



**HELLENIC
PETROLEUM**

**ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR 2015
(As per Article 4, L. 3556/2007)**

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HELLENIC
PETROLEUM

1. Audited Annual Financial Statements



1.1 Group Consolidated Financial Statements

HELLENIC PETROLEUM S.A.

Consolidated Financial Statements
in accordance with IFRS for the
year ended 31 December 2015



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

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Company Information

Directors

Efstathios Tsotsoros - Chairman of the Board
Grigorios Stergioulis - Chief Executive Officer
Andreas Shiamishis - Member
Ioannis Psychogios - Member
Georgios Grigoriou - Member
Georgios Maloglou - Member
Dimitrios Kontofakas - Member
Theodoros-Achilleas Vardas - Member
Theodoros Pantalakis - Member
Constantinos Papagiannopoulos - Member
Panagiotis Ophthalmides - Member
Spiridon Pantelias - Member
Stratis Zafiris - Member

Other Board Members during the year

Ioannis Papathanasiou- Chairman of the BOD (Until 7/5/2015)
John Costopoulos - Chief Executive Officer (Until 7/5/2015)
Georgios Alexopoulos - Member (Until 3/12/2015)
Sotirios Kontonasios - Member (Until 15/10/2015)
Aggelos Chatzidimitriou - Member (Until 7/5/2015)
Vassilios Nikololetopoulos - Member (Until 7/5/2015)
Ioannis Raptis - Member (Until 7/5/2015)
Ioannis Sergopoulos - Member (Until 7/5/2015)
Chirstos Razelos - Member (Until 7/5/2015)

Registered Office

8A Chimarras Str
GR 151 25 - Marousi

Registration number

2443/06/B/86/23

General Commercial Registry

000296601000

Auditors

PricewaterhouseCoopers S.A.
268 Kifissias Ave.
152 32 Halandri
Greece



Independent Auditor's Report

To the Shareholders of Hellenic Petroleum S.A.

Report on the Audit of the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Hellenic Petroleum S.A. (the "Company") and its subsidiaries (together, the "Group") which comprise the consolidated statement of financial position as of 31 December 2015 and the consolidated statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 31 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

- a) Included in the Board of Directors' Report is the corporate governance statement that contains the information that is required by paragraph 3d of article 43a of Codified Law 2190/1920.
- b) We verified the conformity and consistency of the information given in the Board of Directors' report with the accompanying consolidated financial statements in accordance with the requirements of articles 43a (par.3a), 108 and 37 of Codified Law 2190/1920.

Athens, 25 February 2016
Certified Auditor - Accountant



PricewaterhouseCoopers S.A.
Certified Auditors – Accountants
268, Kifissias Avenue
152 32 Halandri
SOEL Reg. No 113

Konstantinos Michalatos
SOEL Reg.No. 17701

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Consolidated statement of financial position

		As at	
	Note	31 December 2015	31 December 2014
ASSETS			
Non-current assets			
Property, plant and equipment	6	3.385.270	3.398.170
Intangible assets	7	117.062	131.978
Investments in associates and joint ventures	8	678.637	682.425
Deferred income tax assets	17	239.538	224.788
Available-for-sale financial assets	3	523	1.547
Loans, advances and long term assets	9	85.022	86.698
		4.506.052	4.525.606
Current assets			
Inventories	10	662.025	637.613
Trade and other receivables	11	752.142	708.227
Cash, cash equivalents and restricted cash	12	2.108.364	1.847.842
		3.522.531	3.193.682
Total assets		8.028.583	7.719.288
EQUITY			
Share capital	13	1.020.081	1.020.081
Reserves	14	443.729	435.013
Retained Earnings		220.506	163.048
Capital and reserves attributable to owners of the parent		1.684.316	1.618.142
Non-controlling interests		105.954	110.404
Total equity		1.790.270	1.728.546
LIABILITIES			
Non-current liabilities			
Borrowings	16	1.597.954	1.811.995
Deferred income tax liabilities	17	45.287	40.953
Retirement benefit obligations	18	95.362	92.728
Provisions for other liabilities and charges	19	6.405	6.224
Other long term liabilities	20	22.674	21.861
		1.767.682	1.973.761
Current liabilities			
Trade and other payables	15	2.795.378	2.679.199
Derivative financial instruments	21	34.814	60.087
Current income tax liabilities		6.290	34.901
Borrowings	16	1.633.033	1.177.645
Dividends payable		1.116	65.149
		4.470.631	4.016.981
Total liabilities		6.238.313	5.990.742
Total equity and liabilities		8.028.583	7.719.288

The notes on pages 11 to 65 are an integral part of these consolidated financial statements.

These consolidated financial statements were approved by the board on 25 February 2016.

E. Tsotsoros

G. Stergioulis

A. Shiamishis

S. Papadimitriou

Chairman of the Board

Chief Executive Officer

Chief Financial Officer
Board Member

Accounting Director

Consolidated statement of comprehensive income

	Note	For the year ended	
		31 December 2015	31 December 2014
Sales		7.302.939	9.478.444
Cost of sales		(6.608.357)	(9.333.608)
Gross profit		694.582	144.836
Selling and distribution expenses		(339.901)	(323.305)
Administrative expenses		(118.328)	(116.947)
Exploration and development expenses	23	(536)	(4.266)
Other operating (expenses) / income- net	24	9.427	10.770
Operating profit / (loss)		245.244	(288.912)
Finance (expenses) / income- net	25	(201.045)	(215.030)
Currency exchange gains / (losses)	26	(26.753)	(9.198)
Share of profit of investments in associates and joint ventures	8	21.518	28.245
Profit / (loss) before income tax		38.964	(484.895)
Income tax (expense) / credit	27	6.063	116.305
Profit / (loss) for the year		45.027	(368.590)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit pension plans		1.615	(6.234)
		1.615	(6.234)
Items that may be reclassified subsequently to profit or loss:			
Fair value gains / (losses) on available-for-sale financial assets		(255)	375
Fair value gains / (losses) on cash flow hedges	14	(4.802)	(42.289)
Derecognition of gains/(losses) on hedges through comprehensive income	14	24.548	(3.586)
Currency translation differences and other movements		(603)	185
		18.888	(45.315)
Other Comprehensive (loss) / income for the year, net of tax		20.503	(51.549)
Total comprehensive (loss) / income for the year		65.530	(420.139)
Profit / (loss) attributable to:			
Owners of the parent		46.684	(365.292)
Non-controlling interests		(1.657)	(3.298)
		45.027	(368.590)
Total comprehensive income attributable to:			
Owners of the parent		67.239	(416.881)
Non-controlling interests		(1.709)	(3.258)
		65.530	(420.139)
Basic and diluted earnings per share (expressed in Euro per share)	28	0,15	(1,20)

The notes on pages 11 to 65 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Note	Attributable to owners of the Parent				Non-controlling Interest	Total Equity
		Share Capital	Reserves	Retained Earnings	Total		
Balance at 1 January 2014		1.020.081	566.103	512.771	2.098.955	115.511	2.214.466
Fair value gains / (losses) on available-for-sale financial assets	14	-	330	-	330	45	375
Currency translation differences and other movements	14	-	135	-	135	50	185
Actuarial gains/(losses) on defined benefit pension plans	14	-	(6.179)	-	(6.179)	(55)	(6.234)
Fair value gains / (losses) on cash flow hedges	14	-	(42.289)	-	(42.289)	-	(42.289)
Derecognition of gains/(losses) on hedges through comprehensive income	14	-	(3.586)	-	(3.586)	-	(3.586)
Other comprehensive income / (loss)		-	(51.589)	-	(51.589)	40	(51.549)
Profit/(loss) for the year		-	-	(365.292)	(365.292)	(3.298)	(368.590)
Total comprehensive income for the year		-	(51.589)	(365.292)	(416.881)	(3.258)	(420.139)
Share based payments	13	-	(24)	275	251	-	251
Distribution of tax-free reserves		-	(64.376)	193	(64.183)	(22)	(64.205)
Transfer of tax on distributed reserves		-	(15.101)	15.101	-	-	-
Dividends to non-controlling interests		-	-	-	-	(1.827)	(1.827)
Balance at 31 December 2014		1.020.081	435.013	163.048	1.618.142	110.404	1.728.546
Fair value gains / (losses) on available-for-sale financial assets	14	-	(178)	-	(178)	(77)	(255)
Currency translation differences and other movements	14	-	(632)	-	(632)	29	(603)
Actuarial gains/(losses) on defined benefit pension plans	14	-	1.619	-	1.619	(4)	1.615
Fair value gains / (losses) on cash flow hedges	14	-	(4.802)	-	(4.802)	-	(4.802)
Derecognition of gains/(losses) on hedges through comprehensive income	14	-	24.548	-	24.548	-	24.548
Other comprehensive income / (loss)		-	20.555	-	20.555	(52)	20.503
Profit/(loss) for the year		-	-	46.684	46.684	(1.657)	45.027
Total comprehensive income for the year		-	20.555	46.684	67.239	(1.709)	65.530
Share based payments	13	-	(2.893)	2.893	-	-	-
Transfers from Reserves to Retained Earnings	14	-	(8.946)	8.946	-	-	-
Expenses relating to share capital increase of subsidiary		-	-	(772)	(772)	-	(772)
Tax on intra-group dividends relating to 2014		-	-	(293)	(293)	-	(293)
Dividends to non-controlling interests		-	-	-	-	(2.741)	(2.741)
Balance at 31 December 2015		1.020.081	443.729	220.506	1.684.316	105.954	1.790.270

The notes on pages 11 to 65 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Note	For the year ended	
		31 December 2015	31 December 2014
Cash flows from operating activities			
Cash generated from operations	30	494.359	875.532
Income tax paid		(34.648)	(22.750)
Net cash generated from / (used in) used in operating activities		459.711	852.782
Cash flows from investing activities			
Purchase of property, plant and equipment & intangible assets		(165.253)	(135.880)
Proceeds from disposal of property, plant and equipment & intangible assets		828	4.981
Expenses paid relating to share capital increase of subsidiary		(772)	-
Grants received		1.182	-
Interest received		8.797	8.841
Dividends received	8	18.289	39.221
Participation in share capital (increase)/ decrease of associates	8	18	(76)
Proceeds from disposal of available for sale financial assets		771	-
Net cash generated from / (used in) investing activities		(136.140)	(82.913)
Cash flows from financing activities			
Interest paid		(200.793)	(196.886)
Dividends paid to shareholders of the Company		(64.004)	(363)
Dividends paid to non-controlling interests		(2.770)	(1.827)
Proceeds from borrowings		420.924	1.111.611
Repayments of borrowings		(226.690)	(827.781)
Net cash generated from / (used in) financing activities		(73.333)	84.754
Net (decrease) / increase in cash, cash equivalents and restricted cash		250.238	854.623
Cash, cash equivalents and restricted cash at the beginning of the year	12	1.847.842	959.602
Exchange gains / (losses) on cash, cash equivalents and restricted cash		10.284	33.617
Net (decrease) / increase in cash, cash equivalents and restricted cash		250.238	854.623
Cash, cash equivalents and restricted cash at end of the year	12	2.108.364	1.847.842

The notes on pages 11 to 65 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 General information

Hellenic Petroleum and its subsidiaries (together “Hellenic Petroleum” or the “Group”) operate in the energy sector predominantly in Greece, South Eastern Europe and the East Mediterranean. The Group’s activities include refining and marketing of oil products, production and marketing of petrochemical products and exploration for hydrocarbons. The Group also provides engineering services. Through its investments in DEPA and Elpedison, the Group also operates in the sector of natural gas and in the production and trading of electricity power.

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

The financial statements and the consolidated financial statements of Hellenic Petroleum S.A. for the year ended 31 December 2015 were authorised for issue by the Board of Directors on 25 February 2016. The shareholders of the Company have the power to amend the financial statements after their issuance.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

These consolidated financial statements of Hellenic Petroleum S.A. and its subsidiaries for the year ended 31 December 2015 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (“IASB”), as adopted by the European Union (“EU”), and present the financial position, results of operations and cash flows of the Group on a going concern basis. In this respect Management has concluded that (a) the going concern basis of preparation of the accounts is appropriate, and (b) all assets and liabilities of the Group are appropriately presented in accordance with the Group’s accounting policies.

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

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

The preparation of financial statements, in accordance with IFRS, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 “Critical accounting estimates and judgements”. These estimates are based on management’s best knowledge of current events and actions; actual results ultimately may differ from those estimates.

2.1.1 New standards, amendments to standards and interpretations

(a) *New and amended standards adopted by the Group.*

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 January 2015:

- *Annual Improvements to IFRSs 2013 (effective for annual periods beginning on or after 1 January 2015):*

The amendments set out below describe the key changes to three IFRSs following the publication of the results of the IASB's 2011-13 cycle of the annual improvements project.

- *IFRS 3 “Business combinations”*. This amendment clarifies that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11 in the financial statements of the joint arrangement itself.
- *IFRS 13 “Fair value measurement”*. The amendment clarifies that the portfolio exception in IFRS 13 applies to all contracts (including non-financial contracts) within the scope of IAS 39/IFRS 9.
- *IAS 40 “Investment property”*. The standard is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive.

The adoption of these amendments does not have significant impact for the Group.

(b) *New standards and interpretations not yet adopted.*

Certain new standards, amendments to standards and interpretations have been issued that are not mandatory for periods beginning during the current financial year. The Group's evaluation of the effect of these new standards, amendments to standards and interpretations is set out below.

- *Annual Improvements to IFRSs 2012 (effective for annual periods beginning on or after 1 February 2015):*

The amendments set out below describe the key changes to six IFRSs following the publication of the results of the IASB's 2010-12 cycle of the annual improvements project. The Group is currently evaluating the impact the amendments will have on its financial statements.

- *IFRS 2 “Share-based payment”*. The amendment clarifies the definition of a ‘vesting condition’ and separately defines ‘performance condition’ and ‘service condition’.
- *IFRS 3 “Business combinations”*. The amendment clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32 “Financial instruments: Presentation”. It also clarifies that all non-equity contingent consideration, both financial and non-financial, is measured at fair value through profit or loss.
- *IFRS 8 “Operating segments”*. The amendment requires disclosure of the judgments made by management in aggregating operating segments.
- *IFRS 13 “Fair value measurement”*. The amendment clarifies that the standard does not remove the ability to measure short-term receivables and payables at invoice amounts in cases where the impact of not discounting is immaterial.
- *IAS 16 “Property, plant and equipment”* and *IAS 38 “Intangible assets”*. Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

- IAS 24 “*Related party disclosures*”. The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity.
- IAS 19R (Amendment) “*Employee Benefits*” (effective for annual periods beginning on or after 1 February 2015). These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans and simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The adoption of the amendment does not have significant impact for the Group.
- Annual Improvements to IFRSs 2014 (effective for annual periods beginning on or after 1 January 2016):

The amendments set out below describe the key changes to four IFRSs.

- IFRS 5 “*Non-current assets held for sale and discontinued operations*”. The amendment clarifies that, when an asset (or disposal group) is reclassified from ‘held for sale’ to ‘held for distribution’, or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such.
- IFRS 7 “*Financial instruments: Disclosures*”. The amendment adds specific guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement and clarifies that the additional disclosure required by the amendments to IFRS 7, “Disclosure – Offsetting financial assets and financial liabilities” is not specifically required for all interim periods, unless required by IAS 34.
- IAS 19 “*Employee benefits*”. The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise.
- IAS 34 “*Interim financial reporting*”. The amendment clarifies what is meant by the reference in the standard to ‘information disclosed elsewhere in the interim financial report’.
- IFRS 11 (Amendment) “*Joint Arrangements*” (effective for annual periods beginning on or after 1 January 2016). This amendment requires an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a ‘business’.
- IAS 16 and IAS 38 (Amendments) “*Clarification of Acceptable Methods of Depreciation and Amortisation*” (effective for annual periods beginning on or after 1 January 2016). This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate and it also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.
- IAS 27 (Amendment) “*Separate financial statements*” (effective for annual periods beginning on or after 1 January 2016). This amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements and clarifies the definition of separate financial statements.
- IFRS 10, IFRS 12 and IAS 28 (Amendments) “*Investment Entities: Applying the Consolidation Exception*” (effective for annual periods beginning on or after 1 January 2016). These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. The amendments have not yet been endorsed by the EU.

- *IAS 1 (Amendment) “Disclosure Initiative” (effective for annual periods beginning on or after 1 January 2016).* These amendments clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.
- *IFRS 15 “Revenue from Contracts with Customers” (effective for annual periods beginning on or after 1 January 2018).* IFRS 15 has been issued in May 2014. The objective of the standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognised. The underlying principle is that an entity will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The standard has not yet been endorsed by the EU.
- *IFRS 9 “Financial Instruments” and subsequent amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2018).* IFRS 9 replaces the guidance in IAS 39 which deals with the classification and measurement of financial assets and financial liabilities and it also includes an expected credit losses model that replaces the incurred loss impairment model used today. IFRS 9 establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model of IAS 39. The Group is currently investigating the impact of IFRS 9 on its financial statements. The Group cannot currently early adopt IFRS 9 as it has not been endorsed by the EU.
- *IFRS 16 “Leases” (effective for annual periods beginning on or after 1 January 2019).* IFRS 16 has been issued in January 2016 and supersedes IAS 17. The objective of the standard is to ensure the lessees and lessors provide relevant information in a manner that faithfully represents those transactions. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Group is currently investigating the impact of IFRS 16 on its financial statements. The standard has not yet been endorsed by the EU.
- *IAS 12 (Amendments) “Recognition of Deferred Tax Assets for Unrealised Losses” (effective for annual periods beginning on or after 1 January 2017).* These amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendments have not yet been endorsed by the EU.

2.2 Consolidation

(a) Subsidiaries

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

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

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

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

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

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

(c) Disposal of subsidiaries

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

(d) Associates and Equity method

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

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

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

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

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

(e) Joint arrangements

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. Unrealised gains on

transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

2.3 Business combinations

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

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

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

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

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

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The executive committee is the chief operating decision-maker, who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

2.5 Foreign currency translation

(a) Functional and presentation currency

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

(b) *Transactions and balances*

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

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

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

(c) *Group companies*

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

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

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

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

2.6 Property, plant and equipment

Property, plant and equipment comprise mainly land, buildings (plant, the owned retail network and offices), oil refineries, vessels and equipment. Property, plant and equipment are shown at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

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

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

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

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

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

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

2.7 Borrowing costs

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

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

2.8 Intangible assets

(a) Goodwill

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

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment. Goodwill impairment reviews are undertaken annually or more frequently, if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Retail Service Stations Usage rights

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

(c) Licences and rights

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

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

(d) Computer software

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

2.9 Exploration for and Evaluation of Mineral Resources

(a) Exploration and evaluation assets

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

(b) Development of tangible and intangible assets

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

(c) Oil and gas production assets

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

(d) Depreciation/amortization

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

(e) Impairment – exploration and evaluation assets

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

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

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

2.10 Impairment of non-financial assets

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). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.11 Financial assets

2.11.1 Classification

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

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

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

(b) Held to maturity investments

Held-to-maturity investments are non-derivative financial assets, quoted in an active market, with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity, other than those that the entity upon initial recognition designates as at fair value through profit or loss, available for sale or loans and receivables.

(c) Loans and receivables

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

(d) Available-for-sale financial assets

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

2.11.2 Reclassification

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

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

2.11.3 Recognition and measurement

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

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

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

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include

the use of recent arm's-length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis refined to reflect the issuer's specific circumstances.

2.11.4 Offsetting financial instruments

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

2.11.5 Impairment of financial assets

- (a) Assets carried at amortized cost

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

- (b) Assets classified as available for sale

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

2.12 Derivative financial instruments and hedging activities

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

- (a) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- (b) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

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

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

Cash flow hedges

The effective portion of changes in the fair value of these derivatives is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the statement of

comprehensive income within “Other operating income / (expenses) and other gains / (losses)”. Amounts accumulated in equity are recycled in the statement of comprehensive income in the periods when the hedged item affects profit or loss (i.e. when the forecast transaction being hedged takes place) within cost of sales.

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

Derivatives held for trading

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

2.13 Government grants

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

2.14 Inventories

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

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

Under IEA and EU regulations, Greece has a policy of maintaining 90 days of strategic stock reserves (Compulsory Stock Obligations). This responsibility is passed on to all companies who import and sell in the domestic market who have the responsibility to maintain and finance the appropriate stock levels. Such stocks are part of the operating stocks and are valued on the same basis.

2.15 Trade receivables

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

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

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

recognised in the statement of comprehensive income and is included in “Selling, Distribution and Administrative expenses”.

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

2.16 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.

2.17 Share capital

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

2.18 Borrowings

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

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

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

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

2.19 Current and deferred income tax

The tax expense or credit for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognized directly in equity. In this case, the tax is also recognized in equity.

The income tax or credit for the period is the tax payable 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.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group’s subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in

which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The deferred income tax is not accounted for 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 income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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 tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

2.20 Employee benefits

(a) Pension obligations

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

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

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

For defined contribution plans, the Group pays contributions to publicly administered Social Security funds on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

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

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

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

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

(b) Termination benefits

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

(c) Share-based compensation

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

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

2.21 Trade and other payables

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

2.22 Provisions

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

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

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

2.23 Environmental liabilities

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

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

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

2.24 Revenue recognition

Revenue comprises the fair value of the sale of goods and services, net of value-added tax and any excise duties, rebates and discounts. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is recognised as follows:

(a) Sales of goods – wholesale

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

(b) Sales of goods – retail

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

(c) Sales of services

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

(d) Interest income

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

(e) Dividend income

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

2.25 Leases

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

for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

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

2.26 Dividend distribution

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

2.27 Changes in accounting policies

As stated in Note 2.1.1, the Group adopted the amendments included in IASB's 2011-2013 cycle of annual improvements for the first time for the annual reporting period commencing 1 January 2015. The adoption of these standards did not have significant impact on the Group's policies or disclosures.

2.28 Comparative figures

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

3 Financial risk management

3.1 Financial risk factors

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

Greek Macros: Developments in Greece during the second half of 2015 (referendum and capital controls) had a negative effect on the Greek economy. The economy slipped back into recession in the second half of 2015 after growing in late 2014 and during the first half of 2015. GDP declined by -0,7% in 2015 compared to an increase of +0,8% in 2014. Domestic fuels consumption increased by +4,8% in 2015 mainly as a result of increased heating gasoil which is attributed to lower oil product prices and to the reduction of excise duties at the end of 2014. Motor fuels demand increased during the first half of 2015 by +2,8%, however during the second half of the year consumption followed a similar trend to GDP contracting by -1,3%, resulting in a year on year increase of +0,6%. Growth is projected to gain some momentum in the second half of 2016 as consumer confidence is expected to strengthen and as structural reforms take effect with the anticipation of boosting exports and investment. Inflation is expected to remain low due to the very depressed state of the economy and unemployment is expected to gradually decline.

Despite the deterioration of the Greek economy in 2015, the approval of a € 86 billion bailout programme in August and the successful recapitalisation of the 4 systemic banks during December were key steps towards the stabilisation of the macroeconomic and financial environment in Greece.

The bailout program was approved to be dispensed in allotments following the adoption of a series of agreed upon changes and austerity measures. Allotment of bailout funds commenced in tranches during 2015, however

in order for Greece to secure the next tranche, the first review of the bailout program has to be completed. This is expected upon implementation of specific measures agreed as part of the agreement.

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

In this economic environment, management continually assesses the situation and its possible future impact to ensure that all necessary actions and measures are taken in order to minimize any impact on the Group's Greek operations.

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

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

Securing continuous crude oil supplies: Developments in the global and regional crude oil markets in the last 18 months have reduced the cost of raw material for the Group and increased optionality. Crude oil prices dropped by more than 70% compared to June 2014 peak. These developments led to lower cost of crude, for both sweet and especially sour grades, which represent the key source of feedstock for complex refiners like Hellenic Petroleum, improving the competitive position of Med refiners vs. their global peers and leading to higher refining margins, albeit with a significant one off inventory loss. The Group was able to take advantage of this development and diversify its crude basket compared to previous years.

Financing of operations: Given financial market developments since 2011, the key priorities of the Group have been the management of the 'Assets and Liabilities' maturity profile, funding with respect to the completion of its strategic investment plan and liquidity risk for operations. As a result of these key priority initiatives and in line with its medium term financing plan, the Group has maintained a mix of long term, medium term and short term credit facilities by taking into consideration bank and debt capital markets' credit capacity as well as cash flow planning and commercial requirements. Approximately 60% of total debt is financed by medium to long term committed credit lines while the rest is financed by short term working capital credit facilities. During 2014, the Group issued two Eurobonds, a \$400 million two year Eurobond maturing in May 2016 and a €325 million five year Eurobond maturing in July 2019. The cost of the two issues was lower than the comparable marginal cost of funding during the previous year, reflecting improvements in both country risk and company fundamentals. Furthermore, during 2014 the Group renegotiated term and other credit facilities in excess of €2 billion with core relationship banks and achieved improved terms regarding cost, maturity profile and general terms and conditions. During 2015 the parent company concluded a €200 million three year facility to act as backstop facility for general corporate needs with one of its core relationship banks. Overall, during 2014-2015 the Group continued to diversify its funding sources, optimise its debt liability portfolio, extend the debt maturity profile and reduce financing costs despite the challenges presented in the domestic and international environment in 2015. Additional information is disclosed in paragraph (c) Liquidity risk below and Note 16.

Capital controls: The Group responded to the imposition of capital controls, with all necessary measures and adjustments to its supply chain, enabling uninterrupted supply, refining and trading operations.

The measures imposed by the Greek government on 28 June 2015 restricted cross border payments of any kind without the prior written approval of a committee that has been set up for this purpose at the Ministry of Finance. Since initial imposition, capital controls are gradually being relaxed, with some responsibility for approvals being transferred to the banks for up to certain amounts, daily limits for the banking system increasing and other measures, thus facilitating international payments in the country. At present, there are no official restrictions on domestic transactions which are gradually being normalized.

The capital controls impact the ability of the Group to effect payments for imports of crude oil and products to its foreign suppliers if these are not approved by the committee. The risk is mitigated by the fact that imports of crude oil and fuel products are considered by the authorities as critical for the economy, taking priority over other payments. There has therefore been no adverse impact on the operations of the Group and this is expected to continue going forward. In addition, the Group maintains accounts with its foreign core relationship banks outside Greece which are funded by export receivables and can also be used to pay foreign suppliers. Therefore the risk of disruption to normal operations of the Group as a result of the imposition of capital controls is considered low. The impact of capital controls on Group operations was limited as a result of appropriate planning and risk management.

Capital management: The second key priority of the Group has been the management of its Assets. Overall the Group has around €2,9 billion of capital employed which is driven from working capital, investment in fixed assets and its investment in DEPA Group. Current assets are mainly funded with current liabilities (incl. short term bank debt) which are used to finance working capital (inventories and receivables). As a result of the Group's investment plan, during the period 2007-2012, net debt level has increased to 39% of total capital employed while the rest is financed through shareholders equity. The Group has started reducing its net debt levels through utilization of the incremental operating cashflows, post completion and operation of the new Elefsina refinery, and plans to reduce these even further with the expected sale proceeds of its stake in DESFA, which is expected to lead to lower Debt to Equity ratio, better matched Asset and Liability maturity profiles as well as lower financing costs.

(a) *Market risk*

(i) Foreign exchange risk

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

Foreign currency exchange risk arises on three types of exposure:

- **Financial position translation risk:** Most of the inventory held by the Group is reported in Euro while its underlying value is determined in USD. Thus, a possible devaluation of the USD against the Euro leads to a reduction in the realisable value of inventory included in the statement of financial position. In order to manage this risk, a significant part of the Group's payables (sourcing of crude oil and petroleum products) is denominated in USD resulting to an offsetting impact to the one described above. It should be noted however, that while in the case of USD devaluation the impact on the statement of financial position is mitigated, in cases of USD appreciation the mark-to-market valuation of USD-denominated debt liabilities leads to a reported foreign exchange loss, with no compensating benefit as stocks continue to be included in the statement of financial position at cost. It is estimated that at 31 December 2015 if the Euro had weakened against the US dollar by 5% with all other variables held constant, pre-tax results would have been approximately €26 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 has impacted adversely on the cost of mitigating this exposure; as a result the Group did not actively hedge material amounts of the Gross margin exposure. This exposure is linearly related to the Gross margin of the Group in that the appreciation/ depreciation of Euro vs. USD leads to a respective translation loss/ (gain) on the period results.
- **Local subsidiaries exposure:** Where the Group operates in non-Euro markets there is an additional exposure in terms of cross currency translation between USD (price base), Euro reporting currency and local currency. Where possible the Group seeks to manage this exposure by transferring the exposure for pooling at Group levels. Although material for local subsidiaries' operations, the overall exposure is not considered material for the Group.

(ii) Commodity price risk

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

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

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

(iii) Cash flow and fair value interest rate risk

The Group's operating income and cash flows are not materially affected by changes in market interest rates, given the low level of prevailing reference rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, while borrowings issued at fixed rates expose the Group to fair value interest rate risk. Approximately one third of the Group's borrowings are at fixed rates of interest. Depending on the levels of net debt at any given period of time, any change in the base interest rates (EURIBOR or LIBOR), has a proportionate impact on the Groups results. At 31 December 2015, if interest rates on Euro denominated borrowings had been 0,5% higher with all other variables held constant, pre-tax profit for the year would have been Euro €11 million lower.

(b) Credit risk

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

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

(c) Liquidity risk

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

Where deemed beneficial to the Group, and in order to achieve better commercial terms (eg. better pricing, higher credit limits, longer payment terms), the Group provides for the issuance of short term letters of credit or guarantee for the payment of liabilities arising from trade creditors. These instruments are issued using the

Group's existing credit lines with local and international banks, and are subject to the approved terms and conditions of each bank, regarding the amount, currency, maximum tenor, collateral etc. To the extent the liabilities covered materialise before the balance sheet date, they are included in the balance sheet under trade creditors. Further details of the relevant loans are provided in Note 16.

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

	1H16	2H16	2016	Scheduled for repayment	Scheduled for refinancing
Eurobond \$400m	362	-	362	362	-
Term loan	-	40	40	40	-
European Investment Bank ("EIB") Term loan	22	22	44	44	-
Bond loan €400m	225	-	225	-	225
Total	609	62	671	446	225

During 2015 the Group generated positive operating cash flows (EBITDA adjusted for inventory impact and one-offs less capital expenditure and interest payments) of €392 million. This has helped the Group to increase its cash reserves available for the repayment of loans maturing during the next 12 months. Existing undrawn available credit facilities and the launching of a "Stand By Facility" which will be put in place over the coming months, combined with positive cash generations expected during 2016, will provide the necessary headroom for the cover of obligations falling due over the next 18 months.

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
31 December 2015				
Borrowings	1.755.501	600.184	1.059.772	67.653
Finance lease liabilities	921	940	2.525	1.951
Derivative financial instruments	34.814	-	-	-
Trade and other payables	2.754.524	-	-	-
31 December 2014				
Borrowings	1.319.126	507.702	1.433.120	116.016
Finance lease liabilities	1.010	921	2.575	2.246
Derivative financial instruments	60.087	-	-	-
Trade and other payables	2.629.615	-	-	-

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.

The Heads of agreement that was executed with NIOC in January 2016 is not reflected in the analysis above (see Note 15).

3.2 Capital risk management

The Group's objective with respect to capital structure, which includes both equity and debt funding, is to safeguard its ability to continue as a going concern and to have in place an optimal capital structure from a cost perspective.

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

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

The gearing ratios at 31 December 2015 and 2014 were as follows:

	As at	
	31 December 2015	31 December 2014
Total Borrowings (Note 16)	3.230.987	2.989.640
Less: Cash, Cash Equivalents and restricted cash (Note 12)	(2.108.364)	(1.847.842)
Less: Available for sale financial assets (Note 3.3)	(523)	(1.547)
Net debt	1.122.100	1.140.249
Total Equity	1.790.270	1.728.546
Total Capital Employed	2.912.370	2.868.795
Gearing ratio	39%	40%

3.3 Fair value estimation

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

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

The following table presents the Company’s assets and liabilities that are measured at fair value at 31 December 2015:

	Level 1	Level 2	Level 3	Total balance
Assets				
Derivatives held for trading	-	-	-	-
Derivatives used for hedging	-	-	-	-
Available for sale financial assets	523	-	-	523
	523	-	-	523
Liabilities				
Derivatives held for trading	-	-	-	-
Derivatives used for hedging	-	34.814	-	34.814
	-	34.814	-	34.814

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2014:

	Level 1	Level 2	Level 3	Total balance
Assets				
Derivatives held for trading	-	-	-	-
Derivatives used for hedging	-	-	-	-
Available for sale financial assets	1.547	-	-	1.547
	1.547	-	-	1.547
Liabilities				
Derivatives held for trading	-	-	-	-
Derivatives used for hedging	-	60.087	-	60.087
	-	60.087	-	60.087

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

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

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

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of commodity swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

For the years ended 31 December 2015 and 31 December 2014, there were no transfers between levels.

The fair value of Euro and US\$ denominated Eurobonds as at 31 December 2015 was €1.110 million (31 December 2014: €1.059 million), compared to its book value of €1.161 million (31 December 2014: €1.133 million). The fair value of the remaining borrowings approximates their carrying value, as the effect of discounting is insignificant. The fair values of borrowings are within level 2 of the fair value hierarchy.

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

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

4 Critical accounting estimates and judgements

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of

causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Income taxes

Estimates are required in determining the provision for income taxes that the Group is subjected to in different jurisdictions. This requires significant judgement. There are some transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. 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) Provision for environmental restoration

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

(c) Estimated impairment of goodwill, non-financial assets and investments

The Group tests annually whether goodwill has suffered any impairment, in accordance with its accounting policies (Note 2.8). Additionally, if certain indications emerge, the Group may test also non-financial assets (Note 2.10) and investments (Note 2.11.5) for possible impairment. The recoverable amounts of cash generating units are determined based on value-in-use calculations. Significant judgement is involved in management's determination of these estimates.

(d) Fair value of derivatives and other financial instruments

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. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(e) Pension benefits

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

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

(f) Provisions for legal claims

The Group has a number of legal claims pending against it. Management uses its judgement to assess the likely outcome of these claims and if it is more likely than not that the Group will lose a claim, then a provision is made. 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.

