HELLENIC PETROLEUM S.A.

Consolidated Financial Statements
in accordance with IFRS as endorsed by the
European Union for the
year ended 31 December 2018

GENERAL COMMERCIAL REGISTRY: 000296601000
COMPANY REGISTRATION NUMBER: 2443/06/B/86/23

Index to the consolidated financial statements

(All amounts in Euro thousands unless otherwise stated)

Company Information

Directors	Efstathios Tsotsoros - Chairman of the Board & Chief Executive Officer (From 17/04/2018) Andreas Shiamishis - Deputy Chief Executive Officer Georgios Alexopoulos - Member Theodoros-Achilleas Vardas - Member Georgios Grigoriou - Member Georgios Papakonstantinou - Member (From 06/06/2018) Theodoros Pantalakis - Member Spiridon Pantelias - Member Konstantinos Papagiannopoulos - Member Dimitrios Kontofakas - Member Vasileios Kounelis - Member Loudovikos Kotsonopoulos - Member (From 17/04/2018) Christos Tsitsikas - Member (From 29/11/2018)
Other Board Members during the year	Grigorios Stergioulis - Chief Executive Officer (Until 17/04/2018) Panagiotis Ofthalmides - Member (Until 06/06/2018) Ioannis Psichogios - Member (Until 29/11/2018)
Registered Office	8A Chimarras Str GR 151 25 - Marousi
General Commercial Registry	000296601000

These consolidated financial statements constitute an integral part of the Annual Financial Report which can be found at https://www.helpe.gr/en/investor-relations/quarterly-results/annual-and-interim-financial-reports/ and which incorporates the Independent Auditor's Report.

(All amounts in Euro thousands unless otherwise stated)

Consolidated Statement of financial position

	Note	As at 31 December 2018	31 December 2017
ASSETS			
Non-current assets			
Property, plant and equipment	**6**	3.268.928	3.311.893
Intangible assets	**7**	105.617	105.684
Investments in associates and joint ventures	**8**	390.091	701.635
Deferred income tax assets	**17**	64.109	71.355
Investment in equity instruments	**3**	634	1.857
Loans, advances and long term assets	**9**	73.922	89.626
		3.903.301	**4.282.050**
Current assets			
Inventories	**10**	993.031	1.056.393
Trade and other receivables	**11**	821.598	791.205
Assets held for sale		3.133	-
Derivative financial instruments	**21**	-	11.514
Cash, cash equivalents and restricted cash	**12**	1.276.366	1.018.913
		3.094.128	**2.878.025**
Total assets		**6.997.429**	**7.160.075**
EQUITY			
Share capital and share premium	**13**	1.020.081	1.020.081
Reserves	**14**	258.527	358.056
Retained Earnings		1.052.164	930.522
Equity attributable to equity holders of the parent		**2.330.772**	**2.308.659**
Non-controlling interests		63.959	62.915
Total equity		**2.394.731**	**2.371.574**
LIABILITIES			
Non- current liabilities			
Interest bearing loans and borrowings	**16**	1.627.171	920.234
Deferred income tax liabilities	**17**	185.744	131.611
Retirement benefit obligations	**18**	163.514	133.256
Provisions	**19**	42.038	6.371
Trade and other payables	**20**	28.852	28.700
		2.047.319	**1.220.172**
Current liabilities			
Trade and other payables	**15**	1.349.153	1.661.457
Derivative financial instruments	**21**	16.387	-
Income tax payable		80.171	5.883
Interest bearing loans and borrowings	**16**	1.108.785	1.900.269
Dividends payable		883	720
		2.555.379	**3.568.329**
Total liabilities		**4.602.698**	**4.788.501**
Total equity and liabilities		**6.997.429**	**7.160.075**

The notes on pages 9 to 79 are an integral part of these consolidated financial statements.

These consolidated financial statements were approved by the board of directors on 28 February 2019.

