15)	765,100,599	791,489,516
Less: Cash and cash equivalents (Note 13)	(2,087,056)	(8,511,448)
Net Debt	763,013,543	782,978,068
Total Equity	22,574,599	22,352,056
Total Capital Employed	785,588,142	805,330,124
Gearing Ratio	97.1%	97.2%

The high gearing ratio reflects the nature of the Company's business as a financing vehicle for the Group.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

(e) Capital risk management (continued)

United Kingdom's exit from the European Union: The Company is sourcing funds from international debt capital markets. It is uncertain, how a potential exit of the UK from the EU, especially if that happens without an agreement (no deal Brexit), will affect existing Eurobonds, as well as the Company's funding therefrom. Preliminary legal advice received indicates that the Company will be able to continue unimpeded to source funding through the issue of Eurobonds under the terms and conditions of Notes currently in circulation. The Company is closely following relevant developments and assessing alternatives in order to maintain its ability to source funding from these markets.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements necessarily requires the exercise of judgement both in the application of accounting policies and in the selection of assumptions used in the calculation of accounting estimates. These judgements are reviewed on an on-going basis and are continually evaluated based on historical experience and other factors. The most significantly affected components of the financial statements and associated critical judgements are as follows:

Effective interest rate method

In calculating the effective interest rate of financial instruments, the Company takes into account interest received or paid, fees and commissions paid or received, expected early redemptions and related penalties and premiums and discounts on acquisition or issue that are integral to the yield as well as incremental transaction costs.

The effective yield has been calculated based on the expected life of the Notes issued by the Company.

Recoverability of intercompany loans

In assessing the recoverability of intercompany loans, the Company utilizes internal and/or external information where available, regarding the credit risk of its counterparties and exercises judgement in determining the estimated loss given default rates applicable to each counterparty.

5. SEGMENTAL REPORTING

The directors consider that there is only one business segment, which is the provision of finance for fellow Group companies. The directors consider that the analysis of the results of the Company as disclosed in these financial statements is sufficient for the purposes of reporting the activities.

The Company's revenue is comprised of interest income on the loans provided to the Group companies and is generated entirely in the European Union.

6. INTEREST RECEIVABLE

	2018	2017
	€	€
Interest income on loans (Note 17)	43,666,968	52,132,758
	43,666,968	52,132,758

7. INTEREST PAYABLE

	2018	2017
	€	€
Interest expense on borrowings	39,758,906	46,006,384
Amortisation of deferred borrowing cost	3,215,474	5,377,776
	42,974,380	51,384,160

Hellenic Petroleum Finance PLC

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NOTES TO THE FINANCIAL STATEMENTS (continued)**8. ADMINISTRATIVE EXPENSES**

	2018	2017
	€	€
Professional fees	21,879	21,746
Fees payable to the Company's auditors for the audit of the Company's financial statements	39,000	42,000
Fees for tax services	16,041	21,155
Bank charges	3,924	2,333
Company administration and director fees	19,621	29,087
Consulting fees	317,440	230,640
Legal fees	6,200	21,619
Previous year expenses	-	120,825
Other expenses	7,660	16,171
	431,765	505,576

The auditors' remuneration for the year ended 31 December 2018 was €33,000 net of VAT (2017: €35,000, out of which the amount of €4,000 related to prior auditor fees for 2016 audit). Non-audit remuneration was nil (2017: nil).

The Company has no employees and the companies that provided administration and director services received €19,621 as remuneration for such services during the year (2017: €29,087).

9. NET FOREIGN EXCHANGE GAINS/(LOSSES)

	2018	2017
	€	€
Realised gains	23,946	1,492
Realised losses	(5,687)	(12,307)
	18,259	(10,815)

10. INCOME TAX EXPENSE**a. Analysis of the Company's tax charge in the year**

	2018	2017
	€	€
Current tax:		
Current tax on profit for the year	56,539	44,700
Income tax expense in the statement of comprehensive income	56,539	44,700

The standard rate of Corporation Tax in the UK throughout 2018 was 19% (2017: 19.25%).

b. Reconciliation of effective tax rate

The Company's tax for the current year is higher (2017: the same as) than the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Company before tax as follows:

Hellenic Petroleum Finance PLC

Annual report and financial statements for the year ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS (continued)**10. INCOME TAX EXPENSE (continued)****b. Reconciliation of effective tax rate (continued)**

	2018	2017
	€	€
Profit before tax for the year	279,082	232,207
Profit before tax multiplied by the standard rate of corporation tax in the UK of 19% (2017: 19.25%)	53,026	44,700
Permanent adjustment	3,513	-
Total income tax charge in the statement of comprehensive income	56,539	44,700

11. LOANS AND RECEIVABLES

The loans receivable relate to periodic loans granted to companies within the Group. The loans bear interest at various margins over EURIBOR (2017: margin over EURIBOR). More specifically:

The loan agreements with the counterparties, have similar terms which are summarized below:

- The lender makes available to the borrower an uncommitted loan facility up to an agreed amount.
- The borrower may borrow an amount up to the facility agreement, subject always to the consent of the lender.
- The borrower must repay the loan on demand by the lender at any time. All loans shall if not demanded previously be repaid after a number of years specified in each agreement.
- The borrower pays interest at a rate notified by the lender.