5 Segment information

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

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

	Note	For the year ended	
		31 December 2015	31 December 2014
Sales			
Refining		6.644.424	8.818.333
Marketing		2.712.444	3.220.210
Exploration & Production		-	186
Petro-chemicals		263.403	322.205
Gas & Power		1.705	1.634
Other Segments		15.880	12.792
Inter-Segment		(2.334.917)	(2.896.916)
Total		7.302.939	9.478.444
Operating profit / (loss)			
Refining		116.723	(371.333)
Marketing		55.571	27.284
Exploration & Production		(4.690)	(5.792)
Petro-chemicals		83.578	63.673
Gas & Power		(6.201)	685
Other Segments		263	(3.429)
Total		245.244	(288.912)
Currency exchange gains/ (losses)	26	(26.753)	(9.198)
Share of profit of investments in associates and joint ventures	8	21.518	28.245
Finance (expense)/income - net	25	(201.045)	(215.030)
Profit / (loss) before income tax		38.964	(484.895)
Income tax (expense) / credit	27	6.063	116.305
(Income) / loss applicable to non-controlling interests		1.657	3.298
Profit / (loss) for the year attributable to the owners of the parent		46.684	(365.292)

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

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The segment assets and liabilities at 31 December 2015 and 2014 are as follows:

	As at	
	31 December 2015	31 December 2014
Total Assets		
Refining	6.424.209	6.203.265
Marketing	1.316.248	1.237.633
Exploration & Production	8.602	8.268
Petro-chemicals	310.833	250.927
Gas & Power	670.355	686.885
Other Segments	1.260.858	1.243.036
Inter-Segment	(1.962.522)	(1.910.727)
Total	8.028.583	7.719.288
Total Liabilities		
Refining	5.115.315	4.866.416
Marketing	715.217	737.379
Exploration & Production	11.909	11.351
Petro-chemicals	64.175	58.199
Gas & Power	3.475	3.510
Other Segments	1.238.035	1.279.511
Inter-Segment	(909.813)	(965.624)
Total	6.238.313	5.990.742

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

6 Property, plant and equipment

	Land	Buildings	Plant & Machinery	Motor vehicles	Furniture and fixtures	Assets Under Con- struction	Total
Cost							
As at 1 January 2014	287.246	867.134	4.227.744	87.158	143.341	128.608	5.741.231
Additions	395	2.749	12.285	2.632	7.899	108.153	134.113
Capitalised projects	-	9.583	109.957	27	623	(120.190)	-
Disposals	(438)	(2.096)	(1.239)	(230)	(199)	(316)	(4.518)
Currency translation differences	(1.134)	(1.734)	(382)	-	2	(82)	(3.330)
Transfers and other movements	211	162	929	-	276	(13.801)	(12.223)
As at 31 December 2014	286.280	875.798	4.349.294	89.587	151.942	102.372	5.855.273
Accumulated Depreciation							
As at 1 January 2014	-	350.911	1.753.644	49.470	124.087	-	2.278.112
Charge for the year	-	30.646	139.250	4.443	7.901	-	182.240
Disposals	-	(1.965)	(1.150)	(223)	(208)	-	(3.546)
Currency translation differences	-	(454)	(180)	-	4	-	(630)
Transfers and other movements	-	(9)	934	2	-	-	927
As at 31 December 2014	-	379.129	1.892.498	53.692	131.784	-	2.457.103
Net Book Value at 31 December 2014	286.280	496.669	2.456.796	35.895	20.158	102.372	3.398.170
Cost							
As at 1 January 2015	286.280	875.798	4.349.294	89.587	151.942	102.372	5.855.273
Additions	16	3.167	10.810	1.777	7.926	139.898	163.594
Capitalised projects	-	11.392	159.568	64	725	(171.749)	-
Disposals	(1)	(927)	(3.329)	(706)	(448)	(70)	(5.481)
Currency translation differences	(114)	(207)	(140)	(2)	18	(5)	(450)
Transfers and other movements	386	3	10.534	-	(1)	(6.708)	4.214
As at 31 December 2015	286.567	889.226	4.526.737	90.720	160.162	63.738	6.017.150
Accumulated Depreciation							
As at 1 January 2015	-	379.129	1.892.498	53.692	131.784	-	2.457.103
Charge for the year	-	30.381	138.174	4.058	7.256	-	179.869
Disposals	-	(499)	(2.510)	(706)	(391)	-	(4.106)
Currency translation differences	-	(79)	(79)	(2)	(5)	-	(165)
Transfers and other movements	-	(17)	(701)	-	(103)	-	(821)
As at 31 December 2015	-	408.915	2.027.382	57.042	138.541	-	2.631.880
Net Book Value at 31 December 2015	286.567	480.311	2.499.355	33.678	21.621	63.738	3.385.270

- (1) The Group has not pledged any property, plant and equipment as security for borrowings.
- (2) During 2015 an amount of €2 million (2014: €2 million) in respect of interest has been capitalised within Assets Under Construction relating to the refining segment, at an average borrowing rate of 5,06% (2014:6,19%)
- (3) ‘Transfers and other movements’ in assets under construction mainly relate to the transfer of spare parts for the upgraded Elefsina units within inventories, in accordance with the amended IAS 16, as they concern consumables. Transfers of completed IT projects to intangible assets are also included therein.
- (4) Depreciation expense of €179,9 million (2014: €182,2 million) and amortisation expense of €19 million (2014: €22,7 million) are allocated in the following lines of the Consolidated Statement of Comprehensive Income:
 - Cost of Sales €133,2 million (2014: €132,6 million)
 - Selling and distribution expenses €55,7 million (2014: €56,7 million),
 - Administration expenses €9,7 million (2014: €14,3 million), and
 - Exploration and development expenses €0,3 million (2014: €1,3 million).

7 Intangible assets

	Retail Service					Total
	Goodwill	Stations Usage Rights	Computer software	Licences & Rights	Other	
Cost						
As at 1 January 2014	133.914	51.339	87.072	37.962	74.516	384.803
Additions	-	266	1.051	397	53	1.767
Disposals	-	(166)	-	-	(39)	(205)
Currency translation differences and other movements	-	(74)	8.459	410	(270)	8.525
As at 31 December 2014	133.914	51.365	96.582	38.769	74.260	394.890
Accumulated Amortisation						
As at 1 January 2014	71.829	22.258	77.863	24.670	44.342	240.962
Charge for the year	-	3.839	8.584	2.590	7.677	22.690
Disposals	-	(94)	-	-	(38)	(132)
Currency translation differences and other movements	-	135	(730)	-	(13)	(608)
As at 31 December 2014	71.829	26.138	85.717	27.260	51.968	262.912
Net Book Value at 31 December 2014	62.085	25.227	10.865	11.509	22.292	131.978
Cost						
As at 1 January 2015	133.914	51.365	96.582	38.769	74.260	394.890
Additions	-	421	1.089	16	133	1.659
Disposals	-	(128)	-	(1)	-	(129)
Currency translation differences and other movements	-	(1.382)	3.034	1.232	(581)	2.303
As at 31 December 2015	133.914	50.276	100.705	40.016	73.812	398.723
Accumulated Amortisation						
As at 1 January 2015	71.829	26.138	85.717	27.260	51.968	262.912
Charge for the year	-	3.722	5.486	2.021	7.802	19.031
Disposals	-	(62)	-	-	-	(62)
Currency translation differences and other movements	-	(779)	(100)	779	(120)	(220)
As at 31 December 2015	71.829	29.019	91.103	30.060	59.650	281.661
Net Book Value at 31 December 2015	62.085	21.257	9.602	9.956	14.162	117.062

- (1) The remaining amount of goodwill as at 31 December 2015 relates to the unamortised goodwill arising on the acquisition of Hellenic Petroleum Cyprus Ltd in 2003 and of Jugopetrol AD in 2002, which are treated in line with the accounting policy in note 2.8. Goodwill has been tested for impairment as at 31 December 2015 using the value-in-use model. This calculation uses cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five-year period are extrapolated using an estimated growth rate that reflects the forecasts in line with management beliefs, based on GDP growth projections. Management determines annual volume growth rate and gross margins based on past performance and expectations for the market development. The discount rates used are pre-tax and reflect specific risks relating to operations. The results of the model show that the valuation covers the carrying amount of the goodwill, which amounts to €62 million as of 31 December 2015. A sensitivity analysis was performed to the key assumptions used in the model (discount rates and perpetuity growth rates), in order to stress test the adequacy of the valuation headroom. The sensitivity analysis resulted in recoverable values well in excess of the carrying value.
- (2) Other intangible assets category primarily includes the fair value of the contractual customer relationships from the subsidiary acquired in December 2009 (ex BP Hellas) which is amortized over the life of the contracts. Furthermore, it includes rights of use of land in Serbia and Montenegro in cases where local legal framework does not allow outright ownership of real estate property.
- (3) 'Other movements' mainly relate to completed IT software projects capitalised during 2015 and thus transferred from assets under construction.

The Group's share of profit / (loss) arising from its investment in the Elpedison B.V Group is accounted for based on unaudited results. Differences arising between audited and unaudited results are incorporated in the following year's results.

In October 2013, Elpedison Power refinanced its €345 million loans (outstanding amount as of October 2013 €296 million), through the issuance of new loans of €296 million, maturing on September 2015 and bearing a one-year extension option that is subject to each lender's consent. Elpedison S.A. exerted its right on the loan extensions until 30 September 2016 (extensions refer to an amount of €268 million). The loans are fully guaranteed on a pro rata basis by the shareholders of Elpedison S.A.

Due to significant delays in the establishment of the new Capacity / Flexibility Remuneration Mechanism, Elpedison S.A. has agreed with the lenders that the loans will be repaid on maturity and that any proceeds from LAGIE's historical deficit will mandatorily repay loans. At the moment the Company has started discussions with its lenders on the refinancing of its loans which are due on 30 September 2016. The Company's Management is confident that the loans will be successfully refinanced.

There are neither contingent liabilities nor commitments relating to the group's interest in Elpedison B.V.

Impairment of Investment in Elpedison B.V.

Management of Elpedison S.A. carried out an impairment test according to the requirements of IAS 36, based on the post-tax cash flows produced over the useful life of the company. The recent and anticipated future developments in the market and regulatory environment (change in remuneration mechanisms, 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. 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 estimated as the post-tax Weighted Average Cost of Capital (WACC).

In this framework, and taking into consideration 2015 developments and 2016 expectations by Management for changes in the market and regulatory environment, an impairment provision of € 7 million was recorded in the carrying value of Elpedison B.V. in the consolidated balance sheet of the Group as at 31 December 2015 and an impairment loss of the same amount was recognized in the consolidated statement of comprehensive income as part of Other Income and Expenses (Note 24).

Note that the assumptions and scenarios used could change in the future, particularly in an environment characterized by high volatility. Relevant changes in the hypothesis retained e.g. in the annual flexibility remuneration and in discount rates, could have an impact on the value in use of the assets.

b) Associates

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

DEPA Group

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

Major entities that are consolidated in DEPA Group besides the parent company, are DESFA S.A. (full consolidation, 100% - Administrator of the Natural Gas System), and the Gas Distribution companies (equity method, 51% stake in each company - EPA Attica S.A., EPA Thessaloniki S.A., EPA Thessalia S.A.).

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The table below summarizes the key financials of DEPA Group:

Public Natural Gas Corporation of Greece (DEPA)	As at	
	31 December 2015 <i>(unaudited)</i>	31 December 2014 <i>(unaudited)</i>
<u>Statement of Financial Position</u>		
Non-Current Assets	2.387.215	2.386.441
Cash and Cash Equivalents	350.461	303.241
Other Current Assets	455.471	476.025
Total Assets	3.193.147	3.165.707
Equity	1.707.698	1.691.622
Long Term Borrowings	209.562	242.259
Other Non-Current Liabilities	931.548	944.311
Short Term Borrowings	32.697	32.697
Other Current Liabilities	311.642	254.818
Total Liabilities	1.485.449	1.474.085
Total Liabilities and Equity	3.193.147	3.165.707
	As at	
	31 December 2015 <i>(unaudited)</i>	31 December 2014 <i>(unaudited)</i>
<u>Statement of Comprehensive Income</u>		
Revenue	938.790	1.088.030
EBITDA	140.751	144.493
Interest Income/(Expense) - net	1.442	16.919
Profit / (Loss) before Tax	75.305	97.358
Income Tax	(9.001)	(14.648)
Profit / (Loss) after Tax	66.304	82.710
Income / (Loss) accounted in Helpe Group	23.206	30.337

The Group's share of profit / (loss) arising from its investment in the Depa Group is accounted for based on unaudited results. Differences arising between audited and unaudited results are incorporated in the following year's results.

In 2015 the Group received dividends of €17,5 million from the DEPA Group (2014: €38,6 million).

Sale of DESFA

On the 16 February 2012, HELPE and the HRADF (jointly the "Sellers") agreed to launch a joint sale process of their shareholding in DEPA Group aiming to sell in total 100% of the supply and trading activities and the shareholding of regional supply companies (DEPA S.A. and EPAs) and 66% of the high pressure transmission network (DESFA). This agreement was approved by HELPE's EGM, dated 30 January 2012, and the decision specifically requires that any such transaction will be subject to the approval of a new EGM.

The sales process resulted in three non-binding offers received on 5 November 2012 and at the final stage, one binding offer for the purchase of 66% of DESFA shares by SOCAR (Azerbaijan's Oil and Gas National Company). SOCAR's final offer is for €400 million for 66% of DESFA; i.e. €212,1 million for HELPE's 35% effective shareholding. Given that at present DESFA S.A. is a 100% subsidiary of DEPA, in order to complete the transaction, DESFA will be "unbundled" through a share distribution (treated as capital reduction of DEPA S.A.), to the two existing shareholders/sellers (i.e. HELPE 35% and HRADF 65%). Thus, once all approvals from the competent authorities are received, SOCAR will buy 35% directly from HELPE and 31% from HRADF.

On 2 August 2013 the Board of Directors of HELPE considered the offer for the sale of its 35% effective interest in DESFA as acceptable, and called for an Extraordinary General Meeting of the shareholders of the Company to approve the transaction. The EGM of the shareholders of the Company held on 2 September 2013 approved the transaction.

Prior to the Board of Director's meeting, the previous day, on 1 August 2013 the board of directors of HRADF had unanimously accepted the final offer of SOCAR.

The Share Purchase Agreement (SPA) for the sale of 66% of DESFA's share capital was signed by HRADF, HELPE and SOCAR (Parties to the SPA) on 21 December 2013. According to this SPA the rights and obligations of the parties are conditional upon the occurrence of certain events (Conditions) such as the merger clearance of the transaction by the EU or national competition authorities (as applicable) and the certification of DESFA by the Regulatory Authority for Energy of the Hellenic Republic ("RAE") in accordance with article 65 of L. 4001/2011 ("Energy Law"). RAE issued its final certification decision on 29 September 2014. Notification of the transaction to DG for Competition of the European Commission took place on 1 October 2014. On 5 November 2014, the European Commission opened an in depth investigation. The extent of commitments which may be required to be undertaken by SOCAR and the exact time required for the European Commission to issue a clearance decision cannot be controlled by the parties. On July 27th 2015, the Parties to the SPA executed Addendum No 2, by virtue of which the long stop date of the SPA has been further extended to 21 December 2015; while on 16 December 2015 Addendum No 3 was executed providing for an additional long stop date extension to 30 September 2016. Further to such agreement, the validity of the SOCAR performance guarantee has been extended accordingly.

Although the parties undertake valid commitments upon signing of the SPA, the effectiveness of the totality of the provisions of the SPA (including the transfer of shares and the payment of the consideration) remains subject to conditions, some of which lie beyond the control or diligent behaviour of the parties and, consequently, the completion of the transaction remains suspended and depends on the satisfaction of such conditions.

The Group consolidates DEPA on an equity basis and the carrying value of the investment in the consolidated financial statements reflects HELPE's 35% share of the net asset value of the DEPA group which as at 31 December 2015 is €595 million. The cost of investment of the DEPA group in the financial statements of HELPE S.A is €237 million. The impact of the above transaction on the Group financial statements will be determined on the basis of the structure of the transaction (at present a spin-off process is provided for in the SPA) and timing of implementation.

Given that the transaction can only be completed upon receiving the approval of the relevant competent authorities, and given the timing of such approvals and the unbundling process that is still to be concluded, DEPA Group, as it currently stands, continues to be accounted for and included in these consolidated financial statements as an associate.

Other associates

In 2011, the Group participated with a 48% holding in the setting-up of a new company, DMEP HoldCo Ltd, through its subsidiary company Hellenic Petroleum International A.G. DMEP HoldCo Ltd is incorporated in the UK and ultimately owns 100% of "OTSM S.A. Maintenance of Compulsory Stocks and Trading of Crude Oil and Petroleum Products" (OTSM). OTSM is established under Greek law and is fully permitted to provide crude oil and petroleum products stock keeping and management services. The Group has delegated part of its compulsory stock keeping obligations to OTSM, reducing its stock holding by approximately 407.000 MT, at a fee calculated in line with the legal framework.

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

	% interest held	As at 31 December 2015			
		Assets	Liabilities	Revenues	Profit after tax
Spata Aviation Fuel Company S.A.	33%	4.621	3.235	5.765	1.475
ELPE THRAKI	25%	8	10	-	(41)
EAKAA	50%	13.603	4.422	3.169	951
DMEP Holdco	48%	206.441	169.483	845.977	34.527
BIODIESEL	25%	192	29	-	(2)

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	% interest held	As at 31 December 2014			
		Assets	Liabilities	Revenues	Profit after tax
Spata Aviation Fuel Company S.A.	33%	3.805	2.504	4.776	1.013
ELPE THRAKI	25%	69	4	-	(16)
EAKAA	50%	14.530	5.425	2.618	579
DMEP Holdco	48%	223.882	221.451	808.654	(4.184)
BIODIESEL	25%	357	79	1.283	12

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

c) Joint operations

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

- Edison International SpA (Greece, Patraikos Gulf). Petroceltic Resources Plc, which participated in the joint operation for the year 2015, transferred its rights to both Edison and HELPE Patraikos within 2016 (see Note 23).
- Calfrac well services (Greece, Sea of Thrace concession)

9 Loans, Advances & Long Term assets

	As at	
	31 December 2015	31 December 2014
Loans and advances	37.587	37.288
Other long term assets	47.435	49.410
Total	85.022	86.698

Loans and advances relate primarily to merchandise credit extended to third parties as part of the retail network expansion and are non-interest bearing. They also include trade receivables due in more than one year as a result of settlement arrangements.

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

The balances included in the above categories as of 31 December 2015 are discounted at a rate of 5% (2014: 5%).

10 Inventories

	As at	
	31 December 2015	31 December 2014
Crude oil	180.149	118.519
Refined products and semi-finished products	400.301	422.452
Petrochemicals	22.286	27.104
Consumable materials and other spare parts	83.705	79.852
- Less: Provision for consumables and spare parts	(24.416)	(10.314)
Total	662.025	637.613

Hellenic Petroleum SA is obliged to keep 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.

The cost of inventories recognised as an expense and included in “Cost of sales” amounted to €5,7 billion (2014: €8,5 billion). It should be highlighted that due to the decrease of crude oil and oil product prices during the last quarter of 2015, which also continued after the year-end, the Group has reported a loss arising from inventory valuation which is reflected in a write-down of the year end values. Write-down of inventories to net realisable value as at 31 December 2015 amounted to €23 million (2014 – €104 million). This was recognised as an expense in the year ended 31 December 2015 and included in ‘Cost of Sales’ in the statement of comprehensive income. Management has estimated the negative impact on the results of the Group from the decline of crude oil and product prices during the year and included in cost of sales at approx. € 300 million (2014:€ 480million).

11 Trade and other receivables

	As at	
	31 December 2015	31 December 2014
Trade receivables	504.984	481.360
- Less: Provision for impairment of receivables	(211.349)	(185.114)
Trade receivables net	293.635	296.246
Other receivables	471.003	421.604
- Less: Provision for impairment of receivables	(34.005)	(30.286)
Other receivables net	436.998	391.318
Deferred charges and prepayments	21.509	20.663
Total	752.142	708.227

As part of its working capital management the Group utilises factoring facilities to accelerate the collection of cash from its customers in Greece. Non-recourse factoring, is excluded from balances shown above.

Other receivables include balances in respect of VAT, income tax prepayment, advances to suppliers and advances to personnel. This balance as at 31 December 2015 includes an amount of €54m (31 December 2014: €54m) of VAT approved refunds which has been withheld by the customs office due to a dispute relating to stock shortages. The Group has filed a specific legal objection and claims against this action and expects to fully recover this amount following the conclusion of the relevant legal proceedings (Note 31). The fair values of trade and other receivables approximate their carrying amount.

The table below shows the segregation of trade receivables:

	As at	
	31 December 2015	31 December 2014
Total trade receivables	504.984	481.360
Amounts included above which are past due :		
a) Past due, not impaired receivables	195.731	130.872
b) Past due, doubtful & impaired receivables balance	211.349	185.114

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. Provision is made for receivables that are doubtful of collection and have been assessed that they will result in a loss, net of any respective securities or collaterals obtained.

As of 31 December 2015, the overdue days of trade receivables that were past due but not impaired are as follows:

	As at	
	31 December 2015	31 December 2014
Up to 30 days	66.498	59.467
30 - 90 days	21.251	25.838
Over 90 days	107.982	45.567
Total	195.731	130.872

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

	As at	
	31 December 2015	31 December 2014
Up to 30 days	15.392	4.931
30 - 90 days	485	150
Over 90 days	195.472	180.033
Total	211.349	185.114

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

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

	As at	
	31 December 2015	31 December 2014
Balance at 1 January	185.114	170.346
Charged / (credited) to the income statement:		
- Additional provisions	27.350	16.872
- Unused amounts reversed	(920)	(1.618)
- Receivables written off during the year as uncollectible	(195)	(486)
Balance at 31 December	211.349	185.114

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

12 Cash, cash equivalents and restricted cash

	As at	
	31 December 2015	31 December 2014
Cash at Bank and in Hand	1.252.808	952.127
Short term bank deposits	700.000	695.715
Cash and Cash Equivalents	1.952.808	1.647.842
Restricted Cash	155.556	200.000
Total Cash, Cash Equivalents and Restricted Cash	2.108.364	1.847.842

Restricted cash relates to the proceeds of a loan concluded between Hellenic Petroleum S.A and Piraeus Bank, which have been provided as a guarantee to the European Investment Bank in relation to the Company's €200 million Facility Agreement B with the latter.

The outstanding balance under the EIB Facility Agreement B as at 31 December 2015 was €144 million, in accordance with the amortization schedule, whilst the outstanding balance of the Piraeus loan as at 31 December 2015 was €156 million. This is expected to be reduced to €144 million in the following months. The guarantee matured on 15 June 2015 and was renewed for an additional year.

The effect of the loan and the deposit is a grossing up of the Statement of Financial Position with no effect to the Net Debt position and Net Equity of the Group.

The balance of US Dollars included in Cash at bank as at 31 December 2015 was \$ 920.895 (euro equivalent €845.866). The respective amount for the period ended 31 December 2014 was \$ 909.355 (euro equivalent €748.994).

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

	As at	
	31 December 2015	31 December 2014
Euro	0,21%	0,36%
USD	0,80%	0,80%

13 Share capital

	Number of Shares			
	(authorised and issued)	Share Capital	Share premium	Total
As at 1 January & 31 December 2014	305.635.185	666.285	353.796	1.020.081
As at 31 December 2015	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 2014: €2.18).

Share options

During the Annual General Meeting (AGM) of Hellenic Petroleum S.A. held on 25 May 2005, a share option scheme was approved, with the intention to link the number of share options granted to management with the results and performance of the Company. Subsequent AGMs have approved and granted the share options. The vesting period is 1 November to 5 December of the years 2014 – 2018.

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

Grant Date	Vesting Date	Expiry Date 5 December	Exercise Price € per share	No. of share options as at	
				31 December 2015	31 December 2014
2009	2011-15	2015	7,62	-	1.616.054
2012	2014-18	2018	4,52	1.479.933	1.479.933
			Total	1.479.933	3.095.987

No stock options have been exercised during 2015 or during the previous year, due to the negative relationship between the exercise price and the share market price during the respective vesting periods.

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

	As at			
	31 December 2015		31 December 2014	
	Average Exercise Price in € per share	Options	Average Exercise Price in € per share	Options
At 1 January	6,14	3.095.987	6,62	3.435.548
Granted	-	-	-	-
Exercised	-	-	-	-
Lapsed	7,62	(1.616.054)	11,01	(339.561)
At 31 December	4,52	1.479.933	6,14	3.095.987

The value of lapsed stock options that were transferred to retained earnings in 2015 is €2,9 million (2014: 0,3 million).

14 Reserves

	Statutory reserve	Special reserves	Hedging reserve	Share-based payment reserve	Tax free reserves	Other reserves	Total
Balance at 1 January 2014	118.668	98.420	3.893	3.664	351.322	(9.864)	566.103
Cash flow hedges (Note 21)							
- Fair value gains / (losses) on cash flow hedges	-	-	(42.289)	-	-	-	(42.289)
- Derecognition of gains/(losses) on hedges through comprehensive income	-	-	(3.586)	-	-	-	(3.586)
Share-based payments (Note 13)	-	-	-	(24)	-	-	(24)
Distribution of tax-free reserves	-	-	-	-	(64.376)	-	(64.376)
Transfer of tax on distributed reserves	-	-	-	-	(15.101)	-	(15.101)
Fair value gains / (losses) on available-for-sale financial assets	-	-	-	-	-	330	330
Actuarial gains/(losses) on defined benefit pension plans	-	-	-	-	-	(6.179)	(6.179)
Currency translation differences and other movements	-	-	-	-	-	135	135
Balance at 31 December 2014	118.668	98.420	(41.982)	3.640	271.845	(15.578)	435.013
Cash flow hedges (Note 21)							
- Fair value gains / (losses) on cash flow hedges	-	-	(4.802)	-	-	-	(4.802)
- Derecognition of gains/(losses) on hedges through comprehensive income	-	-	24.548	-	-	-	24.548
Share-based payments (Note 13)	-	-	-	(2.893)	-	-	(2.893)
Transfers from Reserves to Retained Earnings	-	-	-	-	(8.798)	(148)	(8.946)
Fair value gains / (losses) on available-for-sale financial assets	-	-	-	-	-	(172)	(172)
Fair value gains / (losses) on available-for-sale financial assets reclassified to Profit or Loss	-	-	-	-	-	(6)	(6)
Actuarial gains/(losses) on defined benefit pension plans	-	-	-	-	-	1.619	1.619
Currency translation differences and other movements	-	-	-	-	-	(632)	(632)
Balance at 31 December 2015	118.668	98.420	(22.236)	747	263.047	(14.917)	443.729

Statutory reserves

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

Special reserves

Special reserves primarily relate to reserves arising from tax revaluations which have been included in the holding company accounts in accordance with the relevant legislation in prior years. Where considered appropriate deferred tax provisions are booked in respect of these reserves.

Tax free reserves

These include:

- (i) Tax deferred reserves - retained earnings that have not been taxed with the prevailing corporate income tax rate as allowed by Greek law under various statutes. Certain of these retained earnings will become liable to tax at the rate prevailing at the time of distribution to shareholders or conversion to share capital.
- (ii) Partially taxed reserves - retained earnings that have been taxed at a rate less than the corporate tax rate as allowed by Greek law. Certain of these retained earnings will be subject to the remaining tax up to the corporate tax rate prevailing at the time of distribution to shareholders or conversion to share capital.

In 2014 part of these reserves were distributed to shareholders, in line with law 4172/2013.

Hedging reserve

The hedging reserve is used to record gains or losses on derivatives that are designated and qualify as cash flow hedges and that are recognised in other comprehensive income, as described in Note 21.

Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

15 Trade and other payables

	As at	
	31 December 2015	31 December 2014
Trade payables	2.626.459	2.529.072
Accrued Expenses & Deferred Income	73.535	58.830
Other payables	95.384	91.297
Total	2.795.378	2.679.199

Trade payables comprise amounts payable or accrued in respect of supplies of crude oil, products, commodity derivative contracts and services. Since the imposition of capital controls on 28 June 2015 in Greece, open credit from suppliers has reduced materially.

Trade payables, as at 31 December 2015 and 31 December 2014, include overdue amounts in respect of crude oil imports from Iran which were received between December 2011 and March 2012 as part of a long term contract with NIOC. Despite repeated attempts to settle the payment for these cargoes through the international banking system between January and June 2012, it was not possible to do so. This was due to the fact that payments to Iranian banks and state entities were not accepted for processing by the International banking system due to US and International sanctions. After 30 June 2012, Hellenic Petroleum was prohibited to effect payments to NIOC by virtue of EU sanctions (Council Regulation (EU) No. 267/2012 of 23 March 2012). The Group duly notified its supplier of this restriction on payments and the inability to accept further crude oil cargoes under the contract, which is due to the EU sanctions posing legal constraints outside its control. As a result no deliveries of Iranian crude oil or payments have taken place post 30 June 2012, which was the EU imposed deadline.

On 18 October 2015, by Decision (CFSP) 2015/1863, the Council of the European Union (EU) decided to terminate implementation of all Union economic and financial sanctions against Iran, taking into account UNSCR 2231 (2015) and Annex B to UNSCR 2231 (2015), simultaneously with the IAEA-verified implementation by Iran of agreed nuclear-related measures. On 16 January 2016 (“Implementation Day”), by Decision (CFSP) 2016/37, the Council decided that Decision (CFSP) 2015/1863 shall apply from that date. On the same date U.S and other International Restrictive Measures were also partially lifted. In light of the above developments, Hellenic Petroleum and NIOC executed a Heads of agreement on 22 January 2016 for the recommencement of their commercial relationship for the supply of crude and for the settlement of the overdue amounts. Implementation of the agreement will be in full compliance with prevailing EU and international framework, including surviving sanctions. The impact of the agreement on the financial statements will be reflected in the next reporting period.

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

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

Accrued expenses and deferred income include the estimated cost of the CO2 emission rights required under the corresponding environmental legislation amounting to €16 million (2014: €5 million).

16 Borrowings

	As at	
	31 December 2015	31 December 2014
Non-current borrowings		
Bank borrowings	794.634	675.036
Eurobonds	799.014	1.132.598
Finance leases	4.306	4.361
Total non-current borrowings	1.597.954	1.811.995
Current borrowings		
Short term bank borrowings	1.226.063	1.132.298
Eurobonds	361.641	-
Current portion of long-term bank borrowings	44.796	44.782
Finance leases - current portion	533	565
Total current borrowings	1.633.033	1.177.645
Total borrowings	3.230.987	2.989.640

Non-current borrowings mature as follows:

	As at	
	31 December 2015	31 December 2014
Between 1 and 2 years	529.263	411.260
Between 2 and 5 years	1.002.026	1.289.624
Over 5 years	66.665	111.111
	1.597.954	1.811.995

The weighted average effective interest margins are as follows:

Bank Borrowings	Currency	As at	
		31 December 2015	31 December 2014
Short-term			
- Floating Euribor + margin	Euro	5,30%	6,20%
- Floating Belibor + margin	Serbian Dinar	8,94%	12,25%
- Floating Sofibor + margin	Bulgarian Lev	5,75%	6,05%
- Central Bank Bills + margin	FYROM Dinar	5,54%	5,41%
- Fixed coupon	US Dollar	4,63%	4,63%
Long-term			
- Floating Euribor + margin	Euro	4,09%	4,27%
- Fixed coupon	Euro	6,91%	6,91%

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

	As at	
	31 December 2015	31 December 2014
Euro	2.774.371	2.571.354
US Dollar	361.641	327.921
Serbian Dinar	23.460	28.049
Bulgarian Lev	55.678	46.449
FYROM Dinar	15.837	15.867
Total borrowings	3.230.987	2.989.640

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

Gross borrowings of the Group by maturity as at 31 December 2015 and 31 December 2014 are summarised on the table below (amounts in € million):

	Company	Maturity	Balance as at	
			31 December 2015	31 December 2014
1a. Syndicated credit facility €40 million	HPF plc	Jul 2016	40	39
1b. Syndicated credit facility €10 million	HPF plc	Jul 2018	10	10
1c. Syndicated bond loan €350 million	HP SA	Jul 2018	341	338
2. Bond loan €400 million	HP SA	Jun 2016	225	225
3. Bond loan €200 million	HP SA	Jan 2018	199	-
4. European Investment Bank ("EIB") Term loan	HP SA	Jun 2022	289	333
5. Eurobond €500m	HPF plc	May 2017	485	489
6. Eurobond \$400m	HPF plc	May 2016	362	328
7. Eurobond €325m	HPF plc	Jul 2019	314	316
8. Bilateral lines	Various	Various	961	907
9. Finance leases	Various	Various	5	5
Total			3.231	2.990

Refer to 'Liquidity Risk Management' (Note 3.1c) for an analysis of the Group's plans regarding the facilities falling due in 2016.

1. Term loans

In January 2013, the Group concluded two three-year credit facilities with identical terms and conditions with a syndicate of Greek and international banks for a total amount of €605 million and a gradual amortization schedule. In July 2014, the Group proceeded with a voluntary early repayment and partial refinancing of the facilities. As a result, the Group voluntarily repaid a notional loan amount of €152 million and concluded two new credit facilities with similar terms and conditions as follows:

(1a-1b) HPF concluded a €50 million syndicated credit facility guaranteed by Hellenic Petroleum S.A. The facility has a €40 million tranche maturing in July 2016 and a €10 million tranche maturing in July 2018.

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

2. Bond Loan €400 million

In June 2014, Hellenic Petroleum S.A. extended the maturity date of a €400 million syndicated bond loan agreement from December 2014 to 30 December 2015 with a six month extension option, achieving at the same time improvements in cost and general terms and conditions. In September 2015 Hellenic Petroleum S.A. extended the maturity date to June 2016.

3. Committed 3 year credit facility €200 million

In line with the Group's risk management strategy to increase the percentage of committed term credit facilities, Hellenic Petroleum S.A. concluded a €200 million committed credit facility in January 2015, with a tenor of 3 years, with National Bank of Greece.