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

(All amounts in Euro thousands unless otherwise stated)

Consolidated statement of comprehensive income

	Note	For the year ended 31 December 2018	31 December 2017
Reveue from contracts with customers	**5**	**9.769.155**	**7.994.690**
Cost of sales	**22**	(8.769.769)	(6.907.198)
Gross profit		**999.386**	**1.087.492**
Selling and distribution expenses	**22**	(324.430)	(276.182)
Administrative expenses	**22**	(150.518)	(133.427)
Exploration and development expenses	**23**	(1.403)	(212)
Other operating (expenses) / income and other gains/(losses) - net	**24**	(8.823)	(15.888)
Operating profit		**514.212**	**661.783**
Finance income	**25**	3.827	4.600
Finance expense	**25**	(149.532)	(169.653)
Currency exchange (losses) / gains	**26**	2.194	(8.173)
Share of profit/ (loss) of investments in associates and joint ventures	**8**	(1.771)	31.228
Profit before income tax		**368.930**	**519.785**
Income tax expense	**27**	(154.218)	(135.862)
Profit for the year		**214.712**	**383.923**
Profit attributable to:			
Owners of the parent		211.614	381.372
Non-controlling interests		3.098	2.551
		214.712	**383.923**
Other comprehensive income/ (loss):			
Other comprehensive income that will not be reclassified to profit or loss (net of tax):			
Actuarial losses on defined benefit pension plans		(11.012)	(9.589)
Changes in the fair value of equity instruments	**14**	(695)	6
Reduction in value of land	**14**	-	(1.669)
Share of other comprehensive income/ (loss) of associates	**14**	(288)	-
		(11.995)	(11.252)
Other comprehensive income that may be reclassified subsequently to profit or loss (net of tax):			
Fair value losses on cash flow hedges	**14**	(5.006)	(4.590)
Derecognition of gains/losses on hedges through comprehensive income	**14**	(14.920)	1.979
Currency translation differences and other movements		(745)	752
		(20.671)	(1.859)
Other comprehensive (loss)/income for the year, net of tax		**(32.666)**	**(13.111)**
Total comprehensive income for the year		**182.046**	**370.812**
Total comprehensive income/(loss) attributable to:			
Owners of the parent		178.958	368.989
Non-controlling interests		3.088	1.823
		182.046	**370.812**
Basic and diluted earnings per share (expressed in Euro per share)	**28**	**0,69**	**1,25**

The notes on pages 9 to 79 are an integral part of these consolidated financial statements.

(All amounts in Euro thousands unless otherwise stated)