In substance and taking into consideration that all parties involved in the above agreements are always Group subsidiaries, the maturity of the loans provided by the Company reflect the maturity of the loans raised from the capital markets by the Company. Also the Company may ask the counterparties to repay either part of their loans or the whole loan for restructuring purposes between the Group companies and always after considering the counterparty's ability to repay the respective amount at a given point in time.

As at 31 December 2018, the carrying amounts of the loans receivables between the Group and the Company are denominated in Euro (Note 17). The fair values of loans and receivables approximate their carrying amount.

At each reporting date, in accordance with the requirements of IFRS 9, the Company performs an assessment regarding the recoverability of the loans receivables (Note 4), taking into account the current probability of default, as well as the estimated loss given default rate for each counterparty and the total amount of the respective loan. Based on the assessment performed at 31 December 2018, the Company concluded that the expected credit losses of these loans were immaterial and no impairment loss was recorded.

12. PREPAYMENTS AND ACCRUED INCOME

	2018	2017
	€	€
Accrued interest income	14,154,590	14,596,638
Prepaid expenses	20,195	11,572
	14,174,785	14,608,210

13. CASH AND CASH EQUIVALENTS

	2018	2017
	€	€
Cash at Bank	2,087,056	8,511,448
	2,087,056	8,511,448

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NOTES TO THE FINANCIAL STATEMENTS (continued)**14. ORDINARY SHARE CAPITAL**

	Numbers of Shares (authorised and issued)	Share Capital €	Total €
As at 1 January & 31 December 2017	6,970,000	10,000,000	10,000,000
As at 31 December 2018	6,970,000	10,000,000	10,000,000

The authorised share capital of the Company is split into 6,970,000 ordinary shares of £1 each. The issued share capital consists of 6,970,000 £1 paid ordinary shares.

The issued share capital is reflected in the financial statements based on the prevailing €/£ exchange rate at the time it was issued, which was 1.435.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

15. INTEREST BEARING LOANS AND BORROWINGS

	As at 31 December	
	2018 €	2017 €
Non-current borrowings		
Eurobond	448,324,313	767,691,704
Unamortized Eurobond fees	(1,609,694)	(6,084,273)
Non-current borrowings	446,714,619	761,607,431
Current borrowings		
Short term bank borrowings	-	30,000,000
Unamortized bank borrowing fees	-	(117,915)
Eurobond	319,763,000	-
Unamortized Eurobond fees	(1,377,020)	-
Total current borrowings	318,385,980	29,882,085
Total borrowings	765,100,599	791,489,516

At 31 December 2018, outstanding borrowings consisted of Notes issued under Eurobond transactions as described below. The Notes are guaranteed by the Parent Company.

Eurobond €325 million

In July 2014 the Company signed a subscription agreement for the issuance of €325 million Notes under an unrated Eurobond transaction. The Notes were issued at 99.5% of par value on 4 July 2014 and are listed on the Luxembourg Stock Exchange. The Notes mature in July 2019 and were redeemable at the option of the Issuer in July 2017. The Notes bear a fixed coupon rate of 5.25% paid semi-annually. During 2014 and 2015 the Company proceeded with open market purchases and subsequent cancellation of a notional amount of €5,237,000.

Eurobond €450 million

In October 2016 the Company issued a €375 million five-year 4.875% Eurobond guaranteed by Hellenic Petroleum S.A. with the issue price being 99.453 per cent. of the principal amount. The notes mature in October 2021. The proceeds of the issue were used to repay existing financial indebtedness, including the partial prepayment of the €500 million Eurobond maturing in May 2017 through a tender offer process which was completed in October 2016 during which notes of nominal value of €225 million was accepted. In July 2017, the Company issued €74.53 million guaranteed notes due 14 October 2021, at an offering price of 106%, which were consolidated and form a single series with the €375 million 4.875% guaranteed notes.

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NOTES TO THE FINANCIAL STATEMENTS (continued)**15. BORROWINGS (continued)**

The Company has not experienced any defaults in relation to payment of principal, interest or other breaches with regards to its borrowings in 2018 or as at the signing of these financial statements.