4. EIB Term loans

On 26 May 2010, Hellenic Petroleum S.A. signed two loan agreements (Facilities A and B) with the European Investment Bank for a total amount of €400 million (€200 million each). The purpose of the loans was to finance part of the investment program relating to the upgrade of the Elefsina Refinery. Both loans have a maturity of twelve years with amortization beginning in December 2013 and similar terms and conditions. Facility B is credit enhanced by a commercial bank guarantee (see note 15). This is normal practice for EIB lending particularly during the construction phase of large projects. Total repayments on both loans up to 31 December 2015 amounted to € 111 million.

5. Eurobond €500m

In May 2013, the Group issued a €500 million four-year Eurobond, with an 8% annual coupon, maturing in May 2017. The Notes, which were issued by Hellenic Petroleum Finance Plc and are guaranteed by Hellenic Petroleum S.A., are redeemable at maturity and are listed on the Luxembourg Stock Exchange.

6. Eurobond \$400m

In May 2014 the Group issued a \$400 million two-year Eurobond, with a 4,625% annual coupon, maturing in May 2016. The Notes, which were issued by Hellenic Petroleum Finance Plc and are guaranteed by Hellenic Petroleum S.A., are redeemable at maturity and are listed on the Luxembourg Stock Exchange.

7. Eurobond €325m

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

During the period ended 31 December 2015, Hellenic Petroleum Finance Plc proceeded with open market purchases and subsequent cancellation of €6,9 million of the €500 million Notes maturing in May 2017, €3,1 million of the €325 million Notes maturing in July 2019 and €5,2 million (\$5,8 million) of the \$400 million Notes maturing in May 2016. The profit from the open market purchases amounted to €1,3 million.

8. Bilateral lines

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

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

Finance leases are analysed as follows:

Obligations under finance leases	As at	
	31 December 2015	31 December 2014
Within 1 year	533	565
Between 1 and 2 years	601	532
Between 2 and 5 years	1.949	1.817
After 5 years	1.756	2.012
Total lease payments	4.839	4.926

17 Deferred income tax

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

	As at	
	31 December 2015	31 December 2014
Deferred tax assets:		
Deferred tax assets to be recovered after more than 12 months	239.538	224.788
	239.538	224.788
Deferred tax liabilities:		
Deferred tax liabilities to be incurred after more than 12 months	(45.287)	(40.953)
	(45.287)	(40.953)
	194.251	183.835

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

	As at	
	31 December 2015	31 December 2014
Beginning of the year	183.835	18.259
Income statement recovery / (charge)	15.768	125.516
Charged / (released) to equity	(5.371)	19.084
Transfer of tax on distributed reserves to Current tax	-	20.949
Other movements	19	27
End of year	194.251	183.835

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

	As at	
	31 December 2015	31 December 2014
Intangible and tangible fixed assets	(192.921)	(149.082)
Inventory valuation	7.068	2.670
Unrealised exchange gains	20.066	-
Employee benefits provision	28.441	23.165
Provision for bad debts	16.345	(3.645)
Derivative financial instruments at fair value	12.732	16.534
Net interest cost carried forward (thin capitalisation)	46.886	42.913
Net tax losses carried forward	248.678	255.648
Environmental provisions	4.575	1.405
Other temporary differences	2.381	(5.773)
End of year	194.251	183.835

Other temporary differences include differences on various receivable provisions as well as the provisions for unaudited tax years. Deferred tax assets relating to tax loss carry-forwards are recognised if it is probable that they can be offset against future taxable profits. As at 31 December 2015, the Group recognised deferred tax assets on tax loss carry-forwards totalling €249 million (2014: €256 million) since, on the basis of the approved business plan, the Group considers it probable that these can be offset against future taxable profits.

In 2014, thin capitalization rules as per art. 49 of law 4172/2013 were applied for the first time, whereby the net interest expense is deductible up to a certain percentage of tax EBITDA (60% for 2014, 50% for 2015 and 40% for 2016 and onwards). This resulted in deferred tax assets of €47 million as at 31 December 2015 (31 December 2014: €43 million), which can be offset against future taxable profits without time constraints.

18 Retirement benefit obligations

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

	As at	
	31 December 2015	31 December 2014
Statement of Financial Position obligations for:		
Pension benefits	95.362	92.728
Liability in the Statement of Financial Position	95.362	92.728
Statement of Comprehensive Income charge for:		
Pension benefits	9.554	21.942
Total as per Statement of Comprehensive Income	9.554	21.942
Remeasurements for:		
Pension benefits	(1.818)	8.327
Total as per Statement of Other Comprehensive Income	(1.818)	8.327

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

	As at	
	31 December 2015	31 December 2014
Present value of funded obligations	16.717	17.241
Fair value of plan assets	(7.118)	(7.045)
Deficit of funded plans	9.599	10.196
Present value of unfunded obligations	85.763	82.532
Liability in the Statement of Financial Position	95.362	92.728

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

The movement in the defined benefit obligation over 2015 and 2014 is as follows:

	Present Value of Obligation	Fair Value of Plan Assets	Total
As at 1 January 2014	94.328	(6.899)	87.429
Current service cost	4.567	-	4.567
Interest expense/(income)	3.538	(297)	3.241
Past service costs and (gains)/losses on settlements	14.134	-	14.134
Statement of comprehensive income charge	22.239	(297)	21.942
Remeasurements:			
- Return on plan assets, excluding amounts included in Interest expense/(income)	-	117	117
- (Gain)/loss from change in financial assumptions	7.036	-	7.036
- Experience (gains)/losses	1.174	-	1.174
Statement of other comprehensive income charge	8.210	117	8.327
Benefits paid directly by the group/Contributions paid by the group	(21.873)	(3.097)	(24.970)
Benefit payments from the plan	(3.131)	3.131	-
As at 31 December 2014	99.773	(7.045)	92.728

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	Present Value of Obligation	Fair Value of Plan Assets	Total
As at 1 January 2015	99.773	(7.045)	92.728
Current service cost	4.876	-	4.876
Interest expense/(income)	3.125	(160)	2.965
Past service costs and (gains)/losses on settlements	1.713	-	1.713
Statement of comprehensive income charge	9.714	(160)	9.554
Remeasurements:			
- Return on plan assets, excluding amounts included in Interest expense/(income)	-	89	89
- (Gain)/loss from change in demographic assumptions	83	-	83
- (Gain)/loss from change in financial assumptions	(3.719)	-	(3.719)
- Experience (gains)/losses	1.729	-	1.729
Statement of other comprehensive income charge	(1.907)	89	(1.818)
Exchange Differences	(2)	-	(2)
Benefits paid directly by the group/Contributions paid by the group	(4.328)	(772)	(5.100)
Benefit payments from the plan	(770)	770	-
As at 31 December 2015	102.480	(7.118)	95.362

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

Balance at 31 December 2015	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Pension Benefits	4.564	2.461	11.256	133.240	151.520

Plan assets are comprised as follows:

	2015				2014			
	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%
Equity Instruments	1.827	-	1.827	26%	1.638	-	1.638	23%
Debt Instruments								
- Government bonds	210	-	210	3%	479	-	479	7%
- Corporate bonds	2.360	-	2.360	33%	2.489	-	2.489	35%
Investment funds	1.029	-	1.029	14%	655	-	655	9%
Real Estate/ Property	1.371	-	1.371	19%	1.424	-	1.424	20%
Cash and cash equivalents	-	321	321	5%	-	360	360	5%
Total	6.797	321	7.118	100%	6.685	360	7.045	100%

The principal actuarial assumptions used were as follows:

	As at	
	31 December 2015	31 December 2014
Discount Rate	3,50%	3,25%
Future Salary Increases	0,50%	0,50%
Inflation	0,50%	0,50%

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

	Impact on Defined Benefit Obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount Rate	0,5%	-5,03%	5,43%
Future Salary Increases	0,5%	5,43%	-5,02%

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

Expected contributions to defined benefit plans for the following year amount to €1 million. The weighted average duration of the defined benefit obligation is 11 years.

19 Provisions for other liabilities and charges

The movement for provisions for 2015 and 2014 is as follows:

	Provisions for other liabilities and charges
At 1 January 2014	6.184
Charged / (credited) to the income statement:	
- Additional provisions	170
- Unused amounts reversed	(60)
- Utilized during year	(70)
At 31 December 2014	6.224
Charged / (credited) to the income statement:	
- Additional provisions	219
- Utilized during year	(38)
At 31 December 2015	6.405

The majority of the amounts reported in the above category concern provisions for Legal affairs.

20 Other long term liabilities

	As at	
	31 December 2015	31 December 2014
Government grants	10.792	11.664
Other Long Term Liabilities	11.882	10.197
Total	22.674	21.861

Government grants

Advances by the Government to the Group's entities relate to property plant and equipment. Amortization for 2015 amounted to €2,1 million (2014: €3,1 million).

Other long term liabilities

Other long term liabilities refer mainly to guarantees received from petrol station dealers/ managers of the Group's retail companies in order to ensure that contract terms and conditions are met.

21 Derivative financial instruments

Commodity Derivative type	31 December 2015				31 December 2014			
	Notional Amount		Assets	Liabilities	Notional Amount		Assets	Liabilities
	<u>MT'000</u>	<u>Bbls'000</u>	€	€	<u>MT'000</u>	<u>Bbls'000</u>	€	€
Commodity Swaps	-	2.948	-	34.814	-	2.916	-	60.087
	-	2.948	-	34.814	-	2.916	-	60.087
Total			-	34.814			-	60.087

	31 December 2015		31 December 2014	
	Assets	Liabilities	Assets	Liabilities
Non-current portion				
Commodity swaps	-	-	-	-
Current portion				
Commodity swaps	-	34.814	-	60.087
	-	34.814	-	60.087
Total	-	34.814	-	60.087

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

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

Derivatives designated as cash flow hedges

During the year ended 31 December 2015 amounts transferred to the statement of comprehensive income, relating to contracts that were settled during the year, amounted to €2.548 loss, net of tax (2014: €3.586 loss, net of tax).

The remaining cash flow hedges are highly effective and the movement in their fair value, amounting to a loss of €4.802 net of tax as at 31 December 2015, (2014: €4.773 loss, net of tax), is included in the hedging reserve (see Note 14).

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

22 Employee costs

	For the year ended	
	31 December 2015	31 December 2014
Wages and salaries	156.323	156.519
Social security costs	38.100	42.653
Pension costs	9.801	9.692
Other employment benefits	16.282	27.531
Total	220.506	236.395

Other employment benefits include medical insurance, catering and transportation expenses. They also include expenses paid to employees as part of the voluntary retirement scheme (VRS) which are approximately €1

million (2014: €14 million), included in “Other operating income/(expenses) and other gains/ (losses)” (Note 24).

23 Exploration and Development expenses

Geological and geophysical costs are expensed as incurred (2015: €0,5 million and 2014: €4,3 million) and relate mainly to exploration operations in the Gulf of Patraikos Lease-Area offshore Greece, in a joint operation between HELPE Patraikos (50%, operator), Edison International SpA (50%) and Petroceltic Resources Plc (was a participant for the year 2015 but transferred its rights to Edison & HELPE Patraikos within 2016). The Lease Agreement for the offshore area of the Gulf of Patraikos has been ratified by the Greek Parliament and has been published in the Greek Government Gazette as Law No. 4299 - Volume A, 221/03-10-14.

In 2015 exploration license costs relating to Patraikos area have been capitalized within intangible assets (€0,4m) and are being amortised over the term of the exploration period.

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

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

	For the year ended	
	31 December 2015	31 December 2014
Income from Grants	2.121	3.096
Services to 3rd Parties	2.369	2.901
Rental income	11.044	12.809
Profit / (loss) from the sale of PPE - net	(614)	3.936
Insurance compensation	1.357	1.243
Voluntary retirement scheme cost	(1.448)	(14.114)
Other operating income / (expenses)	340	574
Total other operating income / (expenses)	15.169	10.445
Impairment of investment in associate	(7.000)	-
Other operating gains / (losses)	1.258	325
Total other operating income / (expenses) - net	9.427	10.770

Rental income relates to long term rental of petrol stations, let to dealers. Other operating income / (expenses) – net include income or expenses which do not relate to the trading activities of the Group. Other operating gains / (losses) include profit from open market purchases relating to Eurobonds (Note 16). Impairment of investment in associate relates to Elpedison B.V (Note 8).

25 Finance (Expenses) / Income - Net

	For the year ended	
	31 December 2015	31 December 2014
Interest income	8.797	8.841
Interest expense and similar charges	(209.842)	(223.871)
Finance costs -net	(201.045)	(215.030)

In addition to the finance cost shown above, an amount of €2,3 million of finance costs (2014: €2,1 million) have been capitalised for the year ended 31 December 2015, as explained in Note 6.

26 Currency exchange gains / (losses)

Foreign currency exchange losses of €27 million relate to marked-to-market losses on US\$ denominated liabilities, due to the US \$ strengthening against the Euro as of 31 December 2015, compared to the beginning of the year (31 December 2014: €9 million).

27 Income tax expense

	For the year ended	
	31 December 2015	31 December 2014
Current tax	(9.705)	(9.211)
Deferred tax (Note 17)	15.768	125.516
Total (Charge) / Credit	6.063	116.305

The corporate income tax rate of legal entities in Greece is set at 29% for 2015 onwards (2014: 26%).

Effective for fiscal years ending 31 December 2011 onward, Greek companies meeting certain criteria have to be audited on an annual basis by their statutory auditor in respect of compliance with tax law. This audit leads to the issuance of a Tax Certificate which under certain conditions, substitutes the full tax audit by the tax authorities, however the tax authorities reserve the right of future tax audit. All Group companies based in Greece have been audited by their respective statutory auditor and have received a Tax Compliance report with no findings, for fiscal years up to 2014 (inclusive).

Unaudited income tax years

The unaudited income tax years of the parent company and its most significant subsidiaries are set out below. As a result their income tax obligations are not considered final.

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

Issuance of tax certificates for the fiscal year 2015 is expected within the 2nd quarter of 2016.

Management believes that no additional material liability will arise as a result of unaudited tax years over and above the tax liabilities and provisions recognised in the consolidated financial statements for the period ended 31 December 2015.

Other Taxes

Provisional VAT audits have been completed for:

- Hellenic Petroleum S.A. for the period up to and including December 2014,
- EKO S.A. up to and including October 2013.

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

Hellenic Petroleum S.A.
Consolidated Financial Statements in accordance with IFRS
for the year ended 31 December 2015
(All amounts in Euro thousands unless otherwise stated)

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

	For the year ended					
	31 December 2015			31 December 2014		
	Tax (charge)/ credit		After tax	Tax (charge)/ credit		After tax
Before tax	After tax	Before tax		After tax		
Available-for-sale financial assets	(272)	17	(255)	375	-	375
Cash flow hedges	25.273	(5.527)	19.746	(62.866)	16.991	(45.875)
Currency translation differences	(603)	-	(603)	185	-	185
Actuarial gains/ (losses) on defined benefit pension plans	1.818	(203)	1.615	(8.327)	2.093	(6.234)
Other comprehensive income	26.216	(5.713)	20.503	(70.633)	19.084	(51.549)

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

	For the year ended	
	31 December 2015	31 December 2014
Profit/(Loss) before tax	38.964	(484.895)
Tax (expense) / credit at Greek corporation tax rate of 29% (2014 - 26%)	(11.300)	126.073
Difference in overseas tax rates	7.162	1.944
Tax exempt results of shipping companies	3.062	3.040
Tax on income not subject to corporate tax	8.482	7.452
Tax on expenses not deductible for tax purposes	(7.070)	(10.045)
Utilization of previously unrecognized tax losses	1.937	5.261
Tax losses for which no deferred income tax was recognised	(5.204)	(1.733)
Adjustments to Deferred tax due to changes in tax rate	13.946	-
Adjustments for current tax of prior periods	(6.182)	(12.622)
Other	1.230	(3.065)
Tax (charge) / Credit	6.063	116.305

28 Earnings per share

Basic and diluted earnings per ordinary share are equal, as the effect of dilution is not material. Basic earnings per share are calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period.

	For the year ended	
	31 December 2015	31 December 2014
Earnings per share attributable to the Company Shareholders (expressed in Euro per share):	0,15	(1,20)
Net income attributable to ordinary shares (Euro in thousands)	46.684	(365.292)
Average number of ordinary shares outstanding	305.635.185	305.635.185

29 Dividends per share

The BOD will propose no dividend out of 2015 results to the upcoming AGM. The Board did not approve a change in dividend policy overall and will re-evaluate dividend payment during 2016.

30 Cash generated from operations

	Note	For the year ended	
		31 December 2015	31 December 2014
Profit before tax		38.964	(484.895)
Adjustments for:			
Depreciation and amortisation of property, plant & equipment and intangible assets	6,7	198.900	204.930
Amortisation of grants	20	(2.121)	(3.096)
Finance costs - net	25	201.045	215.030
Share of operating profit of associates	8	(21.518)	(28.245)
(Gain)/Loss from disposal of available for sale financial assets		6	-
Provisions for expenses & valuation charges		69.851	37.712
Foreign exchange (gains) / losses	26	26.753	9.198
Loss / (gain) on sale of property, plant and equipment		614	(3.936)
		512.494	(53.302)
Changes in working capital			
Decrease / (increase) in inventories		(50.492)	369.439
(Increase) / decrease in trade and other receivables		(73.892)	17.416
Increase / (decrease) in payables		106.249	541.979
		(18.135)	928.834
Net cash generated from operating activities		494.359	875.532

31 Contingencies and litigation

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

(a) Business issues

(i) Unresolved legal claims

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

(ii) Guarantees

The parent Company has provided letters of comfort and guarantees in favour of banks as security for loans granted by them to subsidiaries and associates of the Group, the outstanding amount of which as at 31 December 2015 was the equivalent of €1.427 million (31 December 2014: €1.403 million). Out of these, €1.322 million (31 December 2014: €1.294 million) are included in consolidated borrowings of the Group and presented as such in these financial statements.

(iii) International operations

The Group's international operations face a number of legal issues related to changes in local permits and tax regulations, however it is considered that they do not present any material impact. Such cases include a dispute in connection with the local tank depots of Jugopetrol AD in Montenegro, as well as the re-opening of the Commission for the Protection of Competition in Cyprus' investigation against the Petroleum companies operating there (wholesale), for the period from 1/10/2004 to 22/12/2006, according to which a fine of €14 million against the Company had been imposed in 2011. Management believes that no additional material

liabilities will arise as a result of these cases over and above those recognised in the consolidated financial statements.

(b) Taxation and customs

(i) Open tax years

Income tax audits for the Group's most important Greek legal entities have been completed up to and including 2009 with the exception of EKO where income tax audits have been concluded up to and including 2007, while an audit for 2008-2010 is in progress. Furthermore, for these legal entities, provisional tax audits mainly for the return of VAT have been concluded up to more recent dates for the same entities. Management estimates that no additional material liability will arise as a result of open tax years over and above the tax liabilities and provisions recognised in the consolidated financial statements.

It is noted that for fiscal years ending 31 December 2011 onwards, Greek legal entities are subject to annual tax audits from their statutory auditors. All the relevant Group companies were audited for financial years 2011-2014 obtaining unqualified tax audit certificates.

(ii) Assessments of customs and fines

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

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

The Company considers that the latter contestation will also be sustained by the Piraeus Court and that the relevant amounts will finally be recovered.

32 Commitments

(a) Capital commitments

Significant contractual commitments of the Group amount to €35 million (31 December 2014: €45 million), which mainly relate to improvements in refining assets.

(b) Operating lease commitments

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

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

	For the year ended	
	31 December 2015	31 December 2014
No later than 1 year	31.502	34.003
Later than 1 year and no later than 5 years	119.551	110.923
Later than 5 years	102.883	98.954
Total	253.936	243.880

(c) Letters of Credit

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

33 Related-party transactions

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

Transactions have been carried out with the following related parties:

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

	For the year ended	
	31 December 2015	31 December 2014
Sales of goods and services to related parties		
Associates	827.339	803.826
Joint ventures	499	386
Total	827.838	804.212
Purchases of goods and services from related parties		
Associates	855.792	826.593
Joint ventures	1.184	1.555
Total	856.976	828.148
Balances due to related parties		
Associates	73.348	36.088
Joint ventures	294	474
Total	73.642	36.562
Balances due from related parties		
Associates	42.062	40.839
Joint ventures	101	66
Total	42.163	40.905

The parent Company has provided letters of comfort and guarantees in favour of banks as security for loans granted by them to Elpedison B.V., the outstanding amount of which as at 31 December 2015 was the equivalent of €105 million (31 December 2014: €108 million).

- b) Parties which are under common control with the Group due to the shareholding and control rights of the Hellenic State and have material transactions with the Group:
- Public Power Corporation Hellas S.A.
 - Hellenic Armed Forces
 - Road Transport S.A.
 - Trainose S.A.

During 2015, Group's sales of goods and services to government related entities amounted to €281 million (2014: €359 million) and Group's purchases of goods and services to €49 million (2014: €43 million). At 31 December 2015, the Group had a total amount due from government related entities of €31 million (2014: €39 million) and a total amount due to government related entities of €10 million (2014: €10 million).

Total receivables (trade and other) due from the Greek state and its related entities amount to €281 million (31 December 2014: € 275 million).

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

	For the year ended 31 December 2015			For the year ended 31 December 2014		
	Short term employee benefits	Termination benefits	Number of Members/ Managers	Short term employee benefits	Termination benefits	Number of Members/ Managers
BOD Executive Members	1.370	608	8	1.358	-	5
BOD Non Executive Members	633	445	15	325	-	9
General Managers	1.629	757	12	2.196	-	8
Total	3.632	1.810		3.879	-	

The above table includes benefits paid or payable to Members/Managers for the period that they held the specific position. In instances where a Member/Manager is concurrently a BOD Member as well as a General Manager, the respective benefits are included in the former category. The Number of Members/Managers refers to Members/Managers who were included in one of the above categories even for part of the period.

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

COMPANY NAME	ACTIVITY	COUNTRY OF REGISTRATION	EFFECTIVE	METHOD OF CONSOLIDATION
			PARTICIPATION PERCENTAGE	
EKO S.A	Marketing	GREECE	100,00%	FULL
HELLENIC FUELS S.A.	Marketing	GREECE	100,00%	FULL
EKOTA KO S.A.	Marketing	GREECE	49,00%	FULL
EKO KALYPSO M.E.P.E.	Marketing	GREECE	100,00%	FULL
EKO ATHINA MARITIME COMPANY	Vessel owning	GREECE	100,00%	FULL
EKO ARTEMIS MARITIME COMPANY	Vessel owning	GREECE	100,00%	FULL
EKO DIMITRA MARITIME COMPANY	Vessel owning	GREECE	100,00%	FULL
EKO IRA MARITIME COMPANY	Vessel owning	GREECE	100,00%	FULL
EKO AFRODITI MARITIME COMPANY	Vessel owning	GREECE	100,00%	FULL
EKO BULGARIA EAD	Marketing	BULGARIA	100,00%	FULL
EKO SERBIA AD	Marketing	SERBIA	100,00%	FULL
HELLENIC PETROLEUM INTERNATIONAL S.A.	Holding	AUSTRIA	100,00%	FULL
HELPE CYPRUS LTD	Marketing	U.K	100,00%	FULL
RAMOIL S.A.	Marketing	CYPRUS	100,00%	FULL
HELLENIC PETROLEUM BULGARIA (HOLDINGS) LTD	Holding	CYPRUS	100,00%	FULL
HELLENIC PETROLEUM BULGARIA PROPERTIES LTD	Marketing	BULGARIA	100,00%	FULL
HELLENIC PETROLEUM SERBIA (HOLDINGS) LTD	Holding	CYPRUS	100,00%	FULL
JUGOPETROL AD	Marketing	MONTENEGRO	54,35%	FULL
GLOBAL ALBANIA S.A	Marketing	ALBANIA	99,96%	FULL
ELPET BALKANIKI S.A.	Holding	GREECE	63,00%	FULL
VARDAX S.A	Pipeline	GREECE	50,40%	FULL
OKTA CRUDE OIL REFINERY A.D	Refining	FYROM	51,35%	FULL
ASPROFOS S.A	Engineering	GREECE	100,00%	FULL
DIAXON S.A.	Petrochemicals	GREECE	100,00%	FULL
POSEIDON MARITIME COMPANY	Vessel owning	GREECE	100,00%	FULL
APOLLON MARITIME COMPANY	Vessel owning	GREECE	100,00%	FULL
HELLENIC PETROLEUM FINANCE PLC	Treasury services	U.K	100,00%	FULL
HELLENIC PETROLEUM CONSULTING	Consulting services	GREECE	100,00%	FULL
HELLENIC PETROLEUM R.E.S S.A.	Energy	GREECE	100,00%	FULL
HELPE-LARCO ENERGI AKI SERVION S.A.	Energy	GREECE	51,00%	FULL
HELPE-LARCO ENERGI AKI KOKKINO U S.A.	Energy	GREECE	51,00%	FULL
ENERGI AKI PYLOY METHONIS S.A.	Energy	GREECE	100,00%	FULL
HELPE PATRAIKOS S.A.	E&P of hydrocarbons	GREECE	100,00%	FULL
HELPE UPSTREAM S.A	E&P of hydrocarbons	GREECE	100,00%	FULL
ELPEDISON B.V.	Power Generation	NETHERLANDS	50,00%	EQUITY
SAFCO S.A.	Airplane Fuelling	GREECE	33,33%	EQUITY
DEPA S.A.	Natural Gas	GREECE	35,00%	EQUITY
E.A.K.A.A S.A.	Pipeline	GREECE	50,00%	EQUITY
HELPE THRAKI S.A	Pipeline	GREECE	25,00%	EQUITY
BIODIESEL S.A.	Energy	GREECE	25,00%	EQUITY
SUPERLUBE LTD	Lubricants	CYPRUS	65,00%	EQUITY
DMEP HOLDCO LTD	Trade of crude/products	U.K	48,00%	EQUITY

Subsidiaries with non- controlling interests are not material for the Group.

35 Events after the end of the reporting period

On 16 January 2016, the European Union decided to lift all economic and financial sanctions against Iran. On the same date, U.S and other International Restrictive Measures were also partially lifted. In light of the above developments, Hellenic Petroleum and NIOC executed a Heads of agreement on 22 January 2016 for the recommencement of their commercial relationship for the supply of crude and for the settlement of the overdue amounts. For more information please refer to Note 15 herein.



1.2 Parent Company Financial Statements

HELLENIC PETROLEUM S.A.

Financial Statements
in accordance with IFRS for the
year ended 31 December 2015



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

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Company Information

Directors

Efstathios Tsotsoros – Chairman of the Board
Grigorios Stergioulis – Chief Executive Officer
Andreas Shiamishis – Member
Ioannis Psychogios – Member
Georgios Grigoriou – Member
Georgios Maloglou – Member
Dimitrios Kontofakas – Member
Theodoros–Achilleas Vardas – Member
Theodoros Pantalakis – Member
Konstantinos Papagiannopoulos – Member
Panagiotis Ofthalmides – Member
Spyridon Pantelias – Member
Stratis Zafiris – Member

Other Board during the year

Members Ioannis Papatthanasiou-Chairman of the Board (Until 7/5/2015)
John Costopoulos – Chief Executive Officer (Until 7/5/2015)
Georgios Alexopoulos – Member (Until 3/12/2015)
Sotirios Kontonasios – Member (Until 15/10/2015)
Aggelos Chatzidimitriou – Member (Until 7/5/2015)
Vassilios Nikolettopoulos – Member (Until 7/5/2015)
Ioannis Raptis – Member (Until 7/5/2015)
Ioannis Sergopoulos – Member (Until 7/5/2015)
Christos Razelos – Member (Until 7/5/2015)

Auditors:

PricewaterhouseCoopers S.A.
268 Kifissias Ave.
152 32 Halandri
Greece



Independent auditor's report

To the Shareholders of Hellenic Petroleum S.A.

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of Hellenic Petroleum S.A. (the "Company") which comprise the statement of financial position as of 31 December 2015 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hellenic Petroleum S.A. as at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

- a) Included in the Board of Directors' Report is the corporate governance statement that contains the information that is required by paragraph 3d of article 43a of Codified Law 2190/1920.
- b) We verified the conformity and consistency of the information given in the Board of Directors' report with the accompanying financial statements in accordance with the requirements of articles 43a (par.3a), 108 and 37 of Codified Law 2190/1920.



PricewaterhouseCoopers S.A.
Certified Auditors - Accountants
268, Kifissias Avenue
152 32 Halandri
SOEL Reg. No. 113

Athens, 25 February 2016

Certified Auditor Accountant

Konstantinos Michalatos
SOEL Reg. No. 17701

Statement of Financial Position

		As at	
	Note	31 December 2015	31 December 2014
ASSETS			
Non-current assets			
Property, plant and equipment	6	2.774.026	2.767.874
Intangible assets	7	8.371	11.477
Investments in subsidiaries, associates and joint ventures	8	656.326	659.826
Deferred income tax assets	17	177.639	174.573
Available-for-sale financial assets		50	50
Loans, advances and long-term assets	9	16.654	142.980
		3.633.066	3.756.780
Current assets			
Inventories	10	580.747	543.783
Trade and other receivables	11	1.001.818	899.057
Cash, cash equivalents and restricted cash	12	1.839.156	1.593.262
		3.421.721	3.036.102
Total assets		7.054.787	6.792.882
EQUITY			
Share capital	13	1.020.081	1.020.081
Reserves	14	438.818	429.994
Retained Earnings		(234.008)	(273.388)
Total equity		1.224.891	1.176.687
LIABILITIES			
Non-current liabilities			
Borrowings	16	1.536.414	1.760.493
Retirement benefit obligations	18	77.500	74.495
Provisions for other liabilities and charges	19	3.000	3.000
Other long term liabilities	20	12.400	11.618
		1.629.314	1.849.606
Current liabilities			
Trade and other payables	15	2.744.965	2.614.360
Derivative financial instruments	21	34.814	60.087
Current income tax liabilities		-	16.901
Borrowings	16	1.419.687	1.010.114
Dividends payable		1.116	65.127
		4.200.582	3.766.589
Total liabilities		5.829.896	5.616.195
Total equity and liabilities		7.054.787	6.792.882

The Notes on pages 11 to 58 are an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 25 February 2016.

E. Tsotsoros

G. Stergioulis

A. Shiamishis

S. Papadimitriou

Chairman of the Board

Chief Executive Officer

Chief Financial Officer
Board Member

Accounting Director

Statement of Comprehensive Income

	Note	For the year ended	
		31 December 2015	31 December 2014
Sales		6.584.471	8.750.184
Cost of sales		(6.202.430)	(8.873.491)
Gross profit		382.041	(123.307)
Selling and distribution expenses		(123.818)	(112.547)
Administrative expenses		(74.609)	(75.684)
Exploration and development expenses	23	(890)	(4.266)
Other operating income/(expenses) - net	24	(185)	(1.174)
Dividend income		32.659	68.974
Operating profit / (loss)		215.198	(248.004)
Finance (expenses)/income - net	25	(166.572)	(173.251)
Currency exchange losses	26	(25.901)	(5.540)
Profit / (loss) before income tax		22.725	(426.795)
Income tax	27	4.816	113.245
Profit / (Loss) for the year		27.541	(313.550)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial gains / (losses) on defined benefit pension plans	18	917	(3.939)
		917	(3.939)
Items that may be reclassified subsequently to profit or loss:			
Fair value losses on cash flow hedges	14	(4.802)	(44.773)
Derecognition of gains/(losses) on hedges through comprehensive income	14	24.548	(3.586)
Other Comprehensive income / (loss) for the year, net of tax		20.663	(52.298)
Total comprehensive income/(loss) for the period		48.204	(365.848)
Basic and diluted earnings per share (expressed in Euro per share)	28	0,09	(1,03)

The Notes on pages 11 to 58 are an integral part of these financial statements.

Statement of Changes in Equity

	Note	Share Capital	Reserves	Retained Earnings	Total Equity
Balance at 1 January 2014		1.020.081	561.694	24.594	1.606.369
Actuarial gains/(losses) on defined benefit pension plans		-	(3.939)	-	(3.939)
Fair value gains / (losses) on cash flow hedges	14	-	(44.773)	-	(44.773)
Derecognition of gains/(losses) on hedges through comprehensive income	14	-	(3.586)	-	(3.586)
Other comprehensive income		-	(52.298)	-	(52.298)
Profit / (Loss) for the year		-	-	(313.550)	(313.550)
Total comprehensive income for the year		-	(52.298)	(313.550)	(365.848)
Share based payments	13	-	(24)	275	251
Distribution of tax free reserves		-	(64.277)	192	(64.085)
Transfer to tax on distributed tax free reserves		-	(15.101)	15.101	-
Balance at 31 December 2014		1.020.081	429.994	(273.388)	1.176.687
Actuarial gains/(losses) on defined benefit pension plans	18	-	917	-	917
Fair value gains / (losses) on cash flow hedges	14	-	(4.802)	-	(4.802)
Derecognition of gains/(losses) on hedges through comprehensive income	14	-	24.548	-	24.548
Other comprehensive income / (loss)		-	20.663	-	20.663
Profit / (Loss) for the year		-	-	27.541	27.541
Total comprehensive income for the year		-	20.663	27.541	48.204
Share based payments	13	-	(2.893)	2.893	-
Transfers to / from reserves	14	-	(8.946)	8.946	-
Balance at 31 December 2015		1.020.081	438.818	(234.008)	1.224.891

The Notes on pages 11 to 58 are an integral part of these financial statements.