Consolidated statement of changes in equity

		Attributable to owners of the Parent					
	Note	Share Capital	Reserves	Retained Earnings	Total	Non-controlling Interest	Total Equity
Balance at 1 January 2017		**1.020.081**	**469.788**	**549.891**	**2.039.760**	**101.875**	**2.141.635**
Changes of the fair value of equity inestment	**14**	-	1	-	1	5	6
Currency translation gains/(losses) and other movements	**14**	-	718	-	718	34	752
Reduction in value of land	**14**	-	(907)	-	(907)	(762)	(1.669)
Actuarial losses on defined benefit pension plans	**14**	-	(9.584)	-	(9.584)	(5)	(9.589)
Fair value gains on cash flow hedges	**14**	-	(4.590)	-	(4.590)	-	(4.590)
Derecognition of gains on hedges through comprehensive income	**14**	-	1.979	-	1.979	-	1.979
Other comprehensive income / (loss)		**-**	**(12.383)**	**-**	**(12.383)**	**(728)**	**(13.111)**
Profit /(loss) for the year		-	-	381.372	381.372	2.551	383.923
Total comprehensive income/(loss) for the year		**-**	**(12.383)**	**381.372**	**368.989**	**1.823**	**370.812**
Share based payments	**13**	-	(653)	(9.061)	(9.714)	-	(9.714)
Acquisition of treasury shares	**14**	-	(10.245)	-	(10.245)	-	(10.245)
Issue of treasury shares to employees	**14**	-	9.714	-	9.714	-	9.714
Participation of minority holding in share capital decrease of subsidiary		-	-	-	-	76	76
Transfers from Retained Earnings to Reserves	**14**	-	8.797	(8.797)	-	-	-
Tax on intra-group dividends		-	-	(136)	(136)	-	(136)
Dividends to non-controlling interests		-	-	-	-	(2.561)	(2.561)
Dividends	**14**	-	(106.962)	-	(106.962)	-	(106.962)
Acquisition of non- controlling interests		-	-	17.253	17.253	(38.298)	(21.045)
Balance at 31 December 2017 as originally presented		**1.020.081**	**358.056**	**930.522**	**2.308.659**	**62.915**	**2.371.574**
Change in accounting policy	**2.1.1**	-	166	(3.469)	(3.303)	-	(3.303)
Restated total equity as at 1 January 2018		**1.020.081**	**358.222**	**927.053**	**2.305.356**	**62.915**	**2.368.271**
Changes in the fair value of equity instruments	**14**	-	(700)	-	(700)	5	(695)
Currency translation gains/(losses) and other movements	**14**	-	(740)	-	(740)	(5)	(745)
Actuarial losses on defined benefit pension plans	**14**	-	(11.002)	-	(11.002)	(10)	(11.012)
Fair value losses on cash flow hedges	**14**	-	(5.006)	-	(5.006)	-	(5.006)
Share of other comprehensive income/ (loss) of associates	**14**	-	(288)	-	(288)	-	(288)
Derecognition of gains on hedges through comprehensive income	**14**	-	(14.920)	-	(14.920)	-	(14.920)
Other comprehensive loss	**14**	**-**	**(32.656)**	**-**	**(32.656)**	**(10)**	**(32.666)**
Profit for the period		-	-	211.614	211.614	3.098	214.712
Total comprehensive income/(loss) for the year		**-**	**(32.656)**	**211.614**	**178.958**	**3.088**	**182.046**
Share based payments	**13**	-	(93)	(1.121)	(1.214)	-	(1.214)
Acquisition of treasury shares	**14**	-	(683)	-	(683)	-	(683)
Issue of treasury shares to employees	**14**	-	1.214	-	1.214	-	1.214
Participation of minority shareholders in share capital increase of subsidiary		-	-	-	-	17	17
Transfers from Reserves to Retained Earnings	**14**	-	(17.319)	17.319	-	-	-
Tax on intra-group dividends		-	-	(123)	(123)	-	(123)
Dividends to non-controlling interests		-	-	-	-	(2.061)	(2.061)
Dividends		-	(76.408)	(76.408)	(152.816)	-	(152.816)
Transfer to Statutory Reserve		-	26.170	(26.170)	-	-	-
Transfer of grant received to tax free reserves	**14**	-	80	-	80	-	80
Balance at 31 December 2018		**1.020.081**	**258.527**	**1.052.164**	**2.330.772**	**63.959**	**2.394.731**

The notes on pages 9 to 79 are an integral part of these consolidated financial statements.

(All amounts in Euro thousands unless otherwise stated)