The proceeds of the aforementioned facilities have been used to provide loans to the Parent Company and other members of the Group.

The table below presents the changes in liabilities arising from financing activities for the year ended 31 December 2018.

	1 January 2018	Cash Flows	Other	31 December 2018
Non-current Eurobonds	761,607,431	-	(314,892,812)	446,714,619
Current bank borrowings	29,882,085	(30,000,000)	117,915	-
Current Eurobonds	-	-	318,385,980	318,385,980
Total liabilities from financing activities	791,489,516	(30,000,000)	3,611,083	765,100,599

The "Other" column includes the effect of reclassification of non-current portion of bank borrowings to current due to passage of time as well as the amortization of deferred borrowing costs.

The carrying amounts and fair value of Euro denominated Eurobonds are as follows:

	Book value	Fair value
	€	€
As at December 2018		
Eurobond €450m	446,714,619	471,848,765
Eurobond €325m	318,385,980	325,435,575
Total	765,100,599	797,284,340
As at December 2017	€	€
Eurobond €450m	445,793,578	473,948,470
Eurobond €325m	315,813,853	329,707,629
Total	761,607,431	803,656,099

No other borrowings existed as at 31 December 2018. The fair value of the remaining borrowings as of 31 December 2017, including their carrying portion, approximates their carrying value, as the effect of discounting is insignificant. The fair values of borrowings are within level 2 (2017: level 2) of the fair value hierarchy.

Banks which have a presence and operations in Greece but are members of a bigger non-Greek banking Group, are classified either as Other Eurozone banks or Non-Eurozone, depending on whether their respective holding group is in a country which has adopted the Euro as its formal currency.

The financial institutions participating in the Company's credit facility are broken down as follows:

	€30 million Syndicated loan as at 31 December 2017
- Greek	-
- Other Eurozone	100%
- Non-Eurozone	-

During 2018, the Company fully repaid the outstanding balance of the €30 million Syndicated loan.

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NOTES TO THE FINANCIAL STATEMENTS (continued)**16. INTEREST PAYABLE AND OTHER LIABILITIES**

	As at 31 December	
	2018	2017
	€	€
Accrued interest payable	12,932,167	12,935,820
Other payables	165,089	285,361
	13,097,256	13,221,181

17. RELATED PARTY TRANSACTIONS AND BALANCES

The Company has identified the following transactions which are required to be disclosed under the terms of IAS 24 Related Party Disclosures.

During the year the Company provided loans to other members of the Group. At 31 December 2018 and 2017 the following loans were outstanding:

	As at 31 December	
	2018	2017
	€	€
Hellenic Petroleum SA (Parent Company)	726,722,972	721,022,972
Hellenic Petroleum International AG (Fellow subsidiary)	47,000,000	75,000,000
Hellenic Fuels and lubricants SA (Fellow subsidiary)	8,000,000	8,000,000
Hellenic Petroleum Renewable Energy (Fellow subsidiary)	2,820,000	-
Total	784,542,972	804,022,972

Interest charged on these loans during the year amounted to €43,666,968 (2017: €52,132,758) of which €14,154,590 (2017: €14,596,638) was outstanding at 31 December 2018.

The following table presents the breakdown of interest income from related entities:

	As at 31 December	
	2018	2017
	€	€
Hellenic Petroleum SA (Parent Company)	39,780,578	46,047,627
Hellenic Petroleum International AG (Fellow subsidiary)	3,342,212	4,617,521
Hellenic Fuels and lubricants SA (Fellow subsidiary)	437,367	1,467,610
Hellenic Petroleum Renewable Energy (Fellow subsidiary)	106,811	-
Total	43,666,968	52,132,758

The following table presents all other outstanding payable balances to related parties.

	As at 31 December	
	2018	2017
	€	€
HELPE International Consulting SA (Fellow subsidiary)	-	115,320
Total	-	115,320

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Purchases of administrative services in relation to the Company from related parties are portrayed in the table below:

	For the year ended 31 December	
	2018	2017
	€	€
HELPE International Consulting S.A. (Fellow subsidiary)	317,440	230,640
	317,440	230,640

The physical directors nominated by companies that provide director services to the Company, have not received director emoluments in their personal capacity.

The smallest and largest group into which the Company is consolidated is Hellenic Petroleum S.A. and is incorporated in Greece. Copies of the financial statements of Hellenic Petroleum S.A. may be obtained from Hellenic Petroleum S.A., Chimarras 8A, Marousi, 15125, Greece or online at the Group's website www.helpe.gr.

The immediate and ultimate parent undertaking and controlling party is Hellenic Petroleum S.A.

18. EVENTS AFTER THE REPORTING PERIOD

No material events took place after the end of the reporting period and up to the date of approval of the financial statements by the board of directors.