Statement of Cash flows

	Note	For the year ended	
		31 December 2015	31 December 2014
Cash flows from operating activities			
Cash generated from operations	30	436.769	691.270
Income tax paid		(16.993)	(13.440)
Net cash generated from operating activities		419.776	677.830
Cash flows from investing activities			
Purchase of property, plant and equipment & intangible assets		(134.691)	(107.783)
Proceeds from disposal of property, plant and equipment & intangible assets		812	-
Grants received		1.182	-
Dividends received		32.659	48.171
Interest received	25	20.663	20.589
Participation in share capital increase of subsidiaries & associates		(3.500)	(13)
Net cash used in investing activities		(82.875)	(39.036)
Cash flows from financing activities			
Interest paid		(186.577)	(168.930)
Dividends paid		(64.011)	(363)
Repayments of borrowings		(326.743)	(694.169)
Proceeds from borrowings		475.892	1.045.119
Net cash (used in) /generated from financing activities		(101.439)	181.657
Net increase in cash, cash equivalents and restricted cash		235.462	820.451
Cash, cash equivalents and restricted cash at beginning of the year	12	1.593.262	739.311
Exchange gains / (losses) on cash, cash equivalents and restricted cash		10.432	33.500
Net increase in cash, cash equivalents and restricted cash		235.462	820.451
Cash, cash equivalents and restricted cash at end of the year	12	1.839.156	1.593.262

The Notes on pages 11 to 58 are an integral part of these financial statements.

Notes to the financial statements

1 General information

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

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

The financial statements of Hellenic Petroleum S.A. for year ended 31 December 2015 were approved for issue by the Board of Directors on 25 February 2016. The shareholders of the Company have the power to amend the financial statements after their issuance.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The financial statements of Hellenic Petroleum S.A. for the year ended 31 December 2015 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (“IASB”), as adopted by the European Union (“EU”) and present the financial position, results of operations and cash flows on a going concern basis. In this respect Management has concluded that (a) the going concern basis of preparation of the accounts is appropriate, and (b) all assets and liabilities are appropriately presented in accordance with the Company’s accounting policies.

The financial statements have been prepared on a historical cost basis, except for the following:

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

The preparation of financial statements, in accordance with IFRS, requires the use of critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 “Critical accounting estimates and judgments”. These estimates are based on management’s best knowledge of current events and actions; actual results ultimately may differ from those estimates.

2.1.1 New standards, amendments to standards and interpretations

(a) New and amended standards adopted by the Company.

The Company has applied the following standards and amendments for the first time for the annual reporting period commencing 1 January 2015:

- Annual Improvements to IFRSs 2013 (effective for annual periods beginning on or after 1 January 2015):

The amendments set out below describe the key changes to three IFRSs following the publication of the results of the IASB's 2011-13 cycle of the annual improvements project.

- *IFRS 3 “Business combinations”*. This amendment clarifies that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11 in the financial statements of the joint arrangement itself.
- *IFRS 13 “Fair value measurement”*. The amendment clarifies that the portfolio exception in IFRS 13 applies to all contracts (including non-financial contracts) within the scope of IAS 39/IFRS 9.
- *IAS 40 “Investment property”*. The standard is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive.

The adoption of these amendments does not have significant impact for the Company.

(b) New standards and interpretations not yet adopted.

Certain new standards, amendments to standards and interpretations have been issued that are not mandatory for periods beginning during the current financial year. The Company's evaluation of the effect of these new standards, amendments to standards and interpretations is set out below.

- *Annual Improvements to IFRSs 2012 (effective for annual periods beginning on or after 1 February 2015):*

The amendments set out below describe the key changes to six IFRSs following the publication of the results of the IASB's 2010-12 cycle of the annual improvements project. The Company is currently evaluating the impact the amendments will have on its financial statements.

- *IFRS 2 “Share-based payment”*. The amendment clarifies the definition of a ‘vesting condition’ and separately defines ‘performance condition’ and ‘service condition’.
 - *IFRS 3 “Business combinations”*. The amendment clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32 “Financial instruments: Presentation”. It also clarifies that all non-equity contingent consideration, both financial and non-financial, is measured at fair value through profit or loss.
 - *IFRS 8 “Operating segments”*. The amendment requires disclosure of the judgments made by management in aggregating operating segments.
 - *IFRS 13 “Fair value measurement”*. The amendment clarifies that the standard does not remove the ability to measure short-term receivables and payables at invoice amounts in cases where the impact of not discounting is immaterial.
 - *IAS 16 “Property, plant and equipment”* and *IAS 38 “Intangible assets”*. Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.
 - *IAS 24 “Related party disclosures”*. The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity.
- *IAS 19R (Amendment) “Employee Benefits” (effective for annual periods beginning on or after 1 February 2015)*. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans and simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated

according to a fixed percentage of salary. The adoption of the amendment does not have significant impact for the Company.

- *Annual Improvements to IFRSs 2014 (effective for annual periods beginning on or after 1 January 2016):*

The amendments set out below describe the key changes to four IFRSs.

- *IFRS 5 “Non-current assets held for sale and discontinued operations”*. The amendment clarifies that, when an asset (or disposal group) is reclassified from ‘held for sale’ to ‘held for distribution’, or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such.
 - *IFRS 7 “Financial instruments: Disclosures”*. The amendment adds specific guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement and clarifies that the additional disclosure required by the amendments to IFRS 7, “Disclosure – Offsetting financial assets and financial liabilities” is not specifically required for all interim periods, unless required by IAS 34.
 - *IAS 19 “Employee benefits”*. The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise.
 - *IAS 34 “Interim financial reporting”*. The amendment clarifies what is meant by the reference in the standard to ‘information disclosed elsewhere in the interim financial report’.
- *IFRS 11 (Amendment) “Joint Arrangements” (effective for annual periods beginning on or after 1 January 2016)*. This amendment requires an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a ‘business’.
 - *IAS 16 and IAS 38 (Amendments) “Clarification of Acceptable Methods of Depreciation and Amortisation” (effective for annual periods beginning on or after 1 January 2016)*. This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate and it also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.
 - *IAS 27 (Amendment) “Separate financial statements” (effective for annual periods beginning on or after 1 January 2016)*. This amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements and clarifies the definition of separate financial statements.
 - *IFRS 10, IFRS 12 and IAS 28 (Amendments) “Investment Entities: Applying the Consolidation Exception” (effective for annual periods beginning on or after 1 January 2016)*. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. The amendments have not yet been endorsed by the EU.
 - *IAS 1 (Amendment) “Disclosure Initiative” (effective for annual periods beginning on or after 1 January 2016)*. These amendments clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.
 - *IFRS 15 “Revenue from Contracts with Customers” (effective for annual periods beginning on or after 1 January 2018)*. IFRS 15 has been issued in May 2014. The objective of the standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The

underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The standard has not yet been endorsed by the EU.

- *IFRS 9 “Financial Instruments” and subsequent amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2018)*. IFRS 9 replaces the guidance in IAS 39 which deals with the classification and measurement of financial assets and financial liabilities and it also includes an expected credit losses model that replaces the incurred loss impairment model used today. IFRS 9 establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model of IAS 39. The Company is currently investigating the impact of IFRS 9 on its financial statements. The Company cannot currently early adopt IFRS 9 as it has not been endorsed by the EU.
- *IFRS 16 “Leases” (effective for annual periods beginning on or after 1 January 2019)*. IFRS 16 has been issued in January 2016 and supersedes IAS 17. The objective of the standard is to ensure the lessees and lessors provide relevant information in a manner that faithfully represents those transactions. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Company is currently investigating the impact of IFRS 16 on its financial statements. The standard has not yet been endorsed by the EU.
- *IAS 12 (Amendments) “Recognition of Deferred Tax Assets for Unrealized Losses” (effective for annual periods beginning on or after 1 January 2017)*. These amendments clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. The amendments have not yet been endorsed by the EU.

2.2 Investments in affiliated companies

Investments in affiliated companies 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 is the chief operating decision-maker, who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

2.4 Foreign currency translation

(a) Functional and presentation currency

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

(b) *Transactions and balances*

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

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

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

2.5 Property, plant and equipment

Property, plant and equipment comprise mainly land, buildings, oil refineries and equipment. Property, plant and equipment are shown at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

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

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

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

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

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

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

2.6 Borrowing costs

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

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

2.7 Intangible assets

(a) Licences and rights

License 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.

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

(b) Computer software

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

2.8 Exploration for and Evaluation of Mineral Resources

(a) Exploration and evaluation assets

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

(b) Development of tangible and intangible assets

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of commercially proven development wells is capitalized within tangible and intangible assets

according to their nature. When development is completed on a specific field, it is transferred to production assets. No depreciation or amortization is charged during development.

(c) Oil and gas production assets

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

(d) Depreciation/amortization

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

(e) Impairment – exploration and evaluation assets

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

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

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

2.9 Impairment of non-financial assets

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). Prior impairments of non-financial assets, other than goodwill are reviewed for possible reversal at each reporting date.

2.10 Financial assets

2.10.1 Classification

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

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

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as 'held for trading' unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or

are expected to be realised within 12 months of the end of the reporting period, otherwise they are classified as non-current.

(b) Held to maturity investments

Held-to-maturity investments are non-derivative financial assets, quoted in an active market, with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity, other than those that the entity upon initial recognition designates as at fair value through profit or loss, available for sale or loans and receivables.

(c) Loans and receivables

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

(d) Available-for-sale financial assets

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

2.10.2 Reclassification

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

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

2.10.3 Recognition and measurement

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

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

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

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

2.10.4 Offsetting financial instruments

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

2.10.5 Impairment of financial assets

- (a) Assets carried at amortized cost

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

- (b) Assets classified as available for sale

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

2.11 Derivative financial instruments and hedging activities

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

- (a) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- (b) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

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

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

Cash flow hedges

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

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

Derivatives held for trading

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

2.12 Government grants

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

2.13 Inventories

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

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

Under IEA and EU regulations, Greece has a policy of maintaining 90 days of strategic stock reserves (Compulsory Stock Obligations). This responsibility is passed on to all companies who import and sell in the domestic market who have the responsibility to maintain and finance the appropriate stock levels. Such stocks are part of the operating stocks and are valued on the same basis.

2.14 Trade receivables

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

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

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

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

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.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated 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 recognized 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 capitalized as a pre-payment for liquidity services and amortized 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 recognized 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.

2.18 Current and deferred income tax

The tax expense or credit for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognized directly in equity. In this case, the tax is also recognized in equity.

The income tax or credit for the period is the tax payable 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.

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 and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The deferred income tax is not accounted for 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 income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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 tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

2.19 Employee benefits

(a) Pension obligations

The Company has both defined benefit and defined contribution plans.

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

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

For defined contribution plans, the Company pays contributions to publicly administered Social Security funds on a mandatory basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

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

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

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

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

(b) Termination benefits

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

(c) Share-based compensation

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

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

2.20 Trade and other payables

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

2.21 Provisions

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

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

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

2.22 Environmental liabilities

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

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

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

2.23 Revenue recognition

Revenue comprises the fair value of the sale of goods and services, net of value-added tax and any excise duties, rebates and discounts. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognised as follows:

(a) Sales of goods – wholesale

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

(b) Sales of services

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

(c) Interest income

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

(d) Dividend income

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

2.24 Leases

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

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

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

2.25 Dividend distribution

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

2.26 Changes in accounting policies

As stated in Note 2.1.1, the Company adopted the amendments included in IASB's 2011-2013 cycle of annual improvements for the first time for the annual reporting period commencing 1 January 2015. The adoption of these standards did not have significant impact on the Company's policies or disclosures.

2.27 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 (including Petrochemicals) 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 summarized as follows:

Greek Macros: Developments in Greece during the second half of 2015 (referendum and capital controls) had a negative effect on the Greek economy. The economy slipped back into recession in the second half of 2015 after growing in late 2014 and during the first half of 2015. GDP declined by -0,7% in 2015 compared to an increase of +0,8% in 2014. Domestic fuels consumption increased by +4,8% in 2015 mainly as a result of increased heating gasoil which is attributed to lower oil product prices and to the reduction of excise duties at the end of 2014. Motor fuels demand increased during the first half of 2015 by +2,8%, however during the second half of the year consumption followed a similar trend to GDP contracting by -1,3%, resulting in a year on year increase of +0,6%. Growth is projected to gain some momentum in the second half of 2016 as consumer confidence is expected to strengthen and as structural reforms take effect with the anticipation of boosting exports and investment. Inflation is expected to remain low due to the very depressed state of the economy and unemployment is expected to gradually decline.

Despite the deterioration of the Greek economy in 2015, the approval of an € 86 billion bailout programme in August and the successful recapitalisation of the 4 systemic banks during December were key steps towards the stabilisation of the macroeconomic and financial environment in Greece.

The bailout program was approved to be dispensed in allotments following the adoption of a series of agreed upon changes and austerity measures. Allotment of bailout funds commenced in tranches during 2015, however in order for Greece to secure the next tranche, the first review of the bailout program has to be completed. This is expected upon implementation of specific measures agreed as part of the agreement.

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

In this economic environment, management continually assesses the situation and its possible future impact to ensure that all necessary actions and measures are taken in order to minimize any impact on its operations.

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

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

Securing continuous crude oil supplies: Developments in the global and regional crude oil markets in the last 18 months have reduced the cost of raw material and increased optionality. Crude oil prices dropped by more than 70% compared to June 2014 peak. These developments led to lower cost of crude, for both sweet and especially sour grades, which represent the key source of feedstock for complex refiners like Hellenic Petroleum, improving the competitive position of Med refiners vs. their global peers and leading to higher refining margins, albeit with a significant one off inventory loss. The Company was able to take advantage of this development and diversify its crude basket compared to previous years.

Financing of operations: Given financial market developments since 2011, the key priorities of the Company have been the management of the 'Assets and Liabilities' maturity profile, funding with respect to the completion of its strategic investment plan and liquidity risk for operations. As a result of these key priority initiatives and in line with its medium term financing plan, Hellenic Petroleum has maintained a mix of long term, medium term and short term credit facilities by taking into consideration bank and debt capital markets' credit capacity as well as cash flow planning and commercial requirements. Approximately 50-55% of total debt is financed by medium to long term committed credit lines while the rest is financed by short term working capital credit facilities. During 2015 the Company concluded a €200 million three year facility to act as backstop facility for general corporate needs with one of its core relationship banks. Overall, during 2014-2015 the Company continued to diversify its funding sources, optimise its debt liability portfolio, extend the debt maturity profile and reduce financing costs despite the challenges presented in the domestic and international environment in 2015. Additional information is disclosed in paragraph c) Liquidity risk below and Note 16.

Capital controls: The Company responded to the imposition of capital controls, with all necessary measures and adjustments to its supply chain, enabling uninterrupted supply, refining and trading operations.

The measures imposed by the Greek government on 28 June 2015 restricted cross border payments of any kind without the prior written approval of a committee that has been set up for this purpose at the Ministry of Finance. Since initial imposition, capital controls are gradually being relaxed, with some responsibility for approvals being transferred to the banks for up to certain amounts, daily limits for the banking system increasing and other measures, thus facilitating international payments in the country. At present, there are no official restrictions on domestic transactions which are gradually being normalized.

The capital controls impact the ability of the Company to effect payments for imports of crude oil and products to its foreign suppliers if these are not approved by the committee. The risk is mitigated by the fact that imports of crude oil and fuel products are considered by the authorities as critical for the economy, taking priority over other payments. There has therefore been no adverse impact on the operations of the Group and this is expected to continue going forward. In addition, the Company maintains accounts with its foreign core relationship banks outside Greece which are funded by export receivables and can also be used to pay foreign suppliers. Therefore the risk of disruption to normal operations of the Company as a result of the imposition of capital controls is

considered low. The impact of capital controls on Company operations was limited as a result of appropriate planning and risk management

Capital management: The second key priority of the Company has been the management of Assets. Overall the Company has around €2,3 billion of capital employed, which is driven from working capital, investment in fixed assets and the investment in DEPA Group and its subsidiaries. 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 Company's investment plan, during the period 2007-2012, net debt level has increased to 48% of total capital employed while the rest is financed through shareholders equity. The Company has started reducing its net debt levels through utilization of the incremental operating cash flows, post completion and operation of the new Elefsina refinery, and plans to reduce these even further with the expected sale proceeds of its stake in DESFA, which 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 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) as well as borrowings 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 2015 if the Euro had weakened against the US dollar by 5% with all other variables held constant, pre-tax results would have been approximately €26 million lower, as a result of foreign exchange losses on translation of US dollar denominated receivables, payables 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 has impacted adversely 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 majority of 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 2015, 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 €15 million lower.

(b) Credit risk

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.

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

(c) Liquidity risk

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

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

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
31 December 2015				
Borrowings	1.531.800	515.029	1.068.758	71.963
Derivative financial instruments	34.814	-	-	-
Trade and other payables	2.720.243	-	-	-
31 December 2014				
Borrowings	1.131.334	456.913	1.391.022	120.655
Derivative financial instruments	60.087	-	-	-
Trade and other payables	2.588.908	-	-	-

The amounts included as loans in the table above do not correspond to the balance sheet amounts as they are the 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.

The Heads of agreement that was executed with NIOC in January 2016 is not reflected in the analysis above (see Note 15).

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 and to have in place an optimal capital structure from a cost perspective.

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

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

The gearing ratios at 31 December 2015 and 2014 were as follows:

	As at	
	31 December 2015	31 December 2014
Total Borrowings (Note 16)	2.956.101	2.770.607
Less: Cash, Cash Equivalents and restricted cash (Note 12)	(1.839.156)	(1.593.262)
Less: Available for sale financial assets	(50)	(50)
Net debt	1.116.895	1.177.295
Total Equity	1.224.891	1.176.687
Total Capital Employed	2.341.786	2.353.982
Gearing ratio	48%	50%

3.3 Fair value estimation

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

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

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2015:

	Level 1	Level 2	Level 3	Total balance
Assets				
Available for sale financial assets	50	-	-	50
	50	-	-	50
Liabilities				
Derivatives used for hedging	-	34.814	-	34.814
	-	34.814	-	34.814

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2015:

	Level 1	Level 2	Level 3	Total balance
Assets				
Available for sale financial assets	50	-	-	50
	50	-	-	50
Liabilities				
Derivatives used for hedging	-	60.087	-	60.087
	-	60.087	-	60.087

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

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

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

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of commodity swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

For the years ended 31 December 2015 and 31 December 2014, there were no transfers between levels.

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

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

4 Critical accounting estimates and judgements

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

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

(a) Income taxes

Estimates are required in determining the provision for income taxes that the Company is subjected, which may require significant judgement. There are some transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. 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) 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.

(c) Estimated impairment of investments and non-financial assets

The Company tests annually whether investments and non-financial assets have suffered any impairment in accordance with its accounting policies (See note 2.9). The recoverable amounts of cash generating units are determined based on value-in-use calculations. Significant judgement is involved in management's determination of these estimates.

(d) Fair value of derivatives and other financial instruments

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. 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.

(e) Pension benefits

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

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

(f) Provisions for legal claims

The Company has a number of legal claims pending against it. Management uses its judgment 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 made. 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.

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.

Information on the revenue and profit regarding the Company's operating segments is as follows:

Year ended 31 December 2015	Note	Refining	Petro-chemicals	Exploration & Production	Other	Total
Sales		6.321.068	263.403	-	-	6.584.471
Operating profit / (loss)		119.686	74.771	(3.738)	24.479	215.198
Finance costs - net	25					(166.572)
Currency exchange gains / (losses)						(25.901)
Profit / (Loss) before income tax						22.725
Income tax (expense)/credit	27					4.816
Profit / (Loss) for the year						27.541

Year ended 31 December 2014		Refining	Petro-chemicals	Exploration & Production	Other	Total
Sales		8.454.269	295.775	186	(46)	8.750.184
Operating profit / (loss)		(364.398)	54.542	(5.792)	67.644	(248.004)
Finance costs - net	25					(173.251)
Currency exchange gains / (losses)						(5.540)
Profit / (Loss) before income tax						(426.795)
Income tax (expense)/credit	27					113.245
Profit / (Loss) for the year						(313.550)

The segment assets and liabilities at 31 December 2015 and 2014 are as follows:

Year ended 31 December 2015	Refining	Petro-chemicals	Exploration & Production	Other	Total
Total Assets	6.176.037	216.791	5.591	656.368	7.054.787
Total Liabilities	5.036.346	56.811	11.328	725.412	5.829.898
Year ended 31 December 2014	Refining	Petro-chemicals	Exploration & Production	Other	Total
Total Assets	5.970.347	154.380	8.268	659.887	6.792.882
Total Liabilities	4.799.267	47.488	11.351	758.089	5.616.195

6 Property, plant and equipment

	Land	Buildings	Plant & Machinery	Motor vehicles	Furniture and fixtures	Assets Under Construction	Total
Cost							
As at 1 January 2014	115.396	512.286	3.466.320	14.290	79.928	123.820	4.312.040
Additions	-	4	6.518	48	1.876	98.584	107.030
Capitalised projects	-	5.593	106.380	21	379	(112.373)	-
Disposals	-	-	(228)	(52)	(47)	(275)	(602)
Transfers & other movements	-	-	943	-	-	(13.311)	(12.368)
As at 31 December 2014	115.396	517.883	3.579.933	14.307	82.136	96.445	4.406.100
Accumulated Depreciation							
As at 1 January 2014	-	147.226	1.284.709	9.425	65.966	-	1.507.326
Charge for the year	-	17.871	107.023	436	4.954	-	130.284
Disposals	-	-	(228)	(52)	(47)	-	(327)
Transfers & other movements	-	-	943	-	-	-	943
As at 31 December 2014	-	165.097	1.392.447	9.809	70.873	-	1.638.226
Net Book Value at 31 December 2014	115.396	352.786	2.187.486	4.498	11.263	96.445	2.767.874
Cost							
As at 1 January 2015	115.396	517.883	3.579.933	14.307	82.136	96.445	4.406.100
Additions	-	2	1.226	30	1.967	131.109	134.334
Capitalised projects	-	9.862	156.766	6	565	(167.199)	-
Disposals	-	-	(466)	(60)	(19)	(2.491)	(3.036)
Transfers & other movements	-	-	10.939	-	-	(5.051)	5.888
As at 31 December 2015	115.396	527.747	3.748.398	14.283	84.649	52.813	4.543.286
Accumulated Depreciation							
As at 1 January 2015	-	165.097	1.392.447	9.809	70.873	-	1.638.226
Charge for the year	-	17.853	109.925	399	3.315	-	131.492
Disposals	-	-	(381)	(60)	(17)	-	(458)
As at 31 December 2015	-	182.950	1.501.991	10.148	74.171	-	1.769.260
Net Book Value at 31 December 2015	115.396	344.797	2.246.407	4.135	10.478	52.813	2.774.026

- (1) The Company has not pledged any property, plant and equipment as security for borrowings.
- (2) During 2015 an amount of €2 million (2014: €2 million) in respect of interest has been capitalized within Assets under construction relating to the refining segment, at an average borrowing rate of 5,06% (2014: 6,19%).
- (3) ‘Transfers and other movements’ in assets under construction include the transfer of spare parts for the upgraded Elefsina units from fixed assets to inventories and the transfer of completed IT projects to intangible assets.
- (4) Depreciation expense of €131,5 million (2014: €130,3 million) and amortisation expense of €6,2 million (2014: €9,6 million) is allocated in the following lines of the statement of comprehensive income:
 - Cost of Sales €122,5 million (2014: €120,8 million),
 - Selling and distribution expenses €6,9 million (2014: €4,8 million),
 - Administration expenses €8,0 million (2014: €13,0 million), and
 - Exploration and development expenses €0,3 million (2014: €1,3 million)

7 Intangible assets

	Computer software	Licences & Rights	Total
Cost			
As at 1 January 2014	73.448	23.918	97.366
Additions	362	391	753
Transfers, acquisitions & other movements	9.196	358	9.554
As at 31 December 2014	83.006	24.667	107.673
Accumulated Amortisation			
As at 1 January 2014	66.276	20.314	86.590
Charge for the year	8.010	1.596	9.606
As at 31 December 2014	74.286	21.910	96.196
Net Book Value 31 December 2014	8.720	2.757	11.477
Cost			
As at 1 January 2015	83.006	24.667	107.673
Additions	357	-	357
Disposals	-	(368)	(368)
Transfers, acquisitions & other movements	3.082	-	3.082
As at 31 December 2015	86.445	24.299	110.744
Accumulated Amortisation			
As at 1 January 2015	74.286	21.910	96.196
Charge for the year	4.985	1.219	6.204
Disposals	-	(27)	(27)
As at 31 December 2015	79.271	23.102	102.373
Net Book Value 31 December 2015	7.174	1.197	8.371

- (1) '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.
- (2) 'Licenses & Rights' in 2014 include net exploration license costs relating to the Patraikos Gulf area. These were transferred to HELPE Patraikos SA, 100% subsidiary during 2015 (Note 23).

8 Investment in subsidiaries, associates and joint ventures

	As at	
	31 December 2015	31 December 2014
Beginning of the year	659.826	654.068
(Decrease) / Increase in share capital of subsidiaries	3.500	5.758
Impairment of investment in associates	(7.000)	-
End of the year	656.326	659.826

Name	Participating interest	Country of Incorporation
Asprofos SA	100,0%	Greece
Diaxon ABEE	100,0%	Greece
EKO ABEE	100,0%	Greece
ELPET Balkaniki S.A.	63,0%	Greece
HELPE Apollon Shipping Co	100,0%	Greece
HELPE International AG	100,0%	Austria
HELPE Poseidon Shipping Co	100,0%	Greece
HELPE Finance Plc	100,0%	United Kingdom
Helpe Renewable Energy Sources S.A.	100,0%	Greece
HELPE Upstream S.A.	100,0%	Greece
HELPE Patraikos S.A.	33,3%	Greece
Global Albania SA	99,9%	Albania
Public Gas Corporation of Greece S.A. (DEPA)	35,0%	Greece
ARTENIUS S.A.	35,0%	Greece
Athens Airport Fuel Pipeline Company S.A. (EAKAA)	50,0%	Greece
ELPEDISON B.V.	5,0%	Netherlands
Thraki SA	25,0%	Greece
STPC	16,7%	Greece
NAPC	16,7%	Greece
Greek Association of Independent Energy Producers	16,7%	Greece

- a) Increase in share capital of subsidiaries mainly relates to two newly established 100% subsidiaries, HELPE Upstream S.A. and HELPE Patraikos S.A.
- b) The Company owns a 5% shareholding in Elpedison B.V., a joint venture entity with EDISON International. Management of Elpedison S.A carried out an impairment test according to the requirements of IAS 36, based on the post-tax cash flows produced over the useful life of the company. The recent and anticipated future developments in the market and regulatory environment (change in remuneration mechanisms, 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. 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 estimated as the post-tax Weighted Average Cost of Capital (WACC).

In this framework, and taking into consideration 2015 developments and 2016 expectations by Management for changes in the market and regulatory environment, an impairment provision of €7 million was recorded in the investment cost of Elpedison B.V. in the statement of financial position as at 31 December 2015 and an impairment loss of the same amount was recognized in the statement of comprehensive income, as part of other income and expenses (note 24). Note that the assumptions and scenarios used could change in the future, particularly in an environment characterized by high volatility.

Relevant changes in the hypothesis retained e.g. in the annual flexibility remuneration and in discount rates, could have an impact on the value in use of the assets.

- c) The Company participates in the following jointly controlled operations with other third parties relating to exploration and production of hydrocarbons in Greece and abroad:
- Edison International SpA – HELPE Patraikos (Greece, Patraikos Gulf). Petroceltic Resources Plc, which participated in the joint operation during 2015, transferred its rights to both Edison and HELPE Patraikos within 2016.
 - Calfrac well services (Greece, Sea of Thrace concession)

d) Sale of DESFA

On the 16 February 2012, HELPE and the HRADF (jointly the “Sellers”) agreed to launch a joint sale process of their shareholding in DEPA Group aiming to sell in total 100% of the supply and trading activities and the shareholding of regional supply companies (DEPA S.A. and EPAs) and 66% of the high pressure transmission network (DESFA). This agreement was approved by HELPE’s EGM, dated 30 January 2012, and the decision specifically requires that any such transaction will be subject to the approval of a new EGM.

The sales process resulted in three non-binding offers received on 5 November 2012 and at the final stage, one binding offer for the purchase of 66% of DESFA shares by SOCAR (Azerbaijan’s Oil and Gas National Company). SOCAR’s final offer is for €400 million for 66% of DESFA; i.e. €212,1 million for HELPE’s 35% effective shareholding. Given that at present DESFA S.A. is a 100% subsidiary of DEPA, in order to complete the transaction, DESFA will be “unbundled” through a share distribution (treated as capital reduction of DEPA S.A.), to the two existing shareholders/sellers (i.e. HELPE 35% and HRADF 65%). Thus, once all approvals from the competent authorities are received, SOCAR will buy 35% directly from HELPE and 31% from HRADF.

On 2 August 2013 the Board of Directors of HELPE considered the offer for the sale of its 35% effective interest in DESFA as acceptable, and called for an Extraordinary General Meeting of the shareholders of the Company to approve the transaction. The EGM of the shareholders of the Company held on 2 September 2013 approved the transaction.

Prior to the Board of Directors’ meeting, the previous day, on 1 August 2013 the board of directors of HRADF had unanimously accepted the final offer of SOCAR.

The Share Purchase Agreement (SPA) for the sale of 66% of DESFA’s share capital was signed by HRADF, HELPE and SOCAR (Parties to the SPA) on 21 December 2013. According to this SPA the rights and obligations of the parties are conditional upon the occurrence of certain events (Conditions) such as the merger clearance of the transaction by the EU or national competition authorities (as applicable) and the certification of DESFA by the Regulatory Authority for Energy of the Hellenic Republic (“RAE”) in accordance with article 65 of L. 4001/2011 (“Energy Law”). RAE issued its final certification decision on 29 September 2014. Notification of the transaction to DG for Competition of the European Commission took place on 1 October 2014. On 5 November 2014, the European Commission opened an in depth investigation. The extent of commitments which may be required to be undertaken by SOCAR and the exact time required for the European Commission to issue a clearance decision cannot be controlled by the parties. On July 27th 2015, the Parties to the SPA executed Addendum No 2, by virtue of which the long stop date of the SPA has been further extended to 21 December 2015, while on 16 December 2015 Addendum No 3 was executed providing for an additional long stop date extension to 30 September 2016. Further to such agreement, the validity of the SOCAR performance guarantee has been extended accordingly.

Although the parties undertake valid commitments upon signing of the SPA, the effectiveness of the totality of the provisions of the SPA (including the transfer of shares and the payment of the consideration) remains subject to conditions, some of which lie beyond the control or diligent behaviour of the parties and, consequently, the completion of the transaction remains suspended and depends on the satisfaction of such conditions.

The cost of investment of the DEPA group in the Company’s financial statements is €237 million. The impact of the above transaction on the financial statements will be determined on the basis of the structure of the transaction (at present a spin-off process is provided for in the SPA) and timing of implementation.

Given that the transaction can only be completed upon receiving the approval of the relevant competent authorities, and given the timing of such approvals and the unbundling process that is still to be concluded, DEPA Group, as it currently stands, continues to be accounted for and included in these financial statements as an associate.

9 Loans, Advances and Long term assets

	As at	
	31 December 2015	31 December 2014
Loans and advances	13.900	137.900
Other long term assets	2.754	5.080
Total	16.654	142.980

Loans and advances relate to a three-year bond loan of €13,9 million extended in 2015 to ELPET Balkaniki, 63% subsidiary of Hellenic Petroleum S.A. Comparative amounts for 2014 included a three-year bond loan of €137,9 million extended in 2013 to EKO S.A., 100% subsidiary of Hellenic Petroleum S.A. The loan matures in 2016 and was reclassified to short-term receivables (Note 11). The loan has been extended for another three years within 2016.

Other long term assets include long-term trade receivables, which as of 31 December 2015 are discounted at a rate of 7,30% (2014: 7,30%).

10 Inventories

	As at	
	31 December 2015	31 December 2014
Crude oil	180.149	118.519
Refined products and semi-finished products	330.240	339.185
Petrochemicals	22.286	27.104
Consumable materials and other	72.444	69.245
- Less: Provision for Consumables and spare parts	(24.372)	(10.270)
Total	580.747	543.783

The Company is obliged to keep crude oil and refined products stocks in order to fulfil the EU requirement for compulsory Stock obligations (90 days stock directive), as legislated by Greek Law 3054/2002. Part of this obligation is delegated to a related company, OTSM.

The cost of inventories recognised as an expense and included in “Cost of sales” for 2015 is equal to €5,6 billion (2014: €8,4 billion). It should be highlighted that due to the decrease of crude oil and oil product prices during the last quarter of 2015, which also continued after the year-end, the Company has reported a loss arising from inventory valuation which is reflected in a write-down of the year end values. Write-down of inventories to net realisable value as at 31 December 2015 amounted to €23 million (2014: €104 million). This was recognised as an expense during the year ended 31 December 2015 and is included in cost of sales in the statement of comprehensive income. Management has estimated estimate the negative impact on the Company’s results from the decline of crude oil and product prices during the year and is included in cost of sales approximately €300 million (2014: €470 million).

11 Trade and other receivables

	As at	
	31 December 2015	31 December 2014
Trade receivables	387.856	394.399
- Less: Provision for impairment of receivables	(109.391)	(95.902)
Trade receivables net	278.465	298.497
Other receivables	728.945	603.636
- Less: Provision for impairment of receivables	(13.299)	(10.871)
Other receivables net	715.646	592.765
Deferred charges and prepayments	7.707	7.795
Total	1.001.818	899.057

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.

‘Other receivables’ include balances in respect of VAT, income tax prepayment, advances to suppliers and advances to personnel. More specifically other receivables include the following:

- a) Advances of €327 million extended to Hellenic Petroleum International A.G. (a Group company) for the transfer of 100% of the share capital of Hellenic Fuels S.A. (currently a direct subsidiary of Hellenic Petroleum International A.G.) at book value (31 December 2014: €327 million). The conclusion of the transfer is subject to final contract signing.
- b) VAT approved refunds amounting to €54m (31 December 2014: €54 million), withheld by the customs office due to a dispute relating to stock shortages (Note 31). Against this action the Company has filed a specific legal objection and claims against this action and expects to fully recover this amount following the conclusion of the relevant legal proceedings.
- c) The three-year bond loan of €138 million issued to EKO S.A. in 2013, a 100% subsidiary of Hellenic Petroleum S.A., reclassified from Loans, advances and long-term assets (Note 9).