Consolidated statement of cash flows

	Note	For the year ended 31 December 2018	31 December 2017
Cash flows from operating activities			
Cash generated from operations	**30**	507.846	453.311
Income tax paid		(4.918)	(10.375)
Net cash generated from operating activities		**502.928**	**442.936**
Cash flows from investing activities			
Purchase of property, plant and equipment & intangible assets	**6,7**	(156.713)	(208.732)
Proceeds from disposal of property, plant and equipment & intangible assets		277	30
Settlement of consideration of acquisition of further equity interest in subsidiary		(1.298)	-
Purchase of subsidiary, net of cash acquired	**34**	(16.000)	-
Grants received		299	110
Interest received	**25**	3.827	4.600
Dividends received	**8**	307.735	19.346
Investment in associates - net	**8**	-	(147)
Proceeds from disposal of investments in equity instruments		265	8
Net cash generated from/ (used in) investing activities		**138.392**	**(184.785)**
Cash flows from financing activities			
Interest paid		(140.755)	(160.830)
Dividends paid to shareholders of the Company		(148.767)	(104.115)
Dividends paid to non-controlling interests		(2.061)	(2.561)
Movement in restricted cash	**12**	144.445	11.873
Acquisition of treasury shares		(683)	(10.245)
Participation of minority shareholders in share capital increase of subsidiary		17	76
Proceeds from borrowings		409.694	288.000
Repayments of borrowings		(506.358)	(322.622)
Net cash used in financing activities		**(244.468)**	**(300.424)**
Net increase/ (decrease) in cash and cash equivalents		**396.852**	**(42.273)**
Cash and cash equivalents at the beginning of the year	**12**	**873.261**	**924.055**
Exchange gains / (losses) on cash and cash equivalents		5.046	(8.521)
Net increase/(decrease) in cash and cash equivalents		396.852	(42.273)
Cash and cash equivalents at end of the year	**12**	**1.275.159**	**873.261**

The notes on pages 9 to 79 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 General information

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

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

The financial statements and the consolidated financial statements of Hellenic Petroleum S.A. for the year ended 31 December 2018 were authorised for issue by the Board of Directors on 28 February 2019. The shareholders of the Company have the power to amend the financial statements after their issuance.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

These consolidated financial statements for the year ended 31 December 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB"), as endorsed by the European Union ("EU"), and present the financial position, results of operations and cash flows of the Group on a going concern basis. Management has concluded that the going concern basis of preparation of the accounts is appropriate.

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

- financial instruments – measured at fair value
- defined benefit pension plans – plan assets measured at fair value
- assets held for sale – measured at the lower of carrying value and fair value less cost to sell

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

(All amounts in Euro thousands unless otherwise stated)

2.1.1 New standards, amendments to standards and interpretations

New and amended standards adopted by the Group.

The accounting principles and calculations used in the preparation of the consolidated financial statements are consistent with those applied in the preparation of the consolidated financial statements for the year ended 31 December 2017 and have been consistently applied in all periods presented in this report except for the following IFRS's which have been adopted by the Group as of 1 January 2018. The Group applied for the first time, IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments and disclosed below, as required by IAS8, the nature and effect of these changes. Several other amendments and interpretations apply for the first time in 2018 but do not have a significant impact on the consolidated financial statements of the Group for the year ended 31 December 2018.

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

  The Group adopted the new standard as of 1 January 2018 without restating comparative information. The cumulative effect of the adjustments arising from the new requirements are therefore recognized in the opening balance of retained earnings on 1 January 2018.

  The following table shows the adjustments recognized for each individual line item. Line items that were not affected by the changes have not been included. The adjustments are presented in more detail below.

  Impact on the statement of financial position (increase/(decrease)) as at 31 December 2017 as published:

Balance sheet extract	Adjustments	31 December 2017 As published	IFRS 9	1 January 2018 after effect of IFRS 9
Non-current assets				
Investments in associates and joint ventures	(b)	701.635	(1.750)	699.885
Deferred income tax assets	(b)	71.355	531	71.886
Available for sale financial assets	(a)	1.857	(1.857)	-
Investment in equity instruments	(a)	-	1.857	1.857
Current assets				
Trade and other receivables	(b)	791.205	(2.084)	789.121
Equity				
Reserves	(a)	358.056	166	358.222
Retained earnings	(a), (b)	930.522	(3.469)	927.053

(a) Classification and measurement

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

The financial assets (equity investments) that were classified by the Group as available-for-sale (AFS) under IAS 39, are now classified as 'Investments in equity instruments' and measured at fair value through other comprehensive income. Any changes in the fair value of such equity instruments are included in "items that will not be reclassified to profit or loss". IFRS 9 permits an entity to make an irrevocable election to designate an investment in equity instruments that is not held for trading as at fair value through other comprehensive income.

(All amounts in Euro thousands unless otherwise stated)

As a result of applying the classification, the Group reclassified an amount of € 0,2 million from retained earnings to reserves.

Derivative instruments, to the extent they are not designated as effective hedges, continue to be classified as financial assets at FVPL.

The accounting for the Group's financial liabilities remain largely the same as under IAS 39.

In summary, upon the adoption of IFRS 9, the Group had the following reclassifications:

As at 31 December 2017 (IAS 39)		IFRS 9 measurement category		
		Fair value through profit or loss	Amortised cost	Fair value through OCI
Loans and receivables				
Trade receivables	791.205	-	789.121	-
Available for sale financial assets	1.857	-	-	1.857

(b) Impairment

The adoption of IFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

For trade receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been as significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

Financial assets with contractual payments over 90 days past due constitute default events. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The effect of the above change on the statement of financial position as at 1 January 2018 resulted in a decrease of retained earnings of €3,5 million, a decrease of €2,1 million in trade receivables, an increase of €0,5 million in deferred income tax assets and a decrease of €1,8 million in investment in associates and joint ventures.

(All amounts in Euro thousands unless otherwise stated)

Set out below is the reconciliation of the ending impairment allowances in accordance with IAS 39 to the opening loss allowances determined in accordance with IFRS 9:

	Allowance for impairment under IAS 39 as at 31 December 2017	Remeasurement	ECL under IFRS 9 as at 1 January 2018
Trade receivables under IAS 39/Financial assets at amortised cost under IFRS 9	248.008	2.084	250.092

(c) Hedge accounting

At the date of the initial application, all of the Group's existing hedging relationships were eligible to be treated as continuing hedging relationships under IFRS 9 and, as such, the adoption of the hedge accounting requirements of the new standard had no significant impact on the Group's financial statements. The Group's risk management policies and hedge documentation are aligned with the requirement of the new standard and hedge accounting continues to apply.

- *IFRS 15 Revenue from Contracts with Customers:* IFRS 15 establishes a five-step model that applies to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not in the Group's ordinary activities (e.g. sales of property, plant and equipment or intangible).

  As from 1 January 2018, the Group applies the new standard using the modified retrospective method, therefore the initial application did not result in any restatement of comparative data. The new standard did not have any significant impact on the Group's consolidated financial statements, upon adoption since, no material differences from applying the new accounting policies were identified. Therefore it did not have any impact on retained earnings and no transition adjustments were required as a result of its application. Although the implementation of IFRS 15 does not generally represent a material change from the Group's current practices the Group revised its respective accounting policy as follows:

  The Group recognizes revenue when (or as) a contractual promise to a customer (performance obligation) is fulfilled by transferring a promised good or service (which is when the customer obtains control over the promised goods or services). If a contract contains more than one performance obligation, the total transaction price of the contract is allocated among the individual, separate performance obligations based on their relative standalone selling prices. The amount of revenue recognized is the amount allocated to the satisfied performance obligation based on the consideration that the Group expects to receive in accordance with the terms of the contracts with the customers. Variable considerations are included in the amount of revenue recognized only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur in the future.

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

  Under the new requirements, the Group concluded that prospective volume discounts constitute a material right which should be deferred and recognized when exercised or lapsed. The Group provides volume discounts to customers based on thresholds specified in contracts. All such discounts are accrued within the financial year and therefore the application of the new standard has a nil effect in the annual Financial Statements.

Revenue from contracts with customers in accordance with the Group's commercial policy is disaggregated by operating segment and distribution channel in Note 5. In addition, the Group concluded that it transfers control over its products at a point in time, upon receipt by the customer, because this is when the customer benefits from the respective products.

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

- *IFRS 2 (Amendments) Classification and Measurement of Share based Payment Transactions:* The Amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligations and for modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

- *IAS 40 (Amendments) Transfers to Investment Property:* The Amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The Amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

- *IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration***:** The Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The Interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

- The IASB has issued the *Annual Improvements to IFRSs (2014 – 2016 Cycle)*, which is a collection of amendments to IFRSs.