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

The table below shows the segregation of trade receivables:

	As at	
	31 December 2015	31 December 2014
Total trade receivables	387.856	394.399
Amounts included above, which are past due:		
Past due, not impaired receivables balance	125.021	125.814
Past due, doubtful & impaired receivables balance	109.391	95.902
	234.412	221.716
Allowance for bad debts	109.391	95.902

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. Allowance is made for receivables that are doubtful of collection and have been assessed that they will result in a loss, net of any respective securities or collaterals obtained.

As of 31 December 2015 and 2014, the overdue days of trade receivables that were past due but not impaired are as follows:

	As at	
	31 December 2015	31 December 2014
Up to 30 days	60.305	98.806
30 - 90 days	6.906	3.520
Over 90 days	57.810	23.488
Total	125.021	125.814

As of 31 December 2015 and 2014, the overdue days of trade receivables that were past due and impaired are as follows:

	As at	
	31 December 2015	31 December 2014
Up to 30 days	-	-
30 - 90 days	-	-
Over 90 days	109.391	95.902
Total	109.391	95.902

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

	As at	
	31 December 2015	31 December 2014
Balance at 1 January	95.902	93.926
Charged / (credited) to the income statement:		
- Additional provisions	13.489	1.976
Balance at 31 December	109.391	95.902

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

12 Cash, cash equivalents and restricted cash

	As at	
	31 December 2015	31 December 2014
Cash at Bank and in Hand	983.600	697.600
Short term bank deposits	700.000	695.662
Cash and cash equivalents	1.683.600	1.393.262
Restricted Cash	155.556	200.000
Total cash, cash equivalents and restricted cash	1.839.156	1.593.262

Restricted cash relates to the proceeds of a loan concluded between Hellenic Petroleum S.A and Piraeus Bank, which have been provided as a guarantee to the European Investment Bank in relation to the Company's €200 million Facility Agreement B with the latter.

The outstanding balance under the EIB Facility Agreement B as at 31 December 2015 was €144 million, in accordance with the amortization schedule, whilst the outstanding balance of the Piraeus loan as at 31 December 2015 was €156 million. This is expected to be reduced to €144 million in the following months. The guarantee matured on 15 June 2015 and was renewed for an additional year. The effect of the loan and the deposit is a grossing up of the Statement of Financial Position but with no effect to the Net Debt and Net Equity position.

Cash and cash equivalents as at 31 December 2015 include the Euro equivalent of USD 813 million (2014: USD 905 million), amounting to €747 million (2014: €746 million).

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

	As at	
	31 December 2015	31 December 2014
Euro	0,24%	0,38%
USD	0,80%	0,80%

13 Share capital

	Number of Shares	Share Capital	Share premium	Total
	(authorised and issued)			
As at 1 January & 31 December 2014	305.635.185	666.285	353.796	1.020.081
As at 31 December 2015	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 2014: €2.18).

Share options

During the Annual General Meeting (AGM) of Hellenic Petroleum S.A. held on 25 May 2005, a share option scheme was approved, with the intention to link the number of share options granted to management with the results and performance of the Company. Subsequent AGMs have approved and granted the share options. The vesting period is 1 November to 5 December of the years 2014 – 2018.

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

Grant Date	Vesting Date	Expiry Date	Exercise Price	No. of share options as at	
				5 December	31 December 2014
2009	2011-15	2015	7,62	-	1.616.054
2012	2014-18	2018	4,52	1.479.933	1.479.933
Total				1.479.933	3.095.987

No stock options have been exercised during 2015 or during the previous year, due to the negative relationship between the exercise price and the share market price during the respective vesting periods.

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

	As at			
	31 December 2015		31 December 2014	
	Average Exercise Price in € per share	Options	Average Exercise Price in € per share	Options
At 1 January	6,14	3.095.987	6,62	3.435.548
Granted	-	-	-	-
Exercised	-	-	-	-
Lapsed	7,62	(1.616.054)	11,01	(339.561)
At 31 December	4,52	1.479.933	6,14	3.095.987

The value of lapsed stock options that were transferred to retained earnings in 2015 is €2,9 million (2014: 0,3 million).

14 Reserves

	Statutory reserve	Special reserves	Tax reserves	Hedging reserve	Share-based payment reserve	Actuarial gains/ (losses)	Total
Balance at 1 January 2014	118.668	86.495	351.322	3.895	3.663	(2.349)	561.694
Cash flow hedges: 21							
- Fair value gains/(losses) on cash flow hedges	-	-	-	(44.773)	-	-	(44.773)
- De-recognition of gains/(losses) on hedges through comprehensive income	-	-	-	(3.586)	-	-	(3.586)
Actuarial gains/(losses) on defined benefit pension plans	-	-	-	-	-	(3.939)	(3.939)
Share-based payments 13	-	-	-	-	(24)	-	(24)
Distribution of tax free reserves	-	-	(64.277)	-	-	-	(64.277)
Transfer of tax on distributed reserves	-	-	(15.101)	-	-	-	(15.101)
Balance at 31 December 2014	118.668	86.495	271.944	(44.464)	3.639	(6.288)	429.994
Cash flow hedges: 21							
- Fair value gains/(losses) on cash flow hedges	-	-	-	(4.802)	-	-	(4.802)
- De-recognition of gains/(losses) on hedges through comprehensive income	-	-	-	24.548	-	-	24.548
Actuarial gains/(losses) on defined benefit pension plans	-	-	-	-	-	917	917
Share-based payments 13	-	-	-	-	(2.893)	-	(2.893)
Transfers to/ from retained earnings	-	-	(8.798)	-	-	(148)	(8.946)
Balance at 31 December 2015	118.668	86.495	263.146	(24.718)	746	(5.519)	438.818

Statutory reserves

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

Special reserves

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

Tax free reserves

Tax free reserves include:

- (i) Tax deferred reserves – retained earnings which have not been taxed with the prevailing corporate income tax rate as allowed by Greek law under various statutes. Certain of these retained earnings will become liable to tax at the rate prevailing at the time of distribution to shareholders or conversion to share capital.
- (ii) Partially taxed reserves – retained earnings, which have been taxed at a rate less than the corporate tax rate as allowed by Greek law. Certain of these retained earnings will be subject to the remaining tax up to the corporate tax rate prevailing at the time of distribution to shareholders or conversion to share capital. In 2014 part of these reserves was distributed to the shareholders, in line with law 4172/2013.

Hedging reserve

The hedging reserve is used to record gains or losses on derivatives that are designated and qualify as cash flow hedges and that are recognised in other comprehensive income, as described in Note 21.

Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

15 Trade and other payables

	As at	
	31 December 2015	31 December 2014
Trade payables	2.633.351	2.519.287
Accrued Expenses	73.432	58.182
Other payables	38.182	36.891
Total	2.744.965	2.614.360

Trade payables comprise amounts payable or accrued in respect of supplies of crude oil, products, commodity derivative contracts and services. Since the imposition of capital controls on 28 June 2015 in Greece, open credit from suppliers has reduced materially.

Trade payables, as at 31 December 2015 and 31 December 2014, include overdue amounts in respect of crude oil imports from Iran which were received between December 2011 and March 2012 as part of a long term contract with NIOC. Despite repeated attempts to settle the payment for these cargoes through the international banking system between January and June 2012, it was not possible to do so. This was due to the fact that payments to Iranian banks and state entities were not accepted for processing by the International banking system due to US and International sanctions. After 30 June 2012, Hellenic Petroleum was prohibited to effect payments to NIOC by virtue of EU sanctions (Council Regulation (EU) No. 267/2012 of 23 March 2012). The Group duly notified its supplier of this restriction on payments and the inability to accept further crude oil cargoes under the contract, which is due to the EU sanctions posing legal constraints outside its control. As a result no deliveries of Iranian crude oil or payments have taken place post 30 June 2012, which was the EU imposed deadline.

On 18 October 2015, by Decision (CFSP) 2015/1863, the Council of the European Union (EU) decided to terminate implementation of all Union economic and financial sanctions against Iran, taking into account UNSCR 2231 (2015) and Annex B to UNSCR 2231 (2015), simultaneously with the IAEA-verified implementation by Iran of agreed nuclear-related measures. On 16 January 2016 (“Implementation Day”), by Decision (CFSP) 2016/37, the Council decided that Decision (CFSP) 2015/1863 shall apply from that date. On the same date U.S and other International Restrictive Measures were also partially lifted. In light of the above developments, Hellenic Petroleum and NIOC executed a Heads of agreement on 22 January 2016 for the recommencement of their commercial relationship for the supply of crude and for the settlement of the overdue amounts. Implementation of the agreement will be in full compliance with prevailing EU and international framework, including surviving sanctions. The impact of the agreement on the financial statements will be reflected in the next reporting period.

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

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

Accrued expenses and deferred income include the estimated cost of the CO2 emission rights required under the corresponding environmental legislation amounting to €16 million (2014: €5 million).

16 Borrowings

	As at	
	31 December 2015	31 December 2014
Non-current borrowings		
Bank borrowings	277.444	321.890
Bond loan	1.258.970	1.438.603
Non-current borrowings	1.536.414	1.760.493
Current borrowings		
Short term bank borrowings	1.375.243	965.670
Current portion of long-term bank borrowings	44.444	44.444
Total current borrowings	1.419.687	1.010.114
Total borrowings	2.956.101	2.770.607

The maturity of non-current borrowings is as follows:

	As at	
	31 December 2015	31 December 2014
Between 1 and 2 years	445.444	371.930
Between 2 and 5 years	991.303	1.244.452
Over 5 years	99.667	144.111
	1.536.414	1.760.493

The weighted average effective interest margins as at the reporting date were as follows:

Bank Borrowings	Currency	As at	
		31 December 2015	31 December 2014
Short-term			
- Floating Euribor + margin	Euro	5,28%	6,17%
- Floating Libor + margin	USD	5,54%	-
Long-term			
- Floating Euribor + margin	Euro	5,60%	5,94%
- Floating Libor + margin	USD	-	5,62%

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

	As at	
	31 December 2015	31 December 2014
Euro	2.591.813	2.443.122
US dollar	364.288	327.485
Total borrowings	2.956.101	2.770.607

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

Gross borrowings of the Company by maturity as at 31 December 2015 and 2014 are summarised on the table below:

	Maturity	As at	
		31 December 2015	31 December 2014
		(€ million)	(€ million)
1. Syndicated Bond loan €350 million	Jul 2018	341	338
2. Bond loan €400 million	Jun 2016	225	225
3. Bond loan €200 million	Jan 2018	199	-
4. European Investment Bank (“EIB”) Term loan	Jun 2022	289	333
5. HPF Bond Loan €488m	May 2017	401	456
6. HPF Bond Loan US\$ 397,6m	May 2016	364	327
7. HPF Bond Loan €317,6m	Jul 2019	318	318
8. Bilateral lines	Various	819	774
Total		2.956	2.771

1. Term loans

In July 2014 Hellenic Petroleum S.A. concluded a €350 million syndicated bond loan credit facility guaranteed by HPF, maturing in July 2018.

2. Bond Loan €400 million

In June 2014, Hellenic Petroleum S.A. extended the maturity date of a €400 million syndicated bond loan agreement from December 2014 to 30 December 2015 with a six month extension option, achieving at the same time improvements in cost and general terms and conditions. In September 2015 Hellenic Petroleum S.A. extended the maturity date to June 2016.

3. Committed 3 year credit facility €200 million

In line with the Group’s risk management strategy to increase the percentage of committed term credit facilities, Hellenic Petroleum S.A. concluded a €200 million committed credit facility in January 2015, with a tenor of 3 years, with National Bank of Greece.

4. EIB Term loans

On 26 May 2010, Hellenic Petroleum S.A. signed two loan agreements (Facilities A and B) with the European Investment Bank for a total amount of €400 million (€200 million each). The purpose of the loans was to finance part of the investment programme relating to the upgrade of the Elefsina Refinery. Both loans have a maturity of twelve years with amortization beginning in December 2013 and similar terms and conditions. Facility B is credit enhanced by a commercial bank guarantee (note 12). This is normal practice for EIB lending particularly during the construction phase of large projects. Total repayments on both loans up to 31 December 2015 amounted to € 111 million.

5. HPF Bond Loan €488m (Eurobond €500m)

In May 2013, HPF issued a €500 million four-year Eurobond, with an 8% annual coupon, maturing in May 2017. The Notes are guaranteed by Hellenic Petroleum S.A., are redeemable at maturity and are listed on the Luxembourg Stock Exchange. Subsequently the Company concluded a €488 million syndicated bond loan agreement with HPF and the proceeds were used to prepay existing indebtedness of €225 million and for general corporate purposes.

6. HPF Bond Loan \$397,6m (Eurobond \$400m)

In May 2014, HPF issued a two-year \$400 million Eurobond with a 4,625% annual coupon, maturing in May 2016. The Notes are guaranteed by Hellenic Petroleum S.A., are redeemable at maturity and are listed on the Luxembourg Stock Exchange. Subsequently the Company concluded a \$397,6 million syndicated bond loan agreement with HPF and the proceeds were used for general corporate purposes.

7. HPF Bond Loan €317,6 m (Eurobond €325m)

In July 2014 HPF issued a €325 million five-year Eurobond, with a 5,25% annual coupon, maturing in July 2019. The Notes, are guaranteed by Hellenic Petroleum S.A., are redeemable at the option of the issuer in July 2017 and are listed on the Luxembourg Stock Exchange. Subsequently the Company concluded a €317,6 million syndicated bond loan agreement with HPF and the proceeds were used to prepay existing indebtedness and for general corporate purposes.

8. Bilateral lines

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

Certain debt agreements that the Company enters into, include financial covenants, the most significant of which are the maintenance of certain ratios at Group level as follows: “Net Debt/EBITDA”, “EBITDA/Net Interest” and “Net Debt/Net Worth”. Management monitors the performance of the Group to ensure compliance with the above covenants.

17 Deferred income tax

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

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

	As at	
	31 December 2015	31 December 2014
Beginning of the year	174.573	25.056
Income statement recovery / (charge)	8.600	116.043
Charged / (released) to equity	(5.534)	18.373
Transfer of tax on distributed reserves to Current tax	-	15.101
End of year	177.639	174.573

Deferred tax relates to the following types of deductible / (taxable) temporary differences:

	As at	
	31 December 2015	31 December 2014
Intangible and tangible fixed assets	(163.912)	(127.553)
Inventory valuation	7.068	2.670
Environmental provision	4.575	1.405
Unrealised exchange gains	20.066	-
Employee benefits provision	24.624	19.939
Provision for bad debts	8.898	2.673
Derivative financial instruments at fair value	12.732	16.534
Net operating losses carried forward	219.914	219.677
Net interest cost carried forward (thin capitalisation)	41.966	41.152
Other temporary differences	1.708	(1.924)
Net deferred income tax asset/(liability)	177.639	174.573

Other temporary differences include differences on various provisions as well as the provisions for unaudited tax years.

Deferred tax assets relating to unused tax loss carry-forwards are recognised if it is probable that they can be offset against future taxable profits. As at 31 December 2015 a deferred tax asset on tax loss carry-forwards amounting to €220 million (2014: €220 million) was recognized, since, on the basis of the approved business plan, Management considers it probable that these can be offset against future taxable profits.

In 2014, thin capitalization rules as per art. 49 of law 4172/2013 were applied for the first time, whereby the net interest expense is deductible up to a certain percentage of tax EBITDA (60% for 2014, 50% for 2015 and 40% for 2016 and onwards). This resulted in deferred tax assets of €42 million as at 31 December 2015 (2014: €41 million) that can be offset against future taxable profits without time constraints.

18 Retirement benefit obligations

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

	As at	
	31 December 2015	31 December 2014
Statement of Financial Position obligations for:		
Pension benefits	77.500	74.495
Total as per Statement of Financial Position	77.500	74.495
For the year ended		
	31 December 2015	31 December 2014
Statement of Comprehensive Income charge for:		
Pension benefits	6.588	13.628
Total as per Statement of Comprehensive Income	6.588	13.628
For the year ended		
	31 December 2015	31 December 2014
Remeasurements for:		
Pension benefits	(926)	5.323
Total as per Statement of Other Comprehensive Income	(926)	5.323

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

	As at	
	31 December 2015	31 December 2014
Present value of funded obligations	5.195	5.003
Fair value of plan assets	(209)	(203)
Deficit of funded plans	4.986	4.800
Present value of unfunded obligations	72.514	69.695
Liability in the Statement of Financial Position	77.500	74.495

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

The movement in the defined benefit obligation over 2015 and 2014 is as follows:

	Present Value of Obligation	Fair Value of Plan Assets	Total
As at 1 January 2014	72.707	(180)	72.527
Current service cost	3.825	-	3.825
Interest expense/(income)	2.670	(53)	2.617
Past service costs and (gains)/losses on settlements	7.186	-	7.186
Statement of comprehensive income charge	13.681	(53)	13.628
Remeasurements:			
- Return on plan assets, excluding amounts included in Interest expense/(income)	-	63	63
- (Gain)/loss from change in demographic assumptions	0	-	0
- (Gain)/loss from change in financial assumptions	3.844	-	3.844
- Experience (gains)/losses	1.416	-	1.416
	5.260	63	5.323
Benefits paid directly by the Company/Contributions paid by the Company	(14.332)	(2.651)	(16.983)
Benefit payments from the plan	(2.618)	2.618	-
As at 31 December 2014	74.698	(203)	74.495
Current service cost	4.010	-	4.010
Interest expense/(income)	2.370	(16)	2.354
Past service costs and (gains)/losses on settlements	224	-	224
Statement of comprehensive income charge	6.604	(16)	6.588
Remeasurements:			
- Return on plan assets, excluding amounts included in Interest expense/(income)	-	13	13
- (Gain)/loss from change in financial assumptions	(1.988)	-	(1.988)
- Experience (gains)/losses	1.049	-	1.049
	(939)	13	(926)
Benefits paid directly by the Company/Contributions paid by the Company	(2.395)	(262)	(2.657)
Benefit payments from the plan	(259)	259	-
As at 31 December 2015	77.709	(209)	77.500

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

Balance at 31 December 2015	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Pension Benefits	3.778	1.976	8.898	99.571	114.223

Plan assets comprise the following:

	31 December 2015				31 December 2014			
	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%
Equity Instruments	0	-	0	0%	10	-	10	5%
Debt Instruments:								
- Government bonds	112	-	112	54%	90	-	90	44%
- Corporate bonds	55	-	55	26%	18	-	18	9%
Investment funds	42	-	42	20%	85	-	85	42%
Total	209	-	209		203	-	203	

The principal actuarial assumptions used were:

	As at	
	31 December 2015	31 December 2014
Discount Rate	3,50%	3,25%
Future Salary Increases	0,50%	0,50%
Inflation	0,50%	0,50%

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

	Impact on Defined Benefit Obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount Rate	0,50%	-4,84%	5,22%
Future Salary Increases	0,50%	5,32%	-4,96%

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

Expected contributions to defined benefit plans for the following year are €0,5 million. The weighted average duration of the defined benefit obligation is 10 years.

19 Provisions for other liabilities and charges

Included therein are provisions for legal cases whereby the likely outcome will not be in favour of the Company. Litigation provisions amounted to €3 million as of 31 December 2015 and 2014.

20 Other long term liabilities

	As at	
	31 December 2015	31 December 2014
Government grants	10.651	11.090
Other long term liabilities	1.749	528
Total	12.400	11.618

Government grants

Advances by the Government relate to property, plant and equipment. Amortization for 2015 amounted to €1,6 million (2014: €2,3 million).

Other long term liabilities

Other long term liabilities relate to sundry operating items and risks arising from the Company's ordinary activities.

21 Derivative financial instruments

Commodity Derivative type	31 December 2015				31 December 2014			
	Notional Amount		Assets	Liabilities	Notional Amount		Assets	Liabilities
	MT'000	Bbls'000	€	€	MT'000	Bbls'000	€	€
Commodity Swaps	-	2.948	-	34.814	-	2.916	-	60.087
	-	2.948	-	34.814	-	2.916	-	60.087
Total			-	34.814			-	60.087

	31 December 2015		31 December 2014	
	Assets	Liabilities	Assets	Liabilities
Non-current portion				
Commodity swaps	-	-	-	-
Current portion				
Commodity swaps	-	34.814	-	60.087
	-	34.814	-	60.087
Total	-	34.814	-	60.087

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

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

Derivatives designated as cash flow hedges

During the year ended 31 December 2015 amounts transferred to the statement of comprehensive income, relating to contracts that were settled during the year, amounted to €24.548 loss, net of tax (2014: €3.586 loss, net of tax).

The remaining cash flow hedges are highly effective and the movement in their fair value, amounting to a loss of €4.802 net of tax as at 31 December 2015 (2014: €44.773 loss, net of tax), is included in the hedging reserve (see Note 14).

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

22 Employee Costs

	For the year ended	
	31 December 2015	31 December 2014
Wages and salaries	115.335	116.027
Social security costs	28.957	29.969
Pension costs	6.927	6.903
Other employment benefits	11.002	16.636
Total	162.221	169.535

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

The comparative amounts for 2014 also include expenses paid to employees as part of the voluntary retirement scheme (VRS) of approximately €7 million, included in 'Other operating income/ (expenses) and other gains / (losses) (Note 24).

23 Exploration and development expenses

Geological and geophysical costs are expensed as incurred. In 2014 such costs related to exploration operations in the Gulf of Patraikos Lease-Area, offshore Greece, in a joint operation between the Company (Operator, 33,3%, Edison International SpA (33,3%) and Petroceltic Resources Plc (33,3% during 2015; it transferred its rights to the other two partners within 2016). The Lease Agreement for the offshore area of the Gulf of Patraikos was ratified by the Greek Parliament and was published in the Greek Government Gazette as Law No. 4299 – Vol.A, 221-3/10/2014. In 2015 the Company transferred its rights as Operator to its 100% subsidiary, HELPE Patraikos (Note 8).

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

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

	For the year ended	
	31 December 2015	31 December 2014
Income from grants' amortisation	1.621	2.277
Services to third parties	2.244	1.876
Rental income	1.327	1.593
Voluntary retirement scheme cost	-	(6.925)
Impairment of investment in associates	(7.000)	-
Other income / (expense)	1.623	5
Other operating income / (expenses) - net	(185)	(1.174)

Other operating income / (expenses) – net, include income and expenses which do not relate to the trading activities of the Company (e.g. rental income and sales of personnel services to subsidiaries). Impairment of investment in associates relates to Elpedison BV (Note 8).

25 Finance (Expenses)/ Income-Net

	As at	
	31 December 2015	31 December 2014
Interest income	20.663	20.589
Interest expense and similar charges	(187.235)	(193.840)
Finance costs - net	(166.572)	(173.251)

In addition to the finance cost shown above, an amount of €2 million of finance costs (2014: €2 million) have been capitalised for the year ended 31 December 2014, as explained in Note 6.

26 Currency exchange gains / (losses)

Foreign currency exchange losses of €26 million relate to marked-to-market losses on US\$ denominated liabilities, due to the US \$ strengthening against the Euro as of 30 December 2015, compared to the beginning of the year (31 December 2014: €5 million).

27 Income tax expense

	For the year ended	
	31 December 2015	31 December 2014
Current tax	(3.784)	(2.798)
Deferred tax (Note 17)	8.600	116.043
Total	4.816	113.245

The corporate income tax rate is set at 29% for 2015 onwards (2014: 26%).

Effective for fiscal years ending 31 December 2011 onward, Greek companies meeting certain criteria have to be audited on an annual basis by their statutory auditor in respect of compliance with tax law. This audit leads to the issuance of a Tax Certificate which, under certain conditions, substitutes the full tax audit by the tax authorities, however the tax authorities reserve the right of future tax audit. The Company has been audited by the statutory auditor and has received a Tax Compliance report with no findings, for fiscal years up to 2014 (inclusive).

Unaudited income tax years

The Company has not undergone a full tax audit for the financial year ended 31 December 2010. As a result income tax obligations are not considered final.

Issuance of tax certificates for the fiscal year 2015 is expected within the 2nd quarter of 2016.

Management believes that no additional material liability will arise as a result of the unaudited tax year over and above the tax liabilities and provisions recognised in the financial statements for the year ended 31 December 2015.

Other Taxes

Provisional VAT audits have been completed up to and including December 2014.

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

	For the year ended					
	31 December 2015			31 December 2014		
	Before tax	Tax (charge)/ credit	After tax	Before tax	Tax (charge)/ credit	After tax
Cash flow hedges	25.273	(5.527)	19.746	(65.350)	16.991	(48.359)
Actuarial gains/ (losses) on defined benefit pension plans	925	(8)	917	(5.323)	1.384	(3.939)
Other comprehensive income	26.198	(5.535)	20.663	(70.673)	18.375	(52.298)

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

	For the year ended	
	31 December 2015	31 December 2014
Profit / (loss) before Tax	22.725	(426.795)
Tax calculated at tax rates applicable to profits	(6.590)	110.967
Tax on income not subject to tax	9.471	17.933
Tax on expenses not deductible for tax purposes	(8.243)	(4.040)
Adjustments to Deferred tax due to changes in tax rate	18.664	-
Adjustments for current tax of prior periods	(8.627)	(9.751)
Other movements	141	(1.864)
Tax (Charge) / Credit	4.816	113.245

28 Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the year.

	As at	
	31 December 2015	31 December 2014
Earnings per share attributable to the Company Shareholders (expressed in Euro per share):	0,09	(1,03)
Net income attributable to ordinary shares (Euro in thousands)	27.541	(313.550)
Average number of ordinary shares outstanding	305.635.185	305.635.185

Diluted earnings per share were not materially different from basic earnings per share.

29 Dividends per share

The BOD will propose no dividend out of 2015 results to the upcoming AGM. The Board did not approve a change in dividend policy overall and will re-evaluate the dividend payment 2016.

30 Cash generated from operations

	Note	For the year ended	
		31 December 2015	31 December 2014
Profit before tax		22.725	(426.795)
Adjustments for:			
Depreciation and amortisation of property, plant & equipment and intangible assets	6,7	137.696	139.890
Grants amortisation		(1.621)	(2.277)
Finance costs - net	25	166.572	173.251
Provisions for expenses and valuation charges		52.948	12.303
(Gains) / Losses from disposal of PPE		866	(19)
Foreign exchange (gains) / losses	26	25.901	5.540
Dividend income		(32.659)	(68.974)
		372.428	(167.081)
Changes in working capital			
(Increase) / decrease in inventories		(62.309)	337.893
(Increase) / decrease in trade and other receivables		5.088	(15.852)
Increase in payables		121.562	536.310
		64.341	858.351
Net cash generated from operating activities		436.769	691.270

Provisions for expenses and valuation changes include impairment losses of €7 million relating to the write down of the Company's investment in Elpedison BV (note 8).

31 Contingencies and litigation

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

Business Issues

- (i) *Unresolved legal claims:* The Company is involved in a number of legal proceedings and has various unresolved claims pending arising in the ordinary course of business. Based on currently available information and the opinion of legal counsel, management believes the final outcome will not have a significant effect on the Company's operating results or financial position, over and above provisions already reflected in the financial statements (Note 19).
- (ii) *Guarantees:* The Company has provided letters of comfort and guarantees in favour of banks as security for loans granted by them to subsidiaries and associates of the Group, the outstanding amount of which as at 31 December 2015 was the equivalent of €1.427 million (31 December 2014: €1.403 million).

Taxation and Customs

- (iii) *Open tax years:* Income tax audits have been completed up to and including the financial year ended 31 December 2009. Furthermore, provisional tax audits mainly for the return of VAT have been concluded up to December 2014. Management estimates that no additional material liability will arise as a result of open tax years over and above the tax liabilities and provisions recognized in the financial statements.

It is noted that for financial years ending 31 December 2011 onwards, Greek legal entities are subject to annual tax audits from their statutory auditors. The Company was audited for the financial years ended 31 December 2011 – 2014 obtaining unqualified tax audit certificates.

- (i) *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. Management believes that this case will have a positive outcome when the court hearings take place.

However the Customs office withheld an amount of €54 million (full payment plus surcharges) of VAT approved refunds (Note 11), an action against which the Company filed two Contestations before the Administrative Courts of Athens and Piraeus. The Administrative Court of Athens ruled that the withholding effected by the Tax Office was done against the law. The Company considers that the latter contestation will also be sustained by the Piraeus Court and that the relevant amounts will finally be recovered.

32 Commitments

- (a) Capital commitments

Capital expenditure contracted for as of 31 December 2015 amounts to €32 million (31 December 2014: €45 million), mainly relating to improvements in refining assets.

- (b) Operating lease commitments – Company as a lessee

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

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

	For the year ended	
	31 December 2015	31 December 2014
No later than 1 year	3.935	3.330
Later than 1 year and no later than 5 years	19.104	13.909
Later than 5 years	-	4.421
Total	23.039	21.660

- (a) Letters of Credit

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

33 Related parties

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

	For the year ended	
	31 December 2015	31 December 2014
Sales of goods and services to related parties		
Group entities	2.320.404	2.839.225
Associates	825.916	801.068
Joint ventures	239	125
Total	3.146.559	3.640.418

Purchases of goods and services from related parties		
Group entities	50.459	58.728
Associates	853.691	824.470
Joint ventures	496	511
Total	904.646	883.709

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

	As at	
	31 December 2015	31 December 2014
Balances due to related parties		
Group entities	84.086	75.628
Associates	72.961	35.747
Joint ventures	266	263
Total	157.313	111.638

Balances due from related parties		
Group entities	433.088	515.317
Associates	39.252	37.872
Joint ventures	74	66
Total	472.414	553.255

Transactions and balances with related parties are in respect of the following:

- a) Hellenic Petroleum Group companies.
- b) Associates and joint ventures of the Hellenic Petroleum Group:
 - 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.
 - Biodiesel S.A.
 - Superlube S.A.
 - D.M.E.P. Holdco
- c) Parties which are under common control with the Company due to the shareholding and control rights of the Hellenic State:
 - Public Power Corporation Hellas S.A.

- Hellenic Armed Forces

During 2015, Company's sales of goods and services to government related entities amounted to €127 million (2014: €169 million) and Company's purchases of goods and services to €49 million (2014: €43 million). As at 31 December 2015, the Company had a total amount due from government related entities of €13 million (2014: €27 million) and a total amount due to government related entities of €10 million (2014: €10 million).

Total receivables (trade and other) due from the Hellenic state and its related entities amount to €182 million (31 December 2014: € 179 million).

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

	For the year ended 31 December 2015			For the year ended 31 December 2014		
	Short term employee benefits	Termination benefits	Number of Members/ Managers	Short term employee benefits	Termination benefits	Number of Members/ Managers
BOD Executive Members	1.353	608	8	1.340	-	5
BOD Non Executive Members	633	445	15	325	-	9
General Managers	1.580	757	12	2.141	-	8
Total	3.566	1.810		3.806	-	

The above table includes benefits paid or payable to Members/Managers for the period that they held the specific position. In instances where a Member/Manager is concurrently a BOD Member as well as a General Manager, the respective benefits are included in the former category. The Number of Members/Managers refers to Members/Managers who were included in one of the above categories even for part of the period.

34 Events after the end of the reporting period

On 16 January 2016, the European Union decided to lift all economic and financial sanctions against Iran. On the same date, U.S and other International Restrictive Measures were also partially lifted. In light of the above developments, Hellenic Petroleum and NIOC entered into a preliminary framework agreement on 22 January 2016 for the recommencement of their commercial relationship for the supply of crude and for the settlement of the overdue amounts. For more information please refer to Note 15 herein.



HELLENIC
PETROLEUM

2. Annual Report of the Board of Directors

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There were no material events after the end of the reporting period and up to the date of publication of the financial statements.	36
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Annual Report of the Board of Directors of Hellenic Petroleum SA on the Consolidated and Company Financial Statements for the Financial Year from January 1st to December 31st, 2015

Introduction

Dear Shareholders,

This Board of Directors' report covers the twelve-month period ending 31.12.2015. The report has been prepared in accordance with the relevant provisions of Codified Law 2190/1920, Law 3556/2007, article 4, and decision 7/448/11.10.2007 of the Hellenic Capital Markets Commission. The Consolidated and Company Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union.

This report includes a summary of the financial position and results of the Group (Hellenic Petroleum) and the parent company Hellenic Petroleum SA, description of significant events that took place during the current financial year, a description of anticipated significant risks and uncertainties for the following financial year, a disclosure of material transactions that took place between the Company and Group and their related parties as well as a presentation of data and estimates of qualitative nature for the development of operations of the Company and the Group for the following financial year.

A. The Company and the Group

The Group is comprised of 48 companies, including the Parent Company, which is listed on the Athens and London Stock Exchanges. The list of subsidiaries, the nature of their business, the percentage of ownership and consolidation method for each one of them, are included in an Appendix to this report. The present legal form of the Group is the result of the initial merger that took place in 1998 when the parent company was first listed, as well as subsequent corporate transactions (acquisitions).

The Group has a business structure in place for the management and the monitoring of its activities. Specifically, all Group activities are categorized in the main segments (Strategic Business Units) as below:

- Refining, Supply and Trading
- Marketing (Domestic and International)
- Production and Trading of Petrochemicals
- Exploration and Production of Hydrocarbons
- Electricity Generation and Trading and Natural Gas

The Group is also active in additional segments, which, despite their strategic importance (Engineering Services, Renewable Energy Sources), do not yet form a significant part of the Group's financial position.

A.1 Hellenic Petroleum SA (Parent Company)

The Parent Company is listed on the Athens Exchange, while its shares are also traded in the form of GDRs (Global Depository Receipts) on the London Stock Exchange. Its shareholder structure on 31.12.2015 was:

- Greek State: 35.48%
- Paneuropean Oil and Industrial Holdings SA: 42.63%
- Institutional and private investors: 21.89%

A.2 Main Group Activities

The main activities of the Group cover a wide spectrum of the energy sector, making Hellenic Petroleum one of the most important energy groups in South-Eastern Europe.

Key points per activity are summarised below:

a) Refining, Supply and Trading

The refining, supply and trading segment is the Group's core business and main source of income and profitability.

Activities in Greece

Activities in Greece revolve around the operation of the Group's three refineries located in Aspropyrgos, Elefsina and Thessaloniki, which account for approximately 65% of the country's total refining capacity. The three refineries combine a storage capacity of 6.65 million m³ of crude oil and petroleum products.

Each refinery has distinct technical characteristics, as outlined in the table below, which determine their financial performance and profitability.