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

Standards issued but not yet effective and not early adopted

The Group has not early adopted any other of the following standard, interpretation or amendment that has been issued but is not yet effective. In addition, the Group assessed all standards, interpretations and amendments issued but not yet effective, and concluded that, except for IFRS 16, which is analyzed below, they will not have any significant impact on the consolidated financial statements.

- *IFRS 16 Leases***:** The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor').

  IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 *Determining whether an Agreement contains a Lease*, SIC-15 *Operating Leases- Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal From of a Lease*.

The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. More specifically, IFRS 16 introduces a single, on-balance sheet lease accounting model for leases. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Group has set up a project team which has reviewed all of the group's leasing arrangements over the last year in light of the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting for the Group's operating leases. The Group has assessed the estimated impact that initial application of IFRS 16 will have on its consolidated financial statements. Particularly, it has disclosed known or reasonably estimable information relevant to assessing the possible impact that the application of IFRS 16 will have on its financial statements in the period of initial application that was available when the financial statements were prepared, as seen below.

The actual impacts of adopting the standard on 1 January 2019 may change because:

- The Group is in the process of finalising the testing and assessment of controls over its new IT systems; and
- The new accounting policies and estimates are subject to change until the Group presents its first financial statements that include the date of initial application

Transition

The Group plans to apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach. Under this approach the Group will a) recognize a lease liability and will measure that lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application and b) recognise a right-of-use asset and measure that right-of-use asset by an amount equal to the lease liability.

The cumulative effect of adopting IFRS 16, if such need arises, will be recognized as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4. Furthermore, the Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. Finally the Group decided to apply a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with similar remaining lease term for similar class of underlying assets in a similar economic environment).

Leases in which the Group is a lessee

The Group will recognize new assets and liabilities for its operating leases of commercial properties such as petrol stations and office buildings as well as motor vehicles and equipment. Subsequent to initial recognition, the Group will a) measure the right-of-use asset by applying the cost model and depreciate it on a straight line basis up to the end of the lease term and b) measure the lease liability by increasing and reducing the carrying amount to reflect interest on the lease liability and lease payments made, respectively.

Previously, the Group recognized operating lease expense on a straight-line basis over the term of the lease, and recognized assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognized.

In addition, the Group will no longer recognize provisions for operating leases that it assesses to be onerous. Instead, the Group will include amounts due under the lease in its lease liability.

Based on the information currently available, and subject to the completion of the above mentioned implementation tasks the Group estimates that it will recognize additional lease liabilities in the range of €

160 million to € 180 million as at 1 January 2019 and additional right-of-use assets in the range of € 160 million to € 180 million. The estimated impact on the EBITDA of the Group is an increase in the range of €30 million to €40 million.

The Group does not expect the adoption of IFRS 16 to impact its ability to comply with Group's loan covenants.

- *IFRS 10 (Amendment) Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture:* The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU.
- *IFRS 9 (Amendment) Prepayment features with negative compensation:* The Amendment is effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value through other comprehensive income.
- *IAS 28 (Amendments) Long-term Interests in Associates and Joint Ventures:* The Amendments are effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendments relate to whether the measurement, in particular impairment requirements, of long term interests in associates and joint ventures that, in substance, form part of the 'net investment' in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendments clarify that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long- term interests that arise from applying IAS 28. These Amendments have not yet been endorsed by the EU.
- *IFRIC Interpretation 23: Uncertainty over Income Tax Treatments:* The Interpretation is effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances.
- *IAS 19 (Amendments) Plan Amendment, Curtailment or Settlement*: The Amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The amendments also clarify how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements. These Amendments have not yet been endorsed by the EU.
- *Conceptual Framework in IFRS standards:* The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. It's objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

- *IFRS 3 Business Combinations (Amendments):* The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted. These Amendments have not yet been endorsed by the EU.
- *IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material' (Amendments)* The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards. These Amendments have not yet been endorsed by the EU.
- The IASB has issued the *Annual Improvements to IFRSs 2015 – 2017 Cycle*, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. These annual improvements have not yet been endorsed by the EU.

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

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

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

2.2 Basis of 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.

At each reporting period, the Group reassesses whether it exercises control over the investees, in case there are facts and circumstances indicating a change in one of the control elements above. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated, unless there is objective evidence that the asset is impaired. Accounting policies of subsidiaries are 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 comprehensive income, statement of other comprehensive income, statement of changes in equity and statement of financial position 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 over an entity, 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 or share of other comprehesive income of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. 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 investment in 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 are changed where necessary to ensure consistency with the policies adopted by the Group.

(e) Joint arrangements

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

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

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

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

2.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest (previously minority interests) in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

The consideration transferred for the acquisition of a subsidiary is the total of the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

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 acquisition. 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, in accordance with the appropriate IFRS. Amounts classified as equity are not remeasured.

Goodwill (as disclosed in Note 2.9) is initially measured as the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest and any previous interest held 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 Group reasseses whether it has correctly indentified all of the assets acquired and liabilities assumed and reviews their measurement, before any remaining difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The executive committee which is comprised of the Chairman of the Board of Directors and Chief Executive Officer, the Deputy Chief Executive Officer and six General Managers of the Group, is the chief operating decision-maker, who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments. The Group's key operating segments are disclosed in note 5.

2.5 Foreign currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

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

For transactions that include the receipt or payment of advance consideration in a foreign currency the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.

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

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(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 are recognised in other comprehensive income. When a foreign operation is sold, exchange differences that were recorded in other comprehensive income 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.

(All amounts in Euro thousands unless otherwise stated)

2.6 Assets held for sale

The Group classifies assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets held for sale and their related liabilities are presented separately as current items in the statement of financial position.

2.7 Property, plant and equipment

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

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

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

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

– Buildings (including petrol stations)	13 – 40 years
– Plant & Machinery	
▪ Specialised industrial installations and Machinery	10 – 35 years
▪ Pipelines	30 – 40 years
▪ Other equipment	5 – 10 years
– Transportation means	
▪ LPG and white products carrier tank trucks	5 – 10 years
▪ Other Motor Vehicles	4 – 10 years
▪ Shipping Vessels	25 – 35 years
– Furniture and fixtures	

▪ Computer hardware	3 – 5 years
▪ Other furniture and fixtures	4 – 10 years

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

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

If the asset's carrying amount is greater than its estimated recoverable amount then it is written down immediately to its recoverable amount (Note 2.11).

The cost and related accumulated depreciation of assets retired or sold are removed from the accounts at the time of sale or retirement and any gain or loss, which is determined by comparing the proceeds with the carrying amount, is included in the consolidated statement of comprehensive income within "Other operating income / (expenses).

2.8 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.

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

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

(b) Retail Service Stations Usage rights

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

(c) Licences and rights

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

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

Computer software

These include primarily the costs of implementing the (ERP) computer software program. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight line method over their estimated useful lives (1 to 5 years).

2.10 Exploration for and Evaluation of Mineral Resources

(a) Exploration and evaluation assets

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

(b) Development of tangible and intangible assets

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

(c) Oil and gas production assets

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

(d) Depreciation/amortisation

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

(e) Impairment – exploration and evaluation assets

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

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

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

2.11 Impairment of non-financial assets

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

2.12 Financial assets

2.12.1 Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section 2.25 Revenue from contracts with customers.

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

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

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

Subsequent measurement

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

• Financial assets at amortised cost (debt instruments)

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

• Financial assets at fair value through profit or loss

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

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

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

Derivatives are also categorised as 'held for trading' unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the end of the reporting period, otherwise they are classified as non-current. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model

(b) Financial assets at amortised cost

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

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

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

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

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

2.12.2 Derecognition and impairment

Derecognition

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

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

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

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

Impairment

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

• Disclosures for significant assumptions Note 4

• Trade receivables Note 11

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

2.12.3 Offsetting of financial instruments

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

2.13 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. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in fair values of the derivative financial instruments are recognised at each reporting date either in the statement of comprehensive income or in other comprehensive income, depending on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The 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 documentation also includes both at hedge inception and on an ongoing basis how it will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

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

Cash flow hedges

The effective portion of changes in the fair value of these derivatives is 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

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.