Refinery	Daily Refining Capacity (Kbpd)	Annual Refining Capacity (mil. MT)	Configuration Type	Nelson Complexity Index
Aspropyrgos	148	7.5	Cracking (FCC)	9.7
Elefsina	100	5.0	Hydrocracking	11.3
Thessaloniki	93	4.5	Hydroskimming	6.9

In 2015 refining reported its highest ever production since 2007, as well as the record sales for the last 6 years on the back of increased exports. This was mainly attributed to the improved operation of both Elefsina and Aspropyrgos refinery that, despite their shut down for maintenance works. Thessaloniki refinery also recorded a strong performance on high operational availability, while the realised synergies among the three refineries had a significant positive impact on profitability as well.

Middle distillates' yield (diesel, jet) of Elefsina refinery reached 69%, resulting in a corresponding figure of approximately 53% for the Group. This had a particular positive effect on the performance of the Group's refineries, with high value products' yield standing among the highest of the European refining

industry, highlighting the competitiveness of our asset base after the significant investments of the period 2007-2012.

The positive European refining economics (strong refining margins, strengthening of dollar) in 2015, contributed substantially to the operating results of Refining, Supply and Trading. The crude oil price decline for a second consecutive year had a negative impact on inventory valuation affecting reported results.

In addition, HELLENIC PETROLEUM exports continued to increase for the 6th consecutive year, amounting to 6,942kt, accounting for 50% of total sales, strengthening Group's export orientation in the East Med.

Crude Oil Supply

Crude oil supply is centrally coordinated and carried out through both term contracts and spot transactions. In 2015, crude oil market was oversupplied with all types of crude oil. In the Mediterranean region, crude oil exports from Iraq continued to increase with a positive impact on Group's refineries. HELLENIC PETROLEUM adjusted its crude slate accordingly by decreasing the share of crude oil from Russia from 41% to 34%, and increasing that from Iraq at 28% from 18% as well as other sources, subject to available opportunities in the global market. Crude oil imports from Kazakhstan (20%) were reduced while crude oil imports from Libya remained at the same level as 2014 (2%).

The ability to access and the flexibility of the Group's refineries to process a wide range of crude oil types constitute one of its main competitive advantages, proved to be particularly important, both as a contributor for profitability, as well as the ability of the company to respond to sharp supply shortages of specific types of crude oil, thus ensuring the uninterrupted supply for the markets where the Group operates.

Refinery Sales (Wholesale Trading)

HELLENIC PETROLEUM S.A. is engaged in ex-refinery sales of petroleum products to marketing companies in Greece, including its two subsidiaries, EKO and Hellenic Fuels, as well as to other specialty customers, such as the country's armed forces, while 50% of the production is exported. All of the Group's refinery products comply with the European standards (Euro V).

International Activities

Group's international refining activities refer to the OKTA hydroskimming refinery which is located in Skopje and has a nominal capacity of 2.5m tons per annum. The OKTA refinery is connected to Thessaloniki refinery through a pipeline in order to ease the transportation of high value-added products (e.g. diesel). The location of the OKTA refinery is one of its significant competitive advantages for the domestic distribution of products through marketing companies as well as for exports to neighbouring Balkan markets.

b) Marketing

Marketing business is split into Domestic activities, through Greek subsidiaries EKO and Hellenic Fuels, and International activities.

Domestic Activities

EKO network is comprised of a total of 909 fuel stations, while Hellenic Fuels operates 800 fuel stations under the BP brand (the total Greek market amounts to approximately 5,500 stations). The two companies combine 15 bulk storage and supply terminals, 23 aircraft refuelling stations in the country's main airports, 2 LPG bottling plants and one lubricant production and packaging unit. The market share of the two subsidiaries improved significantly in 2015 for most of the products. In transport fuels, total market share, including C&I clients, exceeded 30%.

In 2016 the Group agreed with the BP plc. the extension of the exclusive use of the BP brand for ground fuels in Greece until the end of 2020, with the possibility of further extension until the end of 2025. In this context, it has been agreed to enhance the image of the BP service stations network, as well as the know-how for the launch of high technology differentiated fuels in the Greek market.

International Activities

The Group is also active through subsidiary companies in Cyprus, Bulgaria, Serbia, Montenegro and F.Y.R.O.M. The total international network is comprised of 295 fuel stations, while market shares vary from country to country. Group's subsidiaries in Cyprus and Montenegro, resulted from the acquisition of an existing marketing company, maintain a leading position in the respective markets. In Bulgaria and Serbia, local subsidiaries, which are greenfield developments that recorded rapid growth since 2005, rank among the top five companies in the sector. In F.Y.R.O.M., the network of 27 fuel stations is operating under the local refining subsidiary brand.

c) Petrochemicals

Petrochemical activities focus mainly on further processing of refinery products, such as propylene, polypropylene, solvents and inorganics, as well as trading in the regional market. Part of the production takes place at Aspropyrgos, where propylene is produced, while the majority of chemical units are located at the Thessaloniki refinery. The production of polypropylene is based on the Basel technology, considered globally as leading in the field.

Based on their contribution to the financial results, propylene and polypropylene supply chain constitute the main activity of petrochemical business. Petrochemical activities are particularly export oriented, as 60-65% of sales are directed to the markets of Turkey, Italy, North Africa and the Iberian peninsula, where they are being used as raw materials in manufacturing.

d) Exploration and Production of Hydrocarbons

The Group is also engaged in the section of exploration and production of hydrocarbons with the following main activities:

Greece

- 25% participation to a joint venture with Calfrac Well Services Ltd (75%) in the exploration of the Thrace Sea Concession in the Northern Aegean, covering an area of approximately 1,600 sq. km.
- The company, acting as an Operator together with international companies in a lease agreement with the Hellenic Republic for the sea region of Patraikos Gulf, totalling 1.892 sq. km. In May 2015, HELPE transferred, following the approval of the Contractor and the

remaining parties, the exploration and production rights to a 100% subsidiary company. In the fourth quarter 2015, the process of transferring the participation share of Petroceltic Resources Plc (33.3%) begun, so that the final participation shares in the consortium are split evenly between HELPE Patraikos (50%) and EDISON International (50%). The respective consent of the Minister for the Environment and Energy for the transfer of rights was granted on 20 January 2016.

- In February 2016, Hellenic Petroleum, in the context of an international tender, was nominated by the Ministry of Environment and Energy as the preferred bidder for concession of exploration and production rights of hydrocarbons in the onshore lease block areas of Arta-Preveza and NW Peloponnese in West Greece and was invited by the competent evaluation committee for the finalisation of the lease agreement.

e) Electric Power and Natural Gas

Electric Power

The Group's power activities focus mainly on electricity generation through ELPEDISON POWER and trading both cross-borders, as well as in the Greek market through ELPEDISON ENERGY. Both companies are controlled by ELPEDISON BV (50% HELLENIC PETROLEUM S.A., 50% EDISON), which holds 75.78% of each abovementioned company's share capital.

ELPEDISON Power is the second largest independent power producer in Greece, with its combined cycle natural gas technology (CCGT) plants accounting for a total installed capacity of 810 MW, through a 390MW plant in Thessaloniki since 2005 and a 420MW in Thisvi since 2010.

ELPEDISON ENERGY is one of the largest alternative electric power suppliers with sales of 550 GWh (2015) to MV and LV, recording particularly rapid growth during 2015.

Natural Gas

The Group is active in the natural gas sector through its participation in its associate company DEPA SA (35% Hellenic Petroleum, 65% Greek State). DEPA Group is active in the supply of natural gas in Greece through import pipelines and the Revithoussa LNG terminal as well as in the trading of natural gas to selected end-users (annual consumption >100GWh). DESFA, a wholly-owned subsidiary of DEPA, manages and develops the National System of Transmission for Natural Gas. DEPA also holds a 51% share in local supply companies (EPAs), which distribute Natural Gas to clients with average annual consumption <100GWh through the low pressure gas network. Finally, DEPA also participates in international natural gas transportation projects.

On 16 February 2012, Hellenic Petroleum SA and the Hellenic Republic Asset Development Fund ("HRADF") agreed to launch a joint procedure for the sale of their share in DEPA Group, with a view to sell in total the 100% of the supply, marketing and distribution activities, as well as the 66% participation share in the transport network of high pressure (DESFA SA - 100% subsidiary of DEPA SA).

The sale process has resulted in a binding offer for the purchase of 66% of DESFA, from the company SOCAR (National oil and gas company of Azerbaijan), which amounted to €400m, while the consideration corresponding to 35%, which is owned by Hellenic Petroleum SA, amounts to €212m.

On 21 December 2013, the Share Purchase Agreement was signed, and the closing of the transaction is subject to the approval of the European Commission competition authorities.

B. Major Events of Financial Year 2015

B.1 Business Environment

a) Global Economy¹

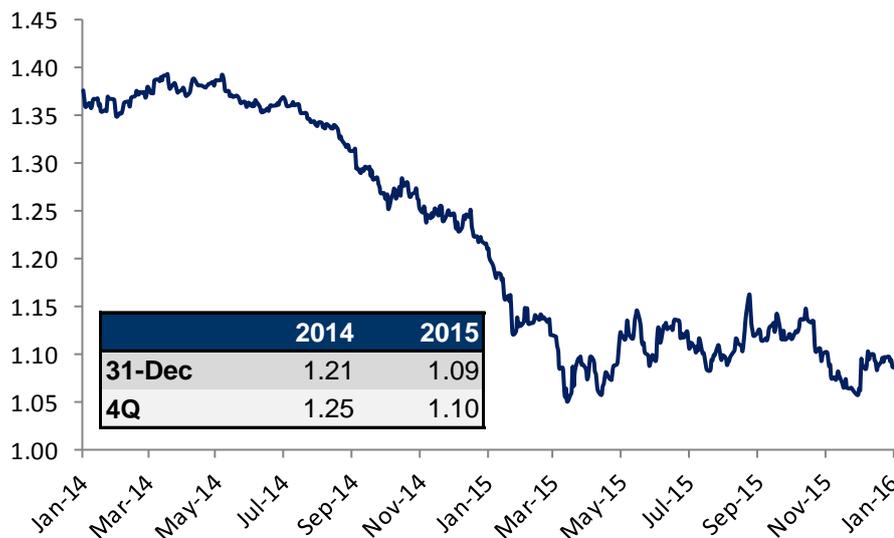
In 2015 the recovery of the global economy continued (3.1%), with the GDP growth rate of the developed countries strengthening marginally by 0.1%, at 1.9%, while emerging economies' growth slowed down from 4.6% to 4.0%. Among emerging economies, it is worth noting China's slowdown, with its growth rate for 2015 at 6.9% versus 7.3% last year, and the expected impact on both the Chinese and global economy, as well as Russia's, which fell to -3,7% in 2015 versus 0.6% last year, mainly driven by EU sanctions, crude oil price drop, as well as the increased geopolitical risk.

Regarding the Eurozone economy, the GDP growth rate reached 1.5% in 2015, 0.6% higher, compared with 2014, with the gradual domestic demand recovery as the main driver, as a result of the weak crude oil prices combined with the expansionary monetary policy.

b) Financial indicators

In 2015 average EUR/USD exchange rate averaged €1=\$1.11 versus 1.33 last year, in line with the monetary policy developments of the respective central banks. The ECB started to implement its quantitative easing program in March 2015, targeting an increase in liquidity by €60 billion per month while the Fed completed its QE program and proceeded with an interest rate hike in December, in line with expectations.

EUR/USD Exchange rate (\$/€)



¹ Source: IMF, World Economic Outlook Update, January 2016

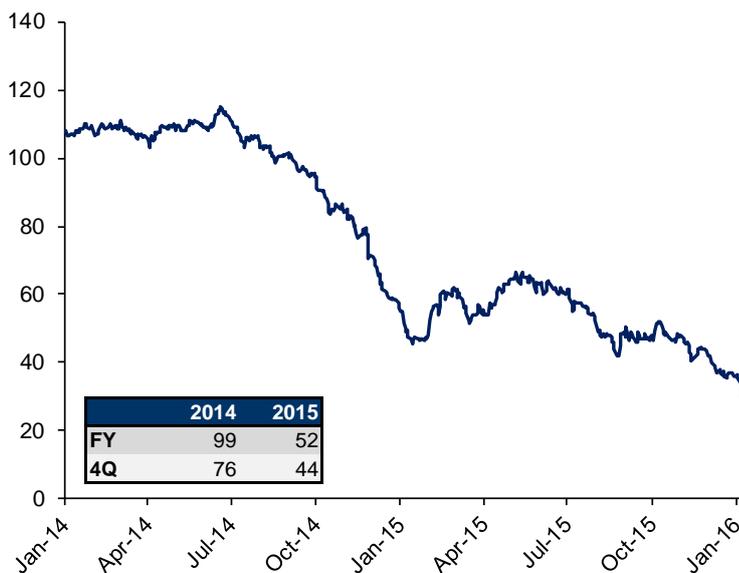
b) Petroleum Industry²

Global crude oil demand in 2015 amounted to 94.5mbpd versus 92.8m bpd in 2014, significantly increased by 1.8%, with China leading with an increase of 6.6%, reaching 11.3 mbpd. It is also worth noting that demand increased in both European OECD countries (+2.2%) as well as North America (+1.2%).

Global crude oil production in 2015 amounted to 96.3m bpd against 93.7m bbl, 2.8% higher than 2014. North America continued to increase production albeit at a slower pace (+4.1% versus +11.1% last year), reaching 19.9 mbpd for 2015, while OPEC reiterated its decision in December to maintain its production unchanged, despite the continued oil price decline.

The oversupply in global crude oil markets, mainly due to increased availability from the US, the significant production increase of Iraq, the anticipated return of Iran in the markets, as well as OPEC's decision to maintain its production policy, led crude oil prices to decade low levels. Brent price averaged \$52/bbl in 2015, decreased by \$47/bbl compared to last year, with a new historic low of \$35 per barrel at the end of the year.

Crude oil price - Brent (\$/bbl)

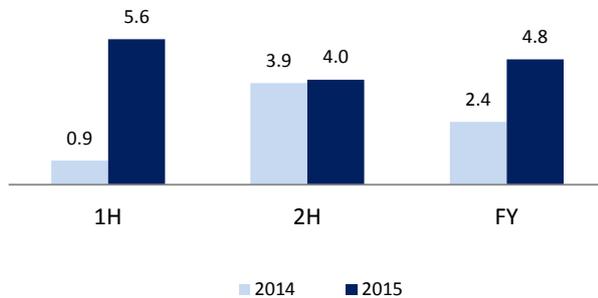


Benchmark refining margins

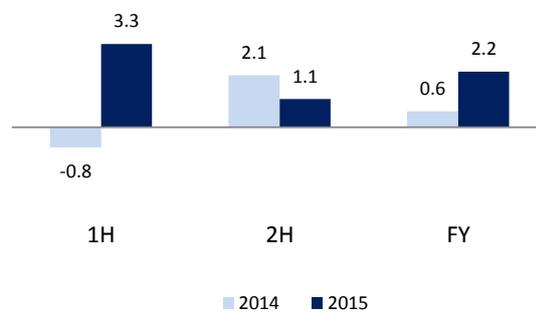
Increased global availability of crude oil, resulting in crude oil price drop, in combination with the higher global demand led to improved benchmark refining margins. More specifically, according to Reuters, benchmark refining margins in the Mediterranean for complex refineries averaged \$4.8/bbl in 2015, \$2.4/bbl higher than in 2014. Simple refineries followed a similar trend, with their respective benchmark margins averaging \$2.2/bbl in 2015 versus \$0.6/bbl in 2014. Brent-Urals spread average remained almost constant versus last year (\$1.0/bbl).

² Source: IEA, "Oil Market Report", January 2016

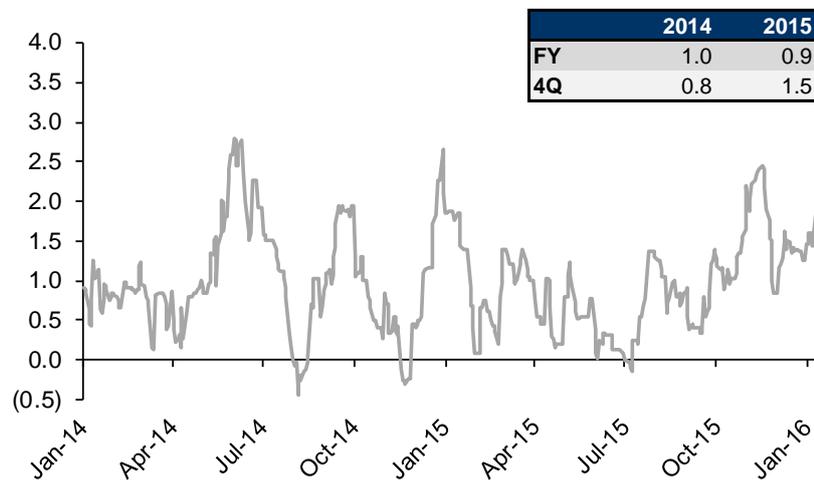
**Med Benchmark Refining Margins
Complex**



**Med Benchmark Refining Margins
Hydroskimming**



Brent Urals spread (\$/bbl)



Global oil product cracks (\$/ bbl)³

The increased demand for both gasoline and naphtha led the respective cracks significantly higher, while middle distillates were weaker in 2H15 versus last year, on the back of milder weather conditions and increased global supply.

³ Brent based product cracks

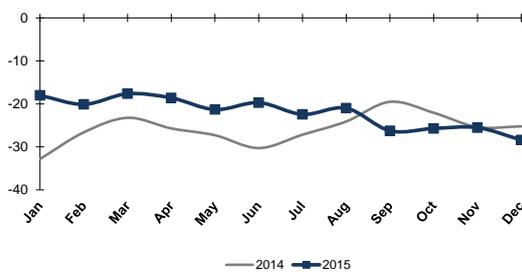
Diesel



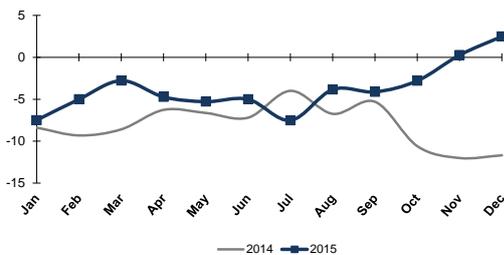
Mogas



HS Fuel Oil



Naphtha



d) Greek Market⁴

In Greece, despite the signs of economic recovery in 2014 (+0.8%) that continued also in the first half of 2015, the economy returned to recession in 2015. The imposition of capital controls coupled with the three-week bank holiday, as well as the additional austerity measures in the second half of 2015, affected negatively the economic activity of Greece resulting in a GDP change of -0.7% in 2015.

The domestic fuels demand in 2015 amounted to 7.1m tonnes, according to preliminary official data, an increase of 7% versus 2014, mainly as a result of the significant increase (+43%) of heating gasoil consumption. Demand for transport fuels remained at the same level, with diesel recording gains of 3%, offsetting corresponding losses in gasoline, as deteriorating economic environment in the second half resulted in the reversal of the positive trend of the first half.

⁴ Sources: Hellenic Statistical Authority, Ministry of Reconstruction of Production, Environment & Energy data, Bank of Greece report "Monetary Policy Interim Report", December 2015

B.2 Business Review

a) Financial highlights

Tables below present the main financial and operational Group indicators for 2015:

Operational Data	2015	2014
Refinery sales (in million metric tons)	14.26	13.54
Marketing sales (in million metric tons)	4.67	4.13
Refinery production (in million metric tons)	12.79	12.46
Group employees	3,300	3,288

Financial Data (in million €)	2015	2014
Net sales	7,303	9,478
Reported EBITDA	444	(84)
Adjusted ⁵ EBITDA	758	417
Reported net income (attributable to the owners of the Parent Company)	45	(369)
Adjusted net income ¹	268	2

The Group recorded a significant improvement in its operating results, with Adjusted EBITDA reaching €758m (2014: €417m), the highest operating result ever, as all Group's activities' improved operational performance, especially Refining, Supply & Trading.

Financial results were driven by the strong refining margins that reached new historic high levels and the strengthening of the US dollar also positively affected results, with EUR/USD averaging 1.1. The stronger dollar benefits refiners, as benchmark margins, their main profitability driver are dollar denominated.

The continued crude oil price decline, below \$40/bbl, levels last seen in 2004, negatively affected reported results, with a substantial negative effect on Group's reported pre-tax results of 2015, by almost €301m.

⁵ Adjusted for the impact of crude oil prices and other non-operating items (e.g. special taxation)

Balance Sheet / Cash Flow (in million €)	2015	2014
Total Assets	8,020	7,719
Total Equity	1,790	1,729
Capital Employed	2,913	2,870
Net Debt	1,122	1,140
Net Cash Flows	307	770
Capital Investments	165	136
% of debt on capital employed - Debt Gearing	39%	40%

b) Share performance

The Athens Stock Exchange followed an overall downward trend during 2015, amid the political uncertainty and deterioration of the economic landscape, mainly after the first half 2015. ASE recorded losses of 24%, while FTSE/ASE Large Cap came lower by 31%. The share of HELLENIC PETROLEUM recorded gains of 6% versus last year, closing at €4.04 on 31.12.2015 despite the increased country risk on the back of the political uncertainty.

The BoD will propose no dividend distribution to the AGM out of 2015 results due to the substantial negative impact of crude oil price decline in the reported results of 2014 and 2015. The BoD did not approve a change in dividend policy overall and will re-evaluate the payment of special dividends or interim dividends for 2016, in the second half of 2016.

c) Key Developments

The key business developments during the year were:

- Increased production by Group's refineries, despite the prolonged shut down of Aspropyrgos Refinery, capturing the positive global refining environment (refining margins, EUR/USD exchange rate)
- Group's increased exports at 6.9m MT, with international sales accounting for 50% of total.
- Successful management of the economic crisis, during the bank holiday and capital controls imposition, ensuring the uninterrupted operation of the Group's refineries and minimizing the effect on the Group supply chain and key markets.

C. Review per Segment – Performance and Financial Position

The key developments and financial indicators for each of the Group main activities are:

a) Refining, Supply and Trading

Financial results and operational indicators:

	2015	2014
Financial Results (€ million)		
Sales	6,644	8,818
Adjusted EBITDA	561	253
Operational Indicators		
Sales Volume (000s of MT)	14.258	13.538
FCC refining margin	\$6.5/bbl	\$3.3/bbl
Safety Index – AIF	4.4	3.7

Key points for Refining, Supply and Trading in 2015:

- Further crude oil price drop, averaging \$52/bbl in 2015, as market remained oversupplied with global oil production increasing by 2.6mbpd
- Strong refining environment in Europe, amid increased availability of all crude oil grades in the region and higher global oil demand by 1.7mbpd
- Improved performance from all Group's refineries, despite the prolonged maintenance shut down, driving production higher to 12.8 m tones, with significant impact on Group's financial results
- Group's exports amounted to 6.9 m tones, +5% higher versus last year, accounting for 50% of total sales.

b) Marketing

	2015	2014
Financial Results (€ million)		
Sales	2,712	3.220
EBITDA	105	80
Adjusted EBITDA	107	90
Operational Indicators		
Sales Volume (k mT) – Total	4,672	4.131
Sales Volume (k mT) – Greece	3,494	3.052
Fuel stations – Greece	1,709	1.716
Fuel stations – International	268	261

Key points for the Domestic Marketing activities in 2015:

- Significant recovery in the domestic fuels demand, driven by heating gasoil which benefited from the international low prices environment. Transport fuels consumption remained at the same level as in 2014
- Significant increase in market share of the two trading companies, which now collectively exceeds 30%
- Successful management of the crisis in 2015, with uninterrupted supply of the market and management of the credit risks, strengthening further the position of the Group's marketing companies in the Greek market.
- Further expansion of COMO network, which now amounts to 165 petrol stations, with a substantial impact on the profitability of the retail segment.
- Implementation of synergies between the two marketing networks EKO-HF, with emphasis on network management.
- Increased profitability in Aviation and Bunkering, on the back of increased tourist traffic.

Key points for the International Marketing activities in 2015:

- Demand increased, leading to higher sales volumes in most markets, improving profitability of all Group's subsidiaries.
- Further strengthening of vertical integration of marketing subsidiaries with Group's refineries, with a positive impact on financial results.
- Increased volumes and profitability in Cyprus on the back of marketing initiatives in retail and increased C&I sales
- Sales volumes and profitability growth in Bulgaria on the back of successful marketing initiatives, "EKO guarantee program" and the launch of the new differentiated product "Diesel Avio".
- Increasing volumes and reducing costs led to improved profitability in Montenegro, despite the increased competition.
- Improved profitability in Serbia, despite the slight decrease in volumes and the increased competition.

c) Petrochemicals

Financial Data and basic operational indicators:

	2015	2014
Financial Results (€ million)		
Sales	263	322
Adjusted EBITDA	93	81
Operational Indicators		
Sales Volume (kMT) – Total	221	236
Polypropylene margin (\$/ton)	660	517

Key points for Petrochemicals in 2015:

- Improved demand conditions and pricing environment on the global petrochemicals market, leading to a significant improvement in Petrochemicals contribution in Group's results (+23% versus 2014), offsetting the weak domestic market which was affected by the economic downturn.
- The extended shut down of Aspropyrgos refinery reduced the available quantities of propylene, affecting sales volumes (-6% compared with 2014).
- Further increase of the productivity of the BOPP unit in 2015, contributing to a higher integration of chemicals production chain, while more than 1/5 of BOPP film annual production relates to new and differentiated products.

d) Exploration and Production of Hydrocarbons

In Patraikos Gulf, the minimum work programme for the first three years of exploration includes among others the recording of 3D seismic studies of a total area of 800 sq. km. and 2D regional lines of length of 300 km. In 2015, the first geological, geophysical and environmental studies in the area continued. In 2015, the reprocessing of 2000 sq. km. of seismic data was completed while in the last quarter, the tender for the selection of the preferred bidder for the 3D recordings of area 800 sq.km. and 2D of length 300km. The program of the seismic data recordings started on 1 January 2016 and was completed within the first days of February 2016.

Meanwhile the company continued to study the exploration works of both offshore and regions of Western Greece, preparing itself for a possible submission of a tender on international competition already announced by YPEKA. On 6 February 2015, HELLENIC PETROLEUM submitted offers for the lease of Arta-Preveza and NW Peloponnese areas in West Greece, following a relevant tender. In February 2016, the company was selected by the Ministry of Environment & Energy as the preferred bidder for the concession rights of exploration and exploitation of hydrocarbons of the onshore block areas of Arta-Preveza and NW Peloponnese and was invited by the competent Evaluation committee for the finalisation of the draft lease agreement.

On 14 July 2015, Hellenic Petroleum submitted offers for three areas in the context of the 2nd International Tender of concession rights of exploration and exploitation of hydrocarbons for 20 offshore

blocks in Western Greece and Southern Crete, tendered by YPEKA. The company is in anticipation of the results.

HELLENIC PETROLEUM monitors developments in the field of exploration and production in Greece. In this context, the company continued to study the research outcome of the offshore blocks in Western Greece and Northern Aegean sea, as well as of the Thracian Sea Concession (1,600 sq.km) where it participates with 25% in a Joint Venture with Calfrac Well Services Ltd.

e) Electric Power and Natural Gas operations

Activities in the sectors of electric power and natural gas are carried out through the Group's investments in ELPEDISON BV (ELPE S.A. 50%, Edison 50%) and DEPA SA (35% ELPE S.A., 65% Greek State) respectively. The contribution of the Group in the results of the two abovementioned companies, according to their preliminary financial statements amounted in total to €7m in 2015.

The result of the ELPEDISON BV is negative and this is mainly due to the lack of regulatory framework for the payment of compensation related to the availability of the company's production units. The company's production of electric power increased compared to 2014 mainly due to the fall in the cost of the natural gas during the second half of 2015.

The result of DEPA SA decreased mainly on the back of provisions in the last quarter of 2015 (conflict with BOTAS and provisions) Natural gas sales remained at the same levels as last year.

Other information

Safety and Environment

Hellenic Petroleum continued to implement the policy for safe operation, with respect for the environment and society, incorporating the principles of sustainable development and promoting the continuous improvement of the performance of all business activities. In this context, in 2015 major energy saving projects were implemented in Aspropyrgos and Thessaloniki refineries, which are expected to lead to further reduction of air and greenhouse gas emissions, helping to tackle climate change.

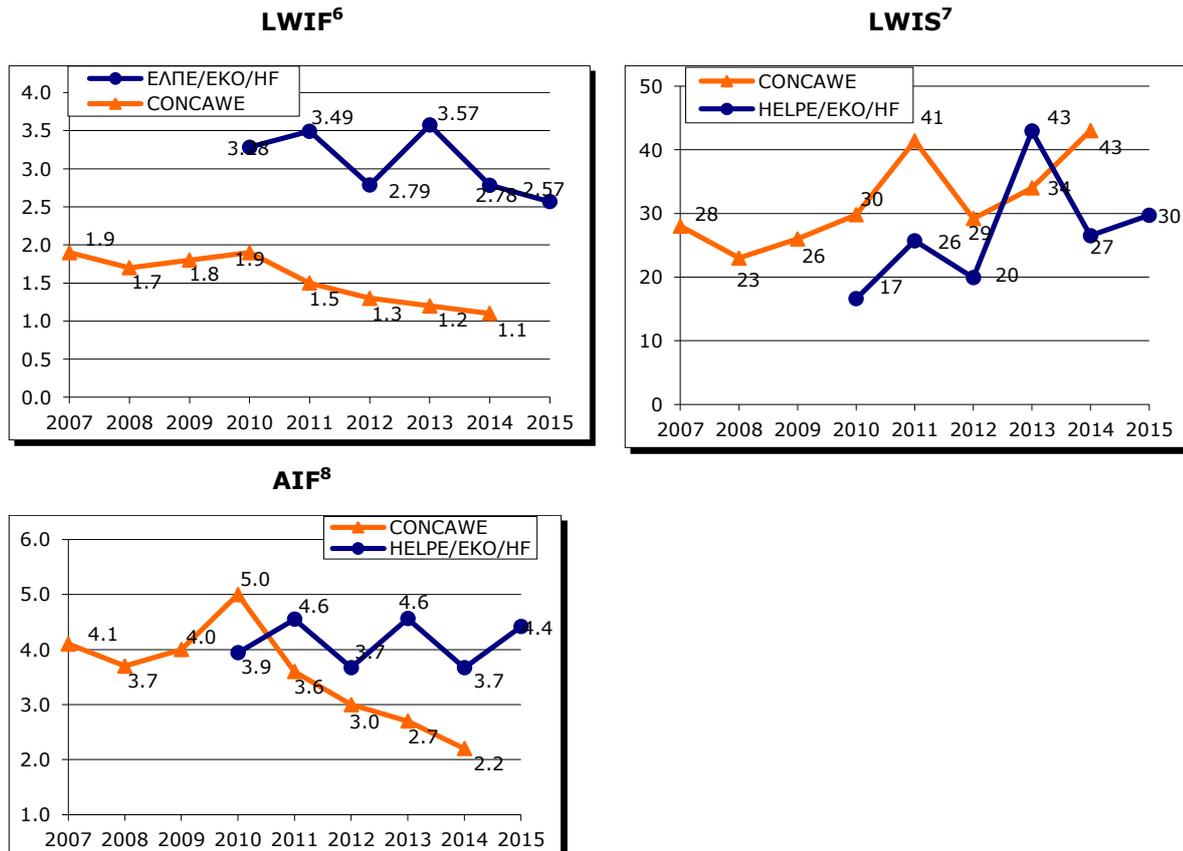
Furthermore, the company continued to record a very good performance in air emissions, air quality and quality of waste water treatment. Measurements from Environment Control Stations and from the three refineries were much lower than the respective statutory limits. The parameters defining the quality of processed waste were materially below the respective statutory limits, indicatively the hydrocarbon concentration (average of the three refineries) came 37% below the statutory limit.

In terms of safety, an accident occurred at the Aspropyrgos refinery, during its maintenance shut-down, on 8 May 2015, with 4 casualties and 2 injuries. In 2015, the safety indicators were affected respectively and diverged from the European average. It is worth noting that the Thessaloniki and Elefsina refineries as well as marketing companies EKO and HF continued to operate without any incident as it is the case for several years. In particular,

- Thessaloniki refinery completed 2,663,000 of man-hours worked in 2015 without a staff accident, hours that correspond to 3 consecutive years

- Elefsina refinery completed 1,286,000 of man-hours staff worked without a staff accident and 1,374,000 of man-hours without any contractors' accident, corresponding to 2 consecutive years
- Marketing companies EKO and HF completed 500,000 of man-hours worked in June without an accident and 1,000,000 man-hours worked without an accident in December 2015

The diagrams below show the AIF and PSER index trend in recent years compared to the European average (CONCAWE).



D. Corporate Governance Statement

General

Corporate Governance refers to a set of principles on the basis of which the proper organization, operation, management and control of a company is evaluated with the aim of maximizing value and safeguarding the legitimate interests of all those related with it.

In Greece, the Corporate Governance framework has been developed mainly through the adaptation of mandatory rules, such as Law 3016/2002. This law imposes the participation of non-executive and independent non-executive members on the Boards of Directors of Greek listed companies, the

⁶ Lost workday injury frequency Index

⁷ Lost workday injury severity Index

⁸ Frequency of all accidents in total, All injury frequency Index

establishment and operation of internal audit units and the adoption of Internal Procedures Manual. Moreover, a significant number of other legislative acts incorporated in the Greek legal framework the EU directives concerning corporate law, thus creating a new set of rules regarding corporate governance, such as Law 3693/2008, requiring the creation of audit committees and incorporating significant disclosure obligations, concerning the ownership as well as the governance of a company, Law 3884/2010, dealing with the rights of shareholders and additional corporate disclosure obligations in the context of preparation of the General Meeting of shareholders and Law 3873/2010, incorporating in the Greek legal framework the Directive 2006/46/EC of the European Union, concerning the annual and consolidated accounts of companies of a certain legal form. Finally, in Greece, as well as in most countries, the Company Law (codified law 2190/1920, which is modified by numerous guidelines derived from many of the aforementioned EU Directives) includes the basic legal framework of company governance.

D.1 Corporate Governance Code

The Company has voluntarily decided to adopt the **Corporate Governance Code for listed companies of the Hellenic Corporate Governance Council (HCGC)** (or “Code”). The Code can be located on the Hellenic Corporate Governance Council (HCGC), at the following address:

<http://www.helex.gr/esed>

Apart from HCGC’s website, the Code is also available to all the employees through the intranet as well as in hard copy through the Group’s departments of Finance and Human Resources.

D.2 Deviations from the Corporate Governance Code

The Company, on occasion, deviates or does not apply in its entirety certain provisions of the Code (noted in *italics*).

- With regard to the size and composition of the Board of Directors (or “BoD”):
 - Certain rules of appointing and replacing members of the BoD exist, which are explicitly mentioned in the Company’s Articles of Association in accordance with Law N.3429/2005. The “Greek State” appoints seven members out of a total of thirteen (13), as long as it holds, directly or indirectly, through the Hellenic Republic Asset Development Fund at least 35% of the shares. The shareholder “Paneuropean Oil and Industrial Holdings SA” and its related companies appoint two members of the BoD, under the precondition that they hold at least 16,654% of the total voting shares of the Company. It is obligatory to have two members of the BoD that are elected representatives of the employees and two more that are representatives of the minority shareholders, elected by the Special General Meeting of minority shareholders (excluding the Greek State and Paneuropean Oil and Industrial Holdings SA and/or companies related to the latter) *A.II (2.4)*
- With regard to the role and attributes of the Chairman of the BoD:
 - As long as the roles of the Chairman of the BoD and the CEO remain distinct, as it is currently the case, there is no provision for a Vice-Chairman role. *A.III (3.1 & 3.3)*
- With regard to BoD member election:
 - All rules noted above on appointing and replacing board members apply. The BoD term is set at five years, extended until the end of the period, within which the Annual General Meeting of shareholders must be held. *A.V (5.1, 5.2, 5.4, 5.5, 5.6, 5.7, 5.8)*

- With regard to the functioning and evaluation of the BoD:
 - Apart from the evaluation of the BoD through the report submitted to the Annual General Meeting of shareholders, the BoD monitors and re-examines the implementation of its decisions annually. In addition to the above, the introduction of an evaluation system for the BoD and its committees is currently being examined. *A.VII (7.1 & 7.2)*
- With regard to the System of Internal Controls:
 - The Internal Audit Department reports to the Chairman of the BoD and to the Audit Committee of the Company which is appointed by the General Meeting of company's shareholders. The law 3693/2008 and international best practices provide for the main duties of the Audit Committee. The BoD has updated the Rules of Procedure of the Audit Committee with its 1248/13.10.2015 decision. *B.I (1.7)*
 - According to the relevant provisions of law 3016/2002, as long as the minority shareholders are represented in the Company's BoD, the existence of independent members is not mandatory. In the Company's BoD there are two independent non-executive members. According to the applied Rules of Procedures of the Audit Committee, in the composition of the Audit Committee of the BoD calls for the participation of one independent non-executive member of BoD. *B.I (1.4)*
- With regard to the level and structure of compensation:
 - The compensation of the Chairman of the BoD, the CEO, and all members of the BoD, for their participation in the meetings of the BoD and its committees, are approved by the General Meeting of Shareholders, following a relevant proposal by the Remuneration and Succession Planning Committee of the BoD. *C.I (1.4)*.
 - The activities of the Remuneration and Succession Planning Committee are not governed by a specific charter, but rather by the operational rules of collective bodies (invitation of Chairman, Daily Agenda, Minutes, etc.). *C.I (1.6, 1.7, 1.8, 1.9)*
- With Regard to the General Meeting of shareholders:
 - the Company complies with all provisions of law 3884/2010 and thus to relevant provisions of the Code, with the reservation of the points regarding the election of BoD members, mentioned above. *D.II (1.1)*
 - With regard to the special practice of electronic voting or the voting via mail, its application is not possible at the moment, as the respective ministerial decision is still pending, as stipulated in Law 3884/2010. *D.II (1.2)*

D.3 Corporate Governance Practices Exceeding Legal Requirements

The Company, within the framework of implementing a satisfactory and well-structured system of corporate governance, has applied specific practices of good corporate governance, some of which exceed relevant legal requirements (Codified Law 2190/1920, law 3016/2002 and law 3693/2008).

Specifically, the Company has adopted the following additional corporate governance practices, all of which are related to the size, composition, responsibilities and overall operation of the BoD:

- Due to the nature and purpose of the Company, the complexity of matters and the necessary legal support of the Group, which includes a number of operations and subsidiaries in Greece and abroad, the BoD – numbering thirteen members, which is ten more than the minimum required by law – has

established committees that comprise of its members, with advisory, supervisory and authorizing responsibilities, aiming to support the BoD. These committees are briefly stated below (they are analysed in detail at the end of this Statement, under the paragraph “Other Committees”).

- I. Crude oil and Petroleum products Supply Committee
 - II. Finance & Financial Planning Committee
 - III. Labour Issues Committee
 - IV. Remuneration and succession planning Committee
- In addition to the above committees of the BoD, executive and non-executive committees have been established in the Company, mainly with an advisory role. They comprise of senior executives of the Company and their goal is to support the work of Management. The most important such committees are:
 - I. Group Executive Committee
 - II. Group Credit Committee
 - III. Investment Evaluation Committee
 - IV. Group Human Resources Committee
 - V. Executive Technical Committee
 - VI. Group Executive Marketing Business Committee
 - The BoD has included specific provisions in the Company’s Internal Procedures Manual, banning transactions of shares for the Chairman of the BoD, the CEO and for other members of the BoD, as long as they serve as either Chairman of the BoD or CEO of a related company. The BoD has also implemented a Procedure of Monitoring and Disclosure of Significant Participations and Transactions on the Company’s shares, as well as a procedure of Disclosing and Monitoring Transactions and Financial Activity with the Company’s major clients and suppliers.
 - The company adopted Code of Conduct in accordance with the 1175/24.11.2011 BoD decision

D.4 Main Features of the System of Internal Controls and Risk Management in relation to the Financial Reporting Process

The System of Internal Controls and Risk Management of the Company in relation to the financial reporting process include controls and audit mechanisms at different levels within the Organization, that are described below:

a) Group Level Controls

Risk identification, assessment, measurement and management

The range, the size and the complexity of the activities of the Group requires a comprehensive system of methodical approach and risk management, which is applied by all the Group’s companies.

The prevention and management of the risks is a core part of the Group’s strategy.

The identification and assessment of risks takes place mainly during the strategic planning and the annual preparation of the business plan. The benefits and opportunities are examined not only within the context of the company’s activities, but also in relation to the several and different stakeholders who may be affected.

The issues examined vary subject to market and industry conditions and include indicatively, political developments in the markets where the Group operates or procures significant quantities of crude oil, changes in technology, changes in the regulation, macro-economic indicators and the competitive environment.

Planning and Monitoring / Budget

Group performance is monitored through a detailed budget by operating sector and market. The budget shall be adjusted systematically to take into account the development of the Group's financials that depend greatly on external factors, such as the international refining environment, crude oil prices and the euro/dollar exchange rate. Management monitors the development of the Group's financial results through regularly issued reports, budget comparisons with the actual results, as well as through Management Team meetings.

Adequacy of the Internal Controls System

The Internal Control System consists of the policies, procedures and tasks which have been designed and implemented by the Management Team and the human resources of the Group for the purpose of the effective management of risks, the achievement of business objectives, the reliability of financial and administrative information and compliance with the laws and regulations.

The Group's Independent Internal Audit Department, by means of periodic assessments, ensures that the identification procedures and risk management applied by the Management are sufficient, that the Internal Control System operates effectively and that information provided to the BoD relative to the Internal Control System, is reliable and of good quality.

The Internal Audit Department shall draw up short-term (annual) and long-term (three-year) rolling content Audit Plan based on ad-hoc risk assessment, as well as on other issues identified by the Audit Committee and the Management Team. The Audit Committee is the supervisory body of the Internal Audit Department. The overall Audit Plan is approved by the Audit Committee.

The Internal Audit Department submits quarterly reports to the Audit Committee, so that the monitoring of the adequacy of the Internal Control System is systematic.

The reports of the Management Team and the Internal Audit Department provide the assessment of significant risks and the effectiveness of the Internal Control System relative to their management. Through these reports the identified weaknesses together with their possible impact, as well as with the actions of the Management team to resolve them are being communicated. The results of the controls and the monitoring of the implementation of the agreed improvement actions are being implemented in the Risk Management System of the company.

To ensure the independence of the audit of the Group's annual financial statements, the BoD has a specific policy to form recommendations to the General Meeting of shareholders for the election of the External Auditor. Indicatively, this policy calls for the selection of the same auditing company for the whole Group, as well as the audit of the consolidated financial statements and local statutory financial statements. The selection of the independent External Auditor is made among leading internationally acclaimed firms.

Roles and Responsibilities of the BoD

The role and responsibilities of the BoD are described in the Internal Procedures Manual of the Company, which is approved by the BoD.

Fraud prevention and detection

In the context of risk management, the areas that are considered to be of high risk for financial fraud are monitored through appropriate internal controls and enhanced security measures. Examples include the existence of detailed organizational charts, process manuals on several areas (procurement, purchasing of petroleum products, credit, treasury management), as well as detailed procedures and approval authority levels. In addition to the internal controls applied by each department, all Company activities are subject to audits from the Internal Audit Department, the results of which are presented to the BoD.

Internal Procedures Manual

The Company has drafted an Internal Procedures Manual, which is approved by the BOD of the company. The Internal Procedures Manual includes definitions of the roles and responsibilities of each position emphasising the segregation of duties within the Company.

Group's Code of Conduct

The company in the context of the fundamental obligation of good corporate governance, it has drafted and adopted since 2011 the Code of Conduct, approved by the BoD of the company. The Code of Conduct summarizes the principles according to which any person, employee or third party involved in the operation of the Group, as well as collective body, should act within the framework of their duties. For this reason, the Code constitutes a practical guide of the day-to-day tasks of all employees of the Group, but also of third parties who cooperate with it.

b) Information Technology General Controls

The Group's IT Department is responsible for developing the IT strategy and for staff training to cover any arising needs. and the IT department is also responsible for the support of IT systems and applications through the drafting and updating of operation manuals, in cooperation with external consultant where this is necessary.

The Company has developed a sufficient framework to monitor and control its IT systems, which is defined by a set of internal controls, policies and procedures. Among these are documented job descriptions, roles and responsibilities of the Group IT Department as well as the development of an IT Strategic Plan. In addition, a specific procedure has been designed to ensure safe operation should problems arise to the Group's systems through the existence of alternative systems in case of disaster (Disaster Recovery Sites). Also, the approved Business Continuity Plan is under development. Finally, access rights have been set in several information systems for all employees, according to their position and role, while an entry log for all the Group's IT systems is also kept.

c) Internal Controls over Financial Reporting

As part of the process for the preparation of financial statements, specific controls are in place, utilising tools and methodologies in line with the best international practices. Some of the main areas of such controls, relevant to the preparation of the financial statements, are the following:

Organisation – Segregation of Duties

- The assignment of duties and authorities to senior Management of the Company, as well as middle and lower management levels, ensures the effectiveness of the Internal Control System and safeguards appropriate segregation of duties.

- Adequate staffing of financial services with individuals who possess the necessary technical skills and experience to carry out their duties.

Accounting monitoring and preparation of financial statements

- Existence of common policies and monitoring procedures of accounting departments of the Group's subsidiaries which include, amongst others, definitions, accounting principles adopted by the Company and its subsidiaries, guidelines for the preparation of financial statements and consolidation.
- Automatic checks and validations between different transactional and reporting systems. In cases of non-recurring transactions special approval is required.

Safeguarding of assets

- Existence of internal controls regarding fixed assets, inventories, cash and cash equivalents and other assets of the company, such as physical security of cash or warehouses, inventory counts and reconciliations of physically counted quantities with the recorded ones.
- Schedule of monthly inventory counts to confirm inventory levels of physical and accounting warehouses. Use of a detailed manual to conduct inventory counts.

Chart of Authorities

- Existence of a chart of authorities, which depicts assigned authorities to various Company executives, in order to complete certain transactions or actions (e.g. payments, receipts, contracts, etc.).

D.5 Information Required by Article 10, Paragraph 1 of the EU Directive 2004/25/EC on Public Takeover Bids

The required information is included in part J of this Report.

D.6 General Meeting of Shareholders and Shareholders' Rights

The roles, responsibilities, participation, the ordinary or extraordinary quorum of participants, the Chairmanship, Agenda and the conduct of procedures of the General Meeting of the Company's Shareholders are described in its Articles of Association, as updated based on the provisions of Codified Law 2190/1920 (following integration of Law 3884/2010 on minority voting rights).

Shareholders are required to prove their shareholder status and the number of shares they own at the exercise of their rights as shareholders. Usual forms of proof are custodian or Central Depository certificates or electronic communication through specialised secured electronic platforms.

D.7 Composition & Operation of the Board of Directors, Supervisory Bodies and Committees of the Company

Board of Directors (BoD)

General

The Company is managed by a BoD, comprising of 13 members, with a term of five years, which expires on 26.06.2018 and is extended until the end of the period provided for convening the next Ordinary General Assembly. In detail:

- Efstathios Tsotsoros, Chairman, Representative of the Greek State (from 7/5/2015)
- Grigorios Stergioulis, CEO, Representative of the Greek State (from 7/5/2015)
- Andreas Shiamishis, Representative of Paneuropean Oil and Industrial Holdings
- Theodoros-Achilleas Vardas, Representative of Paneuropean Oil and Industrial Holdings
- Ioannis Psychogios, Representative of the Greek State (from 15/10/2015)
- Georgios Grigoriou, Representative of the Greek State (from 07/05/2015)
- Stratis Zafeiris, Representative of the Greek State (from 07/05/2015)
- Dimitrios Kontofakas, Representative of the Greek State (from 15/10/2015)
- Georgios Maloglou, Representative of the Greek State (from 07/05/2015)
- Konstantinos Papagiannopoulos, Employees' representative
- Panagiotis Ofthalmidis, Employees' representative
- Theodoros Pantalakis, independent member –minority shareholders representative
- Spyridon Pantelias, independent member –minority shareholders representative

Messrs Efstathios Tsotsoros, Grigorios Stergioulis, Ioannis Psychogios and Andreas Shiamishis are executive members of the board.

The size and composition of the BoD is described in detail in section D.2 of this report. The BoD convened nineteen (19) times in 2015 and all members were present either in person or by proxy.

Roles and Responsibilities of the BoD

The BoD is the supreme executive body of the Company and principally formulates its strategy, its development policy and supervises and controls the management of its assets. The composition and characteristics of the members of the BoD are determined by Law and the Company's Articles of Association. First and foremost among the duties of BoD is to constantly pursue the strengthening of the Company's long-term economic value and to protect its interests.

To achieve corporate goals and uninterrupted operation of the Company, the BoD may grant some of its authorities, except the ones that demand collective action, as well as the administration or management of the affairs or representation of the Company to the Chairman of the BoD, the CEO or to one or more BoD members (executive and non-executive), to the Heads of Company Departments or to employees. BoD members and any third party that has been granted authorities from the BoD is not permitted to pursue personal interests that conflict the interests of the Company. BoD members and any third party that has been granted authorities from the BoD must disclose in a timely manner to the rest of the BoD any personal interests that might arise as a result of transactions with the Company that fall under their duties as well as any other conflict of interest with the Company or with entities affiliated to it in accordance with Codified Law 2190/1920 art. 42. (e), par. 5.

- Indicatively, the BoD decides and approves, the following:
 - I. The Business Plan of the Company and the Group,
 - II. The Annual Business Plan and Budget of the Company and the Group,
 - III. Any necessary change to the above,
 - IV. The issue of bond loans
 - V. The annual report of transactions between the Company and its related parties, according to Codified Law 2190/1920 art. 42. (e), par. 5,

- VI. The annual report of the Company and the Group,
- VII. The establishment of / participation in companies or joint ventures, company acquisitions, installation or termination of facilities – in all cases of such transactions with minimum value of €1 million,
- VIII. The agreements of participation in consortia for the exploration and production of hydrocarbons,
- IX. The final termination of plant operations,
- X. The regulations that govern the operation of the Company and any amendments to them,
- XI. The basic organizational structure of the Company and any amendments to it,
- XII. The appointment / dismissal of General Managers
- XIII. The Collective Labour Agreement,
- XIV. The Internal Procedures Manual,
- XV. The determination of the Company's remuneration policy of the Management Team,
- XVI. The hiring processes for executives and the assessment of their performance,
- XVII. Any other matter stipulated by the existing Company regulations.

Executive and non-executive members of the BoD

The BoD determines the responsibilities and status of its members as executive or non-executive. At any time, the number of non-executive members of the BoD cannot be less than one-third of the total number of its members.

The company by adopting the basic principle of corporate governance which is the clear identification and the allocation of administrative responsibilities and duties among the executive members of the BoD in order to avoid duplication proceeded with the no.1251/3.12.2015 decision of the BoD in the allocation of administrative responsibilities and duties between the Executive Chairman and the Chief Executive Officer.

Chairman of the BoD

The Executive Chairman, apart from the responsibility to preside over and administer the meetings of the BoD and sign the respective decisions, and performs all acts that fall under his responsibilities according to the Company's Articles of Association has the responsibility of the:

- The Domestic and International marketing (imports other than crude oil, exports, wholesale and retail marketing)
- The Strategic Planning and Development as to the tasks of the strategic planning, the annual and five-year business plan, the renewable energy sources and new technologies, the monitoring and control of company's returns, financial indicators and participations' yields.
- The financial services other than Investor Relations
- The Group Legal Services
- The Group Corporate Affairs
- The Group Information Technology and Systems

The General Manager of Group's Internal Audit reports to the Executive Chairman

Chief Executive Officer

The Chief Executive Officer (CEO) is the legal representative of the company and has the responsibility of:

- The Strategic Planning and Development as to matters relating to the activities of the strategic planning and the operational program implementation, holdings in companies DEPA/DESFA

and ELPEDISON, as well as to new business partnerships and in relations with international organizations.

- The Financial Services as to Investor Relations
- The Group Human Resources and Administrative Services
- Health, Safety, Environment and Sustainable Development
- The refining and supply activity of the Group
- Group Procurement
- Exploration & Production of Hydrocarbons
- The Chairman of the BoD and the CEO of Asprofos SA report to the CEO directly

A short version of of the BoD members' CVs are included in the Appendix.

Audit Committee (law 3693/2008)

The Company has established an Audit Committee, appointed by the General Meeting of shareholders and made up of three non-executive members of BoD, two of which are independent, (Spyridon Pantelias, Chairman; Georgios Maloglou, member and Theodoros Pantalakis, member) which is the evolution of the pre-existing Committee of Finance and Financial Planning. It convened thirteen (13) times in 2015 and all members were present at all meetings.

The Audit Committee has the following responsibilities:

- To oversee the process of financial monitoring and the reliability of financial statements of the Company and to examine the fundamental parts of the financial statements which include vital judgments and assumptions of the Management.
- To monitor the effectiveness of the Company's Systems of Internal Controls and Risk Management.
- To ensure the proper functioning of the Company's Internal Audit Department.
- To oversee the process of the external audit of the Company's financial statements.
- To monitor issues concerning the existence and maintenance of the external auditors' independence, especially as far as the provision of additional non-audit services are concerned.

Please note that a reassessment of responsibilities of the Finance and Financial Planning Committee is scheduled to take place, in order to ensure that there are not any overlaps.

Remuneration and Succession Planning Committee

The Company has established a Compensation and Succession Planning Committee that comprises of one executive and two (2) non-executive members of the BoD (Theodoros Pantalakis, Chairman; Theodoros Vardas, member; Ioannis Psychogios, member). It convened three times in 2014 and all members were present at all meetings.

The Compensation and Succession Planning Committee has the following responsibilities:

- To propose the principles of the Company's remuneration and benefits policy for executives – relevant decisions by the CEO are based on these principles,
- To propose the remuneration and benefits policy for senior executives – relevant decisions of the CEO follow this policy,
- To propose to the CEO the overall compensation (fixed and variable – including stock options) for the executive members of the BoD and senior executives of the Company,
- To propose to the General Meeting of Shareholders, through the BoD, the total compensation of the Chairman of the BoD and the CEO,

- To plan for adequate and suitable succession of General Managers and executives, when needed, and submit relevant proposals to the BoD.

Other BoD Committees

Certain additional committees support the BoD's work and tasks in the previously described framework of strengthening corporate governance structures. Specifically, existing additional committees are:

- The Oil Products Procurement Committee, consisting of five (5) BoD members, two (2) of which are executive members. It was formed under BoD decision number 1059/2b/3.9.2004. The role of the Committee is to award tenders and approve oil products supplies, through a unanimous decision of its members, for the purchase, sale or transfer of crude oil and oil products (of over €100 million).
- The Finance and Financial Planning Committee, consisting of two (2) executive and three (3) non-executive members of the BoD (Theodoros Pantalakis, Chairman; Andreas Shiamishis, member; Efsthios Tsotsoros, member; Georgios Maloglou, member; Giorgios Grigoriou, member). The Committee convened six (6) times in 2015 and all members were present at all meetings. It was formed under BoD decision number 1059/2c/3.9.2004. The role of the Committee is to review together with the Group CFO and external auditors the annual audit plans, to consider issues which relate to the appointment or dismissal of external auditors, to be informed by the CEO, the CFO and by the external auditors of significant risks or exposures and to judge the measures that have been taken or are to be taken in order to minimize the risk to the Company, to examine along with the CEO and external auditors the published annual and quarterly company and consolidated financial statements when this is deemed necessary prior to their submission to the BoD and find any changes in the accounting policies, areas where significant judgment is exercised, significant restatements as a result of the audit, the adherence to accounting principles and practices, the adherence to laws and regulations of the stock exchange and finally to examine the finance planning for the Group.
- The Labour Issues Committee, which comprises of two (2) non-executive members of the BoD, plus the president of the most representative labour union or his deputy. The Committee convene once in 2015. It was formed in accordance with the Company's Internal Procedures Manual and is responsible to act as an appeal body on disciplinary penalties imposed by the relative Company disciplinary body.

E. Strategic Goals and Prospects

The Group's strategy revolving around sustainable growth is based on the following pillars:

- Safe and environmentally friendly operations of its plants and products specifications,
- Corporate Social Responsibility
- Co-operation with local communities,
- Increasing value for its shareholders.

With respect to the above-mentioned priorities, each Group activity sets its main targets for 2015.

Refinery, Supply and Trading

In 2015, Refinery, Supply and Trading more than doubled its contribution to the Group's operating profitability on the back of strong operation of all refineries, fully capturing the positive refining environment.

For 2016, the strategy of ELPE for Competitiveness, Export Orientation and Excellence is aimed at further strengthening the competitiveness of the refining sector, in particular through:

- Implementation of a Holistic Safety system, with emphasis on training, application of standards and improvement of procedures
- Realising the full benefit of our asset base, strengthening of its competitive position in South Eastern Europe
- Optimising operational performance through realising synergies between the refineries of the Group and improving the efficiency of conversion units and the energy performance of our refineries
- Further enhancing export orientation

Domestic Marketing

For 2016, the key priority for the Group's marketing companies' is the market share gains and the improvement of operational profitability and liquidity. The competitiveness improvement will be realised through the optimization of operations and a further increase of the value offered to the consumer, with innovative products and high-quality services at competitive prices.

International Marketing Activities

Maintaining the growth momentum in Southeast European markets is a key priority given the production capability of the Group. The strategic priorities of the Group include the maintenance of its leading position in both Cyprus and Montenegro, the improvement of the profitability in FYROM as well as the continuous expansion in the markets of Bulgaria and Serbia through targeted network growth, supply chain optimization and development of the appropriate storage and transportation facilities.

F. Main Risks and Uncertainties for the Next Financial year

The major financial risks for the next financial year are discussed below in relation to particular matters. The main sources of potential risks are the developments in the Greek economy, the developments in the European refining industry, including the price fluctuations in crude oil and final products as well as the exchange rate of Euro/dollar. It is not possible to predict all different scenarios and the ways of responding in each, however, the Group is closely monitoring developments, adapting its operation and planning accordingly.

F.1 Financial Risk Management

Financial Risk Factors

The activities of the group are concentrated in oil refining with petrochemicals, marketing of petroleum products, E&P of hydrocarbons, as well as electricity production and trading being also important Group's activities. Therefore, the group is exposed to various financial risks such as fluctuations in the oil prices in international markets, exchange rate volatility, cash flow risks and risks of fair value fluctuations due to interest rates variations. To keep pace with international practices and in the context

of the local market and legal framework, the overall risk management programme focuses on reducing the Group's potential exposure to market volatility and mitigating any negative impact on the Group's financial position, to the extent possible.

Product price risk management is conducted by the commercial risk management service, which is comprised of senior executives of the trading and financial departments, while financial risks are managed by the financial services of the Group, within the authorisations framework approved by the BoD.

a) Market Risk

(i) Exchange Rate Risk

Refining industry, being a US dollar business, the Group's activities are mainly exposed to the volatility of the US Dollar against the Euro. The strengthening of the US Dollar against the Euro has a positive effect on the Group's financial results while in the opposite event, both the financial results and balance sheet figures (inventory, investments, liabilities in US dollar) would be valued at lower levels.

(ii) Product Price Fluctuation Risk

The core activity of the Group, refining, supply & trading, creates two types of exposure: to changes in absolute prices of crude oil and oil products, which affect the inventory value; and to changes in refining margins, which affect future cash flows.

As far as the risk of absolute product price fluctuations is concerned, the level of the exposure refers to the decrease in product prices and is determined by the closing inventory, as the Group's policy is to present the closing stock at the lower between acquisition cost and net realizable value.

Exposure to risk associated with fluctuations in refining margins depends on the value of each refinery's margin. Refining margins are calculated using Platts prices of crude oil and petroleum products, which are determined on a daily basis and are affected by the development of supply and demand of crude oil and petroleum products. The fluctuations of refining margins impact the Group's profit margins accordingly.

Crude oil and products' price fluctuations affect also the levels of working capital as higher prices increase the financing needs.

The Group aims to hedge part of its exposure associated with price fluctuations of crude oil, products and refinery margins to a percentage varying from 10% to 50%, depending on the prevailing market conditions.

(iii) Cash Flow Risk and Risk of Fair Value Change due to Change in Interest Rates

The cash flow risk from changes in interest rates relates to the level of Group's borrowing with floating interest rates. Furthermore, due to the long-term investments in the sectors where the Group operates, significant increases in interest rates are likely to cause changes in fair values of such investments through the increase of the discount rate.

(b) Credit Risk

The credit risk management is co-ordinated centrally at Group level. Credit risk derives from cash and cash equivalents, bank deposits, derivative financial instruments, as well as exposure to credit appraisals from wholesale customers, including uncollected commercial receivables from clients in Greece and internationally and restricted transactions. Credit checks are performed for all customers by the Credit Control Department, in collaboration where necessary with external credit rating agencies.

For the effective management of the credit risk and the transaction behaviour of customers both in Greece and abroad an integrated computerized system has been developed for monitoring the exposure to credit risk while a central management unit of credit settlement for business customers is also effectively in operation. Finally, the role of the Group's Credit Commission is of significant importance as it ensures the effective management of the credit risk of commercial debt affairs of the Group's companies.

(c) Liquidity Risk

Liquidity risk is managed by ensuring that efficient cash resources and adequate credit limits with banks are maintained. Due to the dynamic nature of its activities, the Group seeks to maintain flexibility in funding through credit lines and other credit facilities.

F.2 Management of Capital Risk

The Group's objective in managing capital is to ensure the smooth operation of its activities and to maintain an optimum allocation of capital, in order to reduce the cost of capital and increase its overall value.

In order for the Group to maintain or adjust its capital structure, it can alter the dividend paid to shareholders, return capital to shareholders, issue new shares or dispose of assets to reduce its debt.

In addition, the group manages its debt obligations in order to differentiate the sources of financing (loans, credit lines, bonds, other), achieving the best possible allocation, taking into account a number of factors, including costs and maturity.

In line with the industry practice, the Group monitors its capital structure through the gearing ratio. This ratio is calculated by dividing the net debt by total capital employed.

The long-term objective is to maintain the gearing ratio between 30% and 40%, as significant fluctuations of crude oil prices may affect total debt respectively. The relatively high gearing ratio in recent years (40% to 45%) is primarily due to increased borrowing for the financing of the refineries' upgrading projects, which was partly offset the last 18 months as working capital requirements were reduced on the back of the significant international crude oil price drop.

G. Related Party Transactions

The companies that make up the Group have transacted during 2015 with the Parent Company, HELLENIC PETROLEUM SA and also between them both domestically and internationally. Related companies are considered those that fall under Article 42e, Paragraph 5 of Codified Law 2190/1920.

Commercial transactions of the Group and the Company with related parties during 2015 have taken place at an arm's length basis. Terms of trade were in line with applicable corporate regulations

(supplies, assets under construction, etc.), as approved by the BoD. The Group did not participate in any transaction of an unusual nature or content and does not intend to participate in such transactions in the future.

Transactions have been carried out with the following related parties:

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

	For the year ended	
	31 December 2015	31 December 2014
Sales of goods and services to related parties		
Associates	827.339	803.826
Joint ventures	499	386
Total	827.838	804.212
Purchases of goods and services from related parties		
Associates	855.792	826.593
Joint ventures	1.184	1.555
Total	856.976	828.148
Balances due to related parties		
Associates	73.348	36.088
Joint ventures	294	474
Total	73.642	36.562
Balances due from related parties		
Associates	42.062	40.839
Joint ventures	101	66
Total	42.163	40.905

The parent Company has provided letters of comfort and guarantees in favour of banks as security for loans granted by them to Elpedison B.V., the outstanding amount of which as at 31 December 2015 was the equivalent of €105 million (31 December 2014: €108 million).

- b) Parties which are under common control with the Group due to the shareholding and control rights of the Hellenic State:

- Public Power Corporation Hellas S.A.
- Hellenic Armed Forces
- Road Transport S.A.
- Trainose S.A.

During 2015, Group's sales of goods and services to government related entities amounted to €281 million (2014: €359 million) and Group's purchases of goods and services to €49 million (2014: €43 million). As at 31 December 2015, the Group had a total amount due from government related entities of €31 million (2014: €39 million) and a total amount due to government related entities of €10 million (2014: €10 million).

H. Information about Financial Instruments

The nature of the Group's activities expose the Group to significant risks, which stem mainly from the volatile and unpredictable international refining environment, as well as from the growing volatility of international financial markets.

In the context of risk management, as described in detail in the published financial statements, the Group enters into hedging transactions using financial derivatives wherever possible, aiming to protect its interests. These transactions are split into two main categories.

Short-term Transactions

The first category involves short-term risk management and hedging transactions that affect short term profitability mainly of the next 6 to 12 months. The results of these transactions are evaluated on a quarterly basis and included in quarterly income or expenses.

Long-term Transactions

The second category involves longer-term transactions that provide cover for strategic issues, such as investments, and which are disclosed in the Group's financial statements in line with the provisions of IAS 32 and 39 on Hedge Accounting.

I. Significant Events after the end of the Reporting Period

There were no material events after the end of the reporting period and up to the date of publication of the financial statements.

J. Explanatory Report of the BoD required by par.7 art. 4 of Law 3556/2007 (As per par.8 art.4 of Law 3556/2007)

The BoD submits to the Annual General Meeting of Shareholders, an Explanatory Report on the information required by par.7 art. 4 of Law 3556/2007, pursuant to the provisions of par.8 art.4 of Law 3556/2007 as follows:

a) Limitations on transfer of Company Shares

Following the amendment of the Company's Articles of Association in 2013, which took place in line with the provisions of the Legislative Act dated 07/09/2012, ratified by N. 4092/08.11.2012 (Government

Gazette A' 220), the mandatory, minimum percentage participation of the Greek State in the capital (35%) was abolished, therefore there are no restrictions on the transfer of its shares.

legislative act of 07.09.2012, which was ratified by N. 4092/08.11.2012 (Government Gazette A' 220), amended the provision of paragraph 2 of the article of the L.2593/1998, as amended by Article 21 of L.2491/2001 abolished the mandatory, minimum percentage participation of the public in the capital of the company (35%) and now there are no restrictions on the transfer of the company's shares.

b) Significant direct / indirect holdings in the sense of articles 9 to 11 of Law 3556/2007

Shareholders (individuals or legal entities) holding more than 2%, either directly or indirectly, of the total number of the Company's shares as of 31.12.2015 are listed in the table below:

SHAREHOLDING (31.12.2015)			
Shareholder	Number of Shares	Capital Held share (%)	Voting Rights
Paneuropean Oil & Industrial Holdings SA	130,284,106	42.63	130,284,106
Greek State	108,430,304	35.48	108,430,304
Bank of Piraeus Group	6,579,472	2.15	6,579,472
Private & Institutional investors	60,341,303	19.74	60,341,303
TOTAL SHARES	305,635,185	100	305,635,185

c) Securities conferring special control rights

There are no Company securities (including shares) granting their owners special control rights.

d) Limitations on Voting Rights

According to article 21 of the Company's Articles of Association, only minority shareholders (i.e. excluding the Greek State, Paneuropean Oil and Industrial Holdings SA, as well as its associated enterprises) are entitled to vote at the Special General Meeting to elect the two BoD members that represent minority shareholders.

e) Agreements between shareholders known to the Company, involving restrictions in the transfer of securities or the exercising of voting rights

There is an agreement between Paneuropean Oil and Industrial Holdings SA and the Greek State for restrictions in the transfer of shares.

f) Rules for the appointment and substitution of Directors and for the amendment of the Articles of Association, which depart from the provisions of Codified Law 2190/1920

According to article 20, paragraph 2 (a) of the Articles of Association, the Greek State appoints 7 out of the total 13 BoD members, as long as it maintains, directly or indirectly through Hellenic Republic Asset Development Fund. Following the amendment of the Company's Articles of Association in 2013, the clause on the minimum participation of the Greek State in the share capital of the Company (35%) was

removed and the company's Articles of Association can be amended by resolution of the General Assembly, as a whole, without exceptions.

According to article 20, paragraph 2 (b) of the company's Articles of Association, Paneuropean Oil and Industrial Holdings SA and its associated enterprises appoint two members of the BoD, on the condition that they hold at least 16.654% of the total voting shares in the Company.

According to article 20, paragraph 2 (c) of the company's Articles of Association, it is obligatory that two members of the BoD are representatives of the Company's employees, elected by direct and universal voting and through the simple proportional representation system by the employees.

According to article 20, paragraph 2 (d) of the company's Articles of Association, two members of the BoD representing minority shareholders are appointed by the Special General Meeting of minority shareholders (excluding the Greek State and Paneuropean Oil and Industrial Holdings SA and its associated enterprises).

g) Power of the BoD or any of its members for issuing of new shares or purchase of own shares

The General Meeting of shareholders may concede (article 6, paragraph 2 of the company's Articles of Association) to the BoD its power to increase the Company's Share Capital, pursuant to article 13, paragraph 1 (b) of Codified Law 2190/1920. However, such a decision has not been taken by the General Meeting.

The Annual General Meeting of shareholders has approved a stock option plan for the years 2005 to 2007 (as years of reference). The plan was amended by subsequent decisions of General Meetings with the latest taking place in 2014 and 2015. More specifically:

The Annual General Meeting of shareholders in 2015 (25.06.2015), which amended the decision of the previous Annual General Meeting of 30.6.2014, decided to grant to the BoD the authority to decide upon the timing to exercise the options according to their own judgement by one of the following two ways:

- Award of new shares to the beneficiaries of the plan, which would arise from corresponding increase in the share capital of the company.
- Purchase of treasury shares from the company and award to the beneficiaries of the program's

Also, the General Assembly approved the granting of loans or guarantees to members of the BoD of the company which are beneficiaries, in order to exercise their stock options.

The General Meeting of shareholders has not decided to grant the BoD or any BoD members the authority to purchase Company's own shares up to 10% of the paid-in capital (unless they are to be distributed to the Company's or Group's employees), under the conditions and requirements that such decision defines, in accordance with the special terms and proceedings of article 16 of Codified Law 2190/1920.

h) Significant agreements put in force, amended or terminated in the event of change of control following a public offer and results of these agreements

No agreements exist that are put in force, amended or terminated in the event of change of control following a public offer

i) Agreements of the issuer with members of the BoD or its employees that provide compensation in the event of resignation or dismissal without valid reason or end of term or employment, as a result of a public offer

No agreements of the Company with members of the BoD or its employees that provide compensation in the event of resignation or dismissal without valid reason or end of term or employment, as a result of a public offer exist.

Athens, 25 February 2016

By authority of the Board of Directors

Efstathios Tsotsoros

Chairman

Grigorios Stergioulis

Chief Executive Officer

Andreas Shiamishis

CFO and Executive Member of
BoD

Appendix

Group Structure

Company	Relation	%	Activities
HELPE SA	Parent Company		
EKO SA	Sole shareholder: HELLENIC PETROLEUM SA	100	Oil products trade
DIAXON SA	Sole shareholder: HELLENIC PETROLEUM SA	100	BOPP film production / trade
ASPROFOS SA	Sole shareholder: HELLENIC PETROLEUM SA	100	Energy sector engineering services
HELLENIC PETROLEUM INTERNATIONAL AG	Sole shareholder: HELLENIC PETROLEUM SA	100	Holding company for the Group's investments abroad
POSEIDON MARITIME	Sole shareholder: HELLENIC PETROLEUM SA	100	Vessel-owning company
APOLLO MARITIME	Sole shareholder: HELLENIC PETROLEUM SA	100	Vessel-owning company
GLOBAL PETROLEUM ALBANIA SA	Shareholder: HELLENIC PETROLEUM SA	99.96	Oil products import, purchase & trade in Albania
BALKANIKI S.A.	Shareholder: HELLENIC PETROLEUM SA	63	Crude oil pipeline construction and operation
HELLENIC PETROLEUM - RENEWABLE ENERGY SOURCES SA	Sole shareholder: HELLENIC PETROLEUM SA	100	Production, distribution, trading of renewable energy sources
HELPE – LARCO ENERGIAKI KOKKINOY	Shareholder: HELLENIC PETROLEUM RES SA	51	Production, distribution, trading of renewable energy sources
HELPE – LARCO ENERGIAKI SERVION	Shareholder: HELLENIC PETROLEUM RES SA	51	Production, distribution, trading of renewable energy sources
ENERGIAKI PYLOU METHONIS	Shareholder: HELLENIC PETROLEUM RES SA	100	Production, distribution, trading of renewable energy sources
HELLENIC PETROLEUM FINANCE plc	Sole shareholder: HELLENIC PETROLEUM SA	100	Financing and other financial services
EKOTA KO SA	Shareholder: EKO SA	49	Construction, operation of fuel storage facilities
EKO KALYPSO MEPE	Sole shareholder: EKO SA	100	Retail trade of liquid fuels & LPG in Greece
EKO DIMITRA MARITIME COMPANY	Sole shareholder: EKO SA	100	Tanker operation
EKO ARTEMIS MARITIME COMPANY	Sole shareholder: EKO SA	100	Tanker operation
EKO ATHINA MARITIME COMPANY	Sole shareholder: EKO SA	100	Tanker operation
EKO IRA MARITIME COMPANY	Sole shareholder: EKO SA	100	Tanker operation

Company	Relation	%	Activities
EKO AFRODITI MARITIME COMPANY	Sole shareholder: EKO SA	100	Tanker operation
HELLENIC PETROLEUM CYPRUS LTD	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Oil products trade, distribution and storage in Cyprus
RAM OIL SA	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Oil products trade, distribution and storage in Cyprus
JUGOPETROL AD	Shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	54.35	Oil products trade, distribution and storage in Montenegro
HELLENIC PETROLEUM BULGARIA (Holdings) LTD	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Oil products trade and distribution in Bulgaria
HELLENIC PETROLEUM SERBIA (Holdings) LTD	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Oil products trade and distribution in Serbia
HELLENIC PETROLEUM CONSULTING	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Provision of consulting services to the Group's companies abroad
HELLENIC FUELS SA (former BP Hellas)	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Oil products trade, distribution and storage in Greece
EKO BULGARIA EAD	Sole shareholder: HELLENIC PETROLEUM BULGARIA (Holdings) LTD	100	Oil products trade in Bulgaria
HELLENIC PETROLEUM BULGARIA PROPERTIES EAD SA	Sole shareholder: HELLENIC PETROLEUM BULGARIA (Holdings) LTD	100	Oil products trade in Bulgaria
EKO-SERBIA AD	Sole shareholder: HELLENIC PETROLEUM SERBIA (Holdings) LTD	100	Oil products trade in Serbia
OKTA CRUDE OIL REFINERY AD	Shareholder: EL.PE.T BALKAN SA	51.35	Crude oil refining, oil products import and trade in Skopje
VARDAX SA	Shareholder: EL.PE.T BALKAN SA	80	Crude oil pipeline operation Thessaloniki - Skopje (OKTA)
HELPE PATRAIKOS SA	Sole shareholder: HELLENIC PETROLEUM SA	100	Exploration and Production of Hydrocarbons
HELPE UPSTREAM SA	Sole shareholder: HELLENIC PETROLEUM SA	100	Exploration and Production of Hydrocarbons

RELATED COMPANIES THAT ARE CONSOLIDATED THROUGH THE EQUITY METHOD AND OTHER INVESTMENTS

Company	Relation	%	Activities
DEPA SA	Shareholder: HELLENIC PETROLEUM SA	35	Natural gas Import & Distribution in Greece
SUPERLUBE LTD	Shareholder: HELLENIC PETROLEUM Cyprus	65	Production and marketing of lubricants
ATHENS AIRPORT FUEL PIPELINE COMPANY SA	Shareholder: HELLENIC PETROLEUM SA	50	Aspropyrgos – Spata airport pipeline
HELPE THRACE SA	Shareholder: HELLENIC PETROLEUM SA	25	Burgas - Alexandroupoli pipeline
DMEP HOLD CO	Shareholder: HPI SA	48	Provision of management and storage services of petroleum products
ELPEDISON BV	Shareholder: HELLENIC PETROLEUM SA	5	Power generation and trading
	Shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	45	
SAFCO SA	Shareholder: EKO SA	33.3	Aircraft refuelling
BIODIESEL SA	Shareholder: HELLENIC PETROLEUM-RENEWABLE ENERGY SOURCES SA	25	Production and trade of biofuels
EDAP-T.P.TH	Shareholder: HELLENIC PETROLEUM SA	6.67	Management and development of the technological park in Thessaloniki

Joint Ventures	Relation	%	Activities
STPC (HELPE SA, Calfrac Well Services Ltd)	Shareholder: HELLENIC PETROLEUM SA	25	Concession rights for the exploration and exploitation of hydrocarbons in Thracian sea
HELPE SA, Edison International SpA	Shareholder: HELLENIC PETROLEUM SA, as Operator	50	Lease agreement with the Hellenic Republic for the sea region of Patraikos Gulf for the exploration and exploitation of hydrocarbons
NAPC	Shareholder: HELLENIC PETROLEUM SA	16.67	Under liquidation

HELPE SA, Petroceltic Mesaha Limited, Kuwait Energy Company & Beach Petroleum	Shareholder: HELLENIC PETROLEUM SA	30	Concession rights for the exploration and exploitation of hydrocarbons in Upper Egypt
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BoD Members Biographies

Efstathios Tsotsoros, Chairman of BoD

He is an Electrical-Mechanical Engineer from NTUA, graduate Economist of the Department of Economics at the University of Athens. Since 1975 he is a professor at the Panteion University with specialty in Economic Development and Social Transformation. He served as a member of the Council and the Senate of the University and he was Director of the Postgraduate program, as well as of the Economic and Social Research Centre of the Department of Sociology.

He has particularly important and extensive experience in senior management positions in public and private sectors as well as in local government. He has been Director of PPC, Board Member and CEO of Business Reconstruction Organization, Vice President and General Manager of Athens Regulatory Plan and Environmental Protection Organization, Board Member and CEO of various companies in the private sector and Founder, Chairman and CEO of the Broadcasting Group Alpha. He was also Advisor to the Minister of Energy, to Athens Mayor, to the President of the Greek Technical Chamber and he has also occupied the post of the Chairman of the National Committee of Programme Agreements and Development Contracts.

He has participated in research projects and in the preparation of techno-economic studies, in significant investment projects as well as in national and regional development programs. His scientific research has been published by the Educational Institutions of the National Bank of Greece, by Commerce and Piraeus Banks, by the National Research Foundation as well as by Papazisis Publishers.

Grigorios Stergioulis, Chief Executive Officer

Born in Karditsa, Greece in 1956, he studied Chemical Engineering in the University of Leeds, from where he graduated with a Master of Science degree. He worked in various industrial enterprises, both in England and in Greece and, since 1984, has served in several managerial positions in the HELLENIC PETROLEUM Group Refineries, the most notable being that of the Elefsis Refinery Upgrade Project coordination, between 2008 and 2014. He has published technical articles and books on specialized topics and has been the instructor in conferences and technical seminars.

Andreas Shiamishis, Chief Financial Officer and Executive member of the BoD

Holds an Economics degree specialising in Econometrics at University of Essex England and is a Fellow (FCA) member of the Institute of Chartered Accountants in England and Wales.

He began his career in 1989 in the Banking and Financial Services practice of KPMG in London. From 1993 to 1998 he worked initially as executive and subsequently as the Finance and Customer Services Director in METAXA, member of the Diageo International Group of food and beverages.

In 1998 it took over as the Regional Finance and Business Development Director, with the responsibility for the areas of the Middle East and North Africa, of Pillsbury (group Diageo). The period from 2000 to 2002 he worked as Chief Financial Officer in a listed company of LEVENTIS Group interests, while in 2003 he was hired as Chief Financial and IT Officer at Petrola Hellas.

After the merger of Petrola Hellas with Hellenic Petroleum, in 2004 he took over as Chief Financial Officer of the Group and member of the Group's Executive Committee. He is a member of the Hellenic Chamber and of the Corporate Finance Faculty of the ICAEW.

Ioannis Psychogios, Executive member of BoD

Chemical Engineer graduated from the National Technical University with a Masters in Business Administration. He began his professional career in 1985 at the Aspropyrgos Refinery as a Production Engineer. After his placements throughout the administrative hierarchy, in 2003 he became the Refinery Manager. During the period 2005-2008, he was CEO of OKTA in Skopje, and from 2008 to 2010 he served as Director of Organisation and Development for the Group's refineries. He served as CEO of the Group's subsidiaries EKO and HELLENIC FUELS. He is General Manager of Group Supply, Refining and Sales.

Theodoros–Achilleas Vardas, Non-Executive Member of BoD

PhD from the Systems Engineering Department of the Chemical Engineering School at the Swiss Federal Institute of Technology in Zurich, Switzerland and a Degree in Chemical Engineering from the same institute. Began his professional career in 1979 at the Latsis Group, where he worked in key positions and in 1981 as General Manager of Petroleum Products Trading. From 1988 to 2003 he was the Deputy CEO and member of the BoD of Petrola Hellas SA and from 1999 to 2003 a member of the BoD of Papastratos SA. Member of the BoD and Management Consultant of HELLENIC PETROLEUM SA since October 2003, member of the BoD of DEPA SA since May 2004, executive member of the BoD of HELLENIC PETROLEUM SA since December 2007.

Grigoriou Georgios Non-Executive Member of BoD

He is a Chemical Engineer, graduated from National Technical University, with post graduate studies (Master of Science) in Chemical Engineering-Physical and Chemical Processes, from Columbia University, U.S.A.

He joined HELLENIC PETROLEUM Group in 1984 (former DEP-EKY and DEP) in various job positions, in E&P and Supply & Trading Divisions, where he became Director of Logistics Coordination in 2010. A year later he withdrew, in the frame of his participation in the Group program of voluntary exit.

Stratis Zafeiris, Non-Executive Board Member

He is a Chemical Engineer graduated from National Technical University of Athens. He has a significant experience in the public sector infrastructure projects, being an employee of the Secretariat of Public Works since 1985. During his professional career he has participated in a number of crucial positions, such as the Technical Chamber of Greece for the development and operation of its Training and Educational Institute and the Ministry of Industry, as a Member of the Board of Directors in EKO Chemicals Company.

He has served as the President of Chemical Engineers Association for almost ten years (1985-1994) and he has also served for a long period as an elected Member of the Management Committee of the Technical Chamber of Greece.

Mr. Zafeiris field of expertise is the reconstruction and development of the Greek industry, the development of industrial policy to support the competitiveness of the Greek enterprises and the innovation and identification of development prospects. To that effect, he has been leading various Task Force groups for the Greek business sector.

Dimitrios Kontofakas, Non-Executive Member of BoD

He holds an Economics degree from University of Athens. For several years up to 1993, he was CEO in export trade companies while from 1993 until 1998 he assumed managerial positions in media Groups such as CFO and CEO in subsidiaries of the Bobolas Group and Androulidakis Group.

From 1998 up to now he has been serving as CFO to a Group of companies of wind and photovoltaics parks and is responsible for the financial management and planning. He is also a major shareholder and manager of a construction company for private projects while he also participates in a BoD of an environmental company specializing in solid waste management studies.

From 2015 onwards he is also a Special Advisor in matters of investments and international economic relations to the vice-president of the Greek government.

Georgios Maloglou, Non-Executive Member of BoD

He graduated from the Department of Accountants/Business Executives -Technological Educational Institute of Athens and holds diplomas from Athens University of Economics and Business and Panteion University of Social and Political Studies - Department of Public Administration, with Postgraduate studies in Management and Finance.

He was freelancer economic consultant and he also assumed managerial positions in various private companies, with specialty and significant experience in the sectors of Factoring, Leasing, Financing, Drawing up of Business Plans and Budgets, Auditing, International Accounting Standards, Credit Control as well as in Human Resources Management and Education. He is Finance Director at LAMDA IATRIKH S.A. (Medical Center).

He conducted various seminars of Computerized Accounting, Tax Consulting and Finance.

Konstantinos Papagianopoulos, employee representative

Graduate of the Technical School of Electronics in 1984.

Since 1981 he has worked initially in Petrola Hellas plc and after the merger with Hellenic Petroleum he worked in the section of Electrical and Instrumentation to Elefsina Refinery. From 2004 he is a member of the Board of Directors of the Panhellenic Workers Association ELPE. In February of 2013 he has been elected as the representative of the workers in the BoD

Panagiotis Ofthalmidis, employee representative

Holds a degree in Electrical Engineering from the Technological Educational Institute of Kavala. He has been working for HELLENIC PETROLEUM SA since 1989, in the department of Electrical Maintenance of Refinery and Chemical Plants of Industrial Installations in Thessaloniki. He has been President of the Pan-Hellenic Labour Union of the Company. In March 2008 he was elected as employee representative in the Company's BoD.

Theodoros Pantalakis, independent member, minority shareholders representative

Holds a degree in Business Administration from the Piraeus University. From 1980 to 1991 he worked at the National Bank of Investments & Industrial Development (ETEBA). Additionally, from 1983 to 1985 he was associate of the Deputy Minister of National Economy, Kostis Vaitsou and from 1985 to 1988 was the Office Director of the Deputy Minister of National Economy, Theodoros Karantzas. From 1991 to 1996 he was Assistant General Manager in the Interamerican group. From March 1996 to April 2004 he held the position of Deputy Governor of the National Bank of Greece, while at the same time he served as Chairman, Vice-Chairman or member of the BoD in several of the bank's subsidiaries. He



was also Vice-Chairman of the Athens Stock Exchange, President of the Central Depository, and President of the Executive Committee of the Hellenic Bank Association et.al. On May 2004 he was appointed Vice-Chairman of the BoD of Piraeus Bank and from January 2009 to December 2009 he was the Vice-Chairman and Deputy-CEO of the Piraeus Bank Group. He was also Chairman of the BoD of Piraeus AEEAP (now Trastor AEEAP) and the Chairman of Europaiki Pisti AEGA insurance company. He served as Chairman of the BoD of ATE Bank between 2009 and 2012. He is a member of the BoD of Attiki Odos and serves in the Board of a number of other companies.

Spyridon Pantelias, independent member, minority shareholders representative

Holds a PhD and Master's Degree in Economics from the University of Washington, St. Louis, as well as a Degree in Economics from the University of Athens. He is a banker with significant experience in the financial services sector. He has been the General Manager of the Bank of Cyprus group – Head of investment banking, asset management and brokerage. From 2005 to 2007 he held the position of Deputy General Manager at Emporiki Bank, from 2002 to 2004 General Manager of EFG Telesis Finance and in 2000 to 2002 Deputy General Manager at Geniki Bank. He has also worked in the National Bank of Greece, the Hellenic Bank Association and the Reuters News Agency. He currently acts as a Consultant to the Administration of the BoG.



HELLENIC
PETROLEUM

3. Statement of the Chairman, Chief Executive Officer and one Director on the true presentation of the Annual Financial Report

Statement of the Chairman, Chief Executive Officer and one Director on the true presentation of the Annual Financial Report

(Pursuant to article 4 par. 2 of Law no. 3556/2007)

Pursuant to provisions of article 4, par. 2(c) of Law 3556/2007, we state that, to our best knowledge:

- a. The Annual Financial Statements, which were prepared in accordance with the applicable International Financial Reporting Standards, fairly represent the assets and liabilities, the equity and results of the parent company HELLENIC PETROLEUM S.A. for 2013, as well as of the companies that are included in the consolidation taken as a whole.

- b. The Annual Report of the Board of Directors fairly represents the performance, results of operations and financial position of the parent company Hellenic Petroleum S.A. and of the companies included in the consolidation taken as a whole, as well as a description of the main risks and uncertainties they face.

Athens, 25 February 2016

By authority of the Board of Directors

Efstathios Tsotsoros

Chairman

Grigorios Stergioulis

Chief Executive Officer

Andreas Shiamishis

CFO and Executive Member of
BoD

4. Independent Auditor's Report on the Annual Financial Statements and the Annual Financial Report



Independent Auditor's Report

To the Shareholders of Hellenic Petroleum S.A.

Report on the Audit of the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Hellenic Petroleum S.A. (the "Company") and its subsidiaries (together, the "Group") which comprise the consolidated statement of financial position as of 31 December 2015 and the consolidated statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 31 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

- a) Included in the Board of Directors' Report is the corporate governance statement that contains the information that is required by paragraph 3d of article 43a of Codified Law 2190/1920.
- b) We verified the conformity and consistency of the information given in the Board of Directors' report with the accompanying consolidated financial statements in accordance with the requirements of articles 43a (par.3a), 108 and 37 of Codified Law 2190/1920.



PricewaterhouseCoopers S.A.
Certified Auditors - Accountants
268, Kifissias Avenue
152 32 Halandri
SOEL Reg. No 113

Athens, 25 February 2016

Certified Auditor - Accountant

Konstantinos Michalatos
SOEL Reg. No 17701

5. Complementary information and data pursuant to decision no. 7/448/11.10.07 of the Capital Market Commission

5.1 Information required as per article 10 of L. 3401/2005

Pursuant to decision 7/448/11.01.2007 article 1 of the Capital Market Commission's Board of Directors and the provision of article 10 of L. 3401/2005, the company informs investors of the following announcements issued to the Athens Stock Exchange and Capital Market Commission supervisory authorities, in accordance with applicable law during the financial year 2015. The full text of these announcements can be found on the company's website at the following electronic address: www.helpe.gr.

A) INTERIM FINANCIAL STATEMENTS

26.02.15	HELLENIC PETROLEUM S.A. & GROUP 2014 Annual Financial Statements
28.05.15	HELLENIC PETROLEUM S.A. & GROUP 1Q 2015 Interim Financial Statements
27.08.15	HELLENIC PETROLEUM S.A. & GROUP 1 st half/2 nd quarter 2015 Interim Financial Statements
12.11.15	HELLENIC PETROLEUM S.A. & GROUP nine month/3 rd quarter 2015 Interim Financial Statements

B) PRESS RELEASES REGARDING THE INTERIM FINANCIAL STATEMENTS

26.02.15	Press release for the annual results of financial year 2014
28.05.15	Press release for the 1 st quarter results of financial year 2015
27.08.15	Press release for the 1 st half/ 2 nd quarter results of financial year 2015
12.11.15	Press release for the nine month/3 rd quarter results of financial year 2015

C) GENERAL SHAREHOLDERS' MEETINGS / GENERAL MEETING RESOLUTIONS / DIVIDENDS

04.06.15	Invitation to the Annual Ordinary General Shareholders' Meeting
26.06.15	Resolutions of the Annual Ordinary General Meeting of Shareholder

D) CORPORATE ACTIVITY

26.08.15	HELPE, TAIPED & SOCAR executives meeting
30.12.15	Announcement for the transfer of share of Petroceltic Resources Plc

E) SENIOR EXECUTIVES AND ORGANISATIONAL CHANGES

05.05.15	Announcement for the BoD composition change.
07.05.15	Appointment of a new Board of Directors
15.10.15	Announcement of the BoD reconstruction
15.10.15	Announcement of Group's Senior Executives Organizational Changes
03.12.15	Announcement for the BoD composition change.

F) MISCELLANEOUS

18.02.2015	Notification for 4Q / FY 2014 Results Release.
02.03.2015	Financial Calendar 2015
08.05.2015	Announcement for the incident of ignition in a unit at the Aspropyrgos refinery
12.05.2015	Financial Calendar 2015 (Update)



HELLENIC
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2 Published Summary Financial Statements

HELLENIC PETROLEUM S.A.
General Commercial Registry 000296601000 (A.R.M.A.E. 2443/06/B/86/23)



FINANCIAL DATA AND INFORMATION FOR THE YEAR FROM 1 JANUARY 2015 TO 31 DECEMBER 2015 (Published in compliance to L.2190/20, art. 135 for companies that prepare annual financial statements in accordance with IFRS)

The following financial data and information are only for general information purposes with regard to the financial position and results of HELLENIC PETROLEUM Group and the parent company. We, therefore, recommend to the reader, before making any investment decision, or proceeding to any transaction with the company, to refer to the company's internet address, where the annual financial statements in accordance with International Financial Reporting Standards are available, together with the auditors' report.

COMPANY	
Head office Address:	8 th , CHIMARRAS STR. - 15125 MAROUSI
Website:	http://www.helpe.gr
Approval date of the annual financial statements by the Board of Directors:	25 FEBRUARY 2016
The Certified Auditor:	KONSTANTINOS MICHALATOS, (SOEL reg.no.17701)
Auditing Company:	PRICEWATERHOUSECOOPERS S.A., (SOEL reg.no.113)
Type of Auditor's Report:	UNQUALIFIED

Board of Directors :	THEODOROS-ACHILLEAS VARDAS	THEODOROS PANTALAKIS
EFSTATHIOS TSOTSOROS - Chairman of the Board (since 07/05/2015)	STRATIS ZAFIRIS	CHRISTOS RAZELOS (up to 07/05/2015)
IOANNIS PAPATHANASIOU - Chairman of the Board (up to 07/05/2015)	DIMITRIOS KONTOFAKAS	IOANNIS RAPTIS (up to 07/05/2015)
GRIGORIOS STERGIOLIS - Chief Executive Officer (since 07/05/2015)	GEORGIOS GRIGORIOU	IOANNIS SERGOPOULOS (up to 07/05/2015)
	GEORGIOS MALOGLIOU	VASSILIOS NIKOLOPOULOS (up to 07/05/2015)
	CONSTANTINOS PAPAGIANNOPOULOS	AGGELIOS CHATZIDIMITRIOU (up to 07/05/2015)
JOHN COSTOPOULOS - Chief Executive Officer (up to 07/05/2015)	PANAGIOTIS OFTHALMIDES	SOTIRIOS KONTONASIOS (up to 15/10/2015)
GEORGIOS ALEXOPOULOS (up to 03/12/2015)	ANDREAS SIAMISHIS	
IOANNIS PSICHOGIOS		
ANDREAS SIAMISHIS	SPIRIDON PANTELIAS	

STATEMENT OF FINANCIAL POSITION
(Amounts in thousands €)

	GROUP		COMPANY	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
ASSETS				
Property, plant and equipment	3.385.270	3.398.170	2.774.026	2.767.874
Intangible assets	117.062	131.978	8.371	11.477
Other non-current assets	1.003.197	993.911	850.619	977.379
Inventories	662.025	637.613	580.747	543.783
Trade and other receivables	752.142	708.227	1.001.818	899.057
Cash, cash equivalents and restricted cash	2.108.364	1.847.842	1.839.156	1.593.262
Available-for-sale non-current assets	523	1.547	50	50
TOTAL ASSETS	8.028.583	7.719.288	7.054.787	6.792.882
EQUITY AND LIABILITIES				
Share capital	666.285	666.285	666.285	666.285
Share premium	353.796	353.796	353.796	353.796
Retained earnings and other reserves	664.235	598.061	204.810	156.606
Capital and reserves attributable to Company Shareholders (a)	1.684.316	1.618.142	1.224.891	1.176.687
Non-controlling interests (b)	105.954	110.404	-	-
TOTAL EQUITY (c) = (a) + (b)	1.790.270	1.728.546	1.224.891	1.176.687
Long-term borrowings	1.597.954	1.811.995	1.536.414	1.760.493
Provisions and other long term liabilities	169.728	161.766	92.900	89.113
Short-term borrowings	1.633.033	1.177.645	1.419.687	1.010.114
Other short-term liabilities	2.837.598	2.839.336	2.780.895	2.756.475
Total liabilities (d)	6.238.313	5.990.742	5.829.896	5.616.195
TOTAL EQUITY AND LIABILITIES (c) + (d)	8.028.583	7.719.288	7.054.787	6.792.882

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD
(Amounts in thousands €)

	GROUP		COMPANY	
	1/1/2015-31/12/2015	1/1/2014-31/12/2014	1/1/2015-31/12/2015	1/1/2014-31/12/2014
Turnover	7.302.939	9.478.444	6.584.471	8.750.184
Gross profit	694.592	144.836	382.041	(123.307)
Operating profit / (loss)	245.244	(288.912)	215.198	(248.004)
(Loss) / Profit before Tax	38.964	(484.895)	22.725	(426.795)
Less : Taxes	6.063	116.305	4.816	113.245
(Loss) / Profit for the year	45.027	(368.590)	27.541	(313.550)
Attributable to:				
Owners of the parent	46.684	(365.292)	-	-
Non-controlling interests	(1.657)	(3.298)	-	-
	45.027	(368.590)		
Other comprehensive (loss)/income for the year, net of tax	20.503	(51.549)	20.663	(52.298)
Total comprehensive (loss) / income for the year	65.530	(420.139)	48.204	(365.848)
Attributable to:				
Owners of the parent	67.239	(416.881)	-	-
Non-controlling interests	(1.709)	(3.258)	-	-
	65.530	(420.139)		
Basic and diluted earnings per share (in Euro per share)	0,15	(1,20)	0,09	(1,03)
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	442.023	(87.078)	351.273	(110.391)

STATEMENT OF CHANGES IN EQUITY
(Amounts in thousands €)

	GROUP		COMPANY	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Total equity at beginning of the year (1/1/2015 & 1/1/2014)	1.728.546	2.214.466	1.176.687	1.606.369
Total comprehensive (loss) / income for the year	65.530	(420.139)	48.204	(365.848)
Dividends to shareholders of the parent	-	-	-	-
Dividends to minority shareholders	(2.741)	(1.827)	-	-
Distribution of tax free reserves	-	(64.205)	-	(64.085)
Share based payments	-	251	-	251
Expenses relating to share capital increase of subsidiary	(772)	-	-	-
Tax on intra-group dividends relating to 2014	(293)	-	-	-
Total equity at the end of the year	1.790.270	1.728.546	1.224.891	1.176.687

ADDITIONAL INFORMATION

1. Note No. 34 of the annual consolidated financial information includes all subsidiary and associated companies and their related information. 2. No company shares are owned either by the parent company or any of the subsidiaries as at the end of the period. 3. The parent company HELLENIC PETROLEUM S.A. has not been subject to a tax audit for the fiscal year 2010 (Note 27 of the annual consolidated financial information). 4. These consolidated financial statements of Hellenic Petroleum S.A. for the year ended 31 December 2015 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union ("EU"), as outlined in Note 2.1 of the annual consolidated financial information of 31 December 2015. Where necessary, comparative figures have been reclassified to conform to changes in the presentation of the current financial year. 5. As mentioned in Note 31 of the annual consolidated financial information, the Group's entities are involved in a number of legal proceedings and have various unresolved claims pending arising in the ordinary course of business. Based on currently available information, management believes the outcome will not have a significant impact on the Group's operating results or financial position. 6. The EGM held on 30 January 2012 approved a Memorandum of Understanding with the Greek State (controlling shareholder of DEPA Group) agreeing to participate in a joint sales process for the Group's 35% shareholding in DEPA. At the final stage of the sales process one binding offer for the purchase of 66% of DESFA shares (100% subsidiary of DEPA SA) was received. The offer is for €400 million for 66% of DESFA, i.e. €212,1 million for HELPE's 35% effective shareholding. The EGM of 2 September 2013 approved the transaction. As at 31 December 2015, DEPA Group's carrying value in the Group's accounts is €595 million. Given that the transaction can only be completed upon receiving the approval of the relevant competent authorities, and given the timing of such approvals and the unbundling process that is still to be concluded, management considers it appropriate to maintain the policy of including DEPA Group as an associate at the date of this annual financial information (Note 8). 7. In January 2015, the Group concluded a €200 million committed credit facility with tenor of 3 years, with National Bank of Greece, as mentioned in Note 16 of the annual consolidated financial information. 8. On 16 January 2016, the European Union decided to lift all economic and financial sanctions against Iran. On the same date, U.S and other International Restrictive Measures were also partially lifted. In light of the above developments, Hellenic Petroleum and NIOC executed a Heads of agreement on 22 January 2016 for the recommencement of their commercial relationship for the supply of crude and for the settlement of the overdue amounts. For further information please refer to Note 15 of the annual consolidated financial information. 9. Number of employees at 31/12/2015 in Greece: **Company: 1.902, Group: 2.667** (31/12/2014: Company: 1.863, Group: 2.622).

10. The amount of provisions included in the Statement of Financial Position are as follows:

	GROUP	COMPANY
a) for pending legal cases	4.699	3.000
β) for tax matters	8.049	3.733
c) for SLI	95.362	77.500
d) for other provisions relating to expenses	18.056	18.004

11. Other comprehensive income for the period, net of tax, for the Group and the parent company is as follows:

	GROUP		COMPANY	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Fair value gains/(losses) on available-for-sale financial assets	(255)	375	-	-
Fair value gains/(losses) from cash flow hedges	19.746	(45.875)	19.746	(48.359)
Actuarial gains/(losses) on defined benefit pension plans	1.615	(6.234)	917	(3.939)
Other movements and currency translation differences	(603)	185	-	-
Net income/(expense) recognised directly in equity	20.503	(51.549)	20.663	(52.298)

12. Transactions and balances with related parties for the Group and the parent company (in thousands of €) are as follows:

	GROUP	COMPANY
Sales of goods and services	1.108.958	3.273.250
Purchases of goods and services	906.381	953.882
Receivables	72.693	485.574
Payables	84.007	167.714
Board members and senior management remuneration & other benefits	5.442	5.376
Amounts due to/(from) Board members and senior management	-	-

Athens, 25th of February 2016

CHAIRMAN OF THE BOARD

CHIEF EXECUTIVE OFFICER

GROUP CHIEF FINANCIAL OFFICER
BOARD MEMBER

ACCOUNTING DIRECTOR

EFSTATHIOS N. TSOTSOROS
ID. Number AE 075524

GRIGORIOS S. STERGIOLIS
ID. Number AM 142474

ANDREAS N. SIAMISHIS
ID. Number AA 010147

STEFANOS I. PAPADIMITRIOU
ID. Number AK 553436

5.3 Website

The annual financial statements of the Hellenic Petroleum Group and the parent company on a consolidated and non-consolidated basis, the Independent Auditors' Report and the Annual Report of the Board of Directors are available on the internet at www.helpe.gr.

The annual financial statements of the consolidated companies of EKO SA are available on the internet at www.eko.gr

The annual financial statements of the consolidated companies of Hellenic Fuels SA are available on the internet at www.hellenicfuels.gr