2.14 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.

2.15 Inventories

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

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

2.16 Trade receivables

Trade receivables, which generally have 20-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

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

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

2.17 Cash, cash equivalents and restricted cash

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

2.18 Share capital

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

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

2.19 Borrowings

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

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

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

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

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

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

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

2.20 Current and deferred income tax

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

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

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

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

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

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

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

2.21 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 State pension fund. 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.

Defined benefit pension plan

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

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

The current service cost of the defined benefit plan, recognized in the consolidated statement of profit or loss in employee benefit expense (except where included in the cost of an asset) reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements.

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

Past-service costs are recognized immediately in the consolidated statement of comprehensive income.

Defined contribution plans

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

(b) Termination benefits

Termination benefits are payable when employment is terminated 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

Employees of the Group may receive remuneration in the form of share based payments as part of a share option plan. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, at the date of granting. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest.

At each reporting period end, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

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

(d) Short-term paid absences

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

2.22 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.

2.23 Provisions

Provisions for 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.

2.24 Environmental liabilities

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.

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

2.25 Revenue recognition

Revenue from contracts with customers

Revenue comprises the fair value of the sale of goods and services, net of value-added tax and any excise duties, rebates and discounts. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Control over goods sold and services rendered is transferred to the customer upon delivery of the respective products or service respectively. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Payment terms vary in line with the type of sales transactions and depend mainly on the products sold or services rendered, the distribution channels as well as each customer's specifics.

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

When goods are exchanged or swapped for goods which are of a similar nature and value the exchange is not regarded as a transaction which generates revenue. The net result of such transactions is recognized within Cost of sales.

Revenue is recognised as follows:

Sales of goods – wholesale & retail

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

Provision of services

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

Variable consideration

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

Volume discounts

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

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

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.

Dividend income

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

2.26 Leases

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

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

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

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

2.27 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are declared and appropriately authorised or approved by the Company's Shareholders' General Meeting. Interim dividends proposed by the Board of Directors are recognized as liabilities upon proposal.

2.28 Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of the loss allowance determined in accordance with IFRS 9 requirements and the amount initially recognized, less when appropriate, the cumulative amount of income.

2.29 Changes in accounting policies

The Group adopted the amendments described in paragraph 2.1.1 for the first time for the annual reporting period commencing 1 January 2018.

2.30 Comparative figures

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

3 Financial risk management

3.1 Financial risk factors

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

Greek Macros: Following a period of economic recession between 2009-2016, during which real GDP fell by 26%, the Greek economy returned to positive growth rates in 2017, with GDP growing by 1,4%, supported mainly by exports of goods and services, as well as investments. The upward trend of the economy continued for a 7th consecutive quarter (for the first time since the period 2005-2006), with real GDP in first nine months of 2018 increasing by 2,1% compared to the respective period of 2017, mainly based on exports of goods and services, as well as private consumption. On the other hand, a decline in investment and an increase in imports, limit upward performance.

Total domestic fuels consumption in 2018 reduced by 3,1% compared to the previous year, mainly due to the reduction in demand for heating gasoil which is mainly attributed to milder weather conditions and higher oil product prices during the first quarter of 2018. Net demand for Motor fuels marginally increased by 0,3%, driven by higher auto diesel consumption, which was, however, almost entirely offset by lower gasoline demand.

Despite the significant progress in economic recovery recorded in 2017 and 2018, as well as the successful conclusion of the 3rd bailout program and the positive measures towards public debt relief decided by the Eurogroup in June 2018, the Greek economy faces a number of significant challenges, such as high public debt, large non-performing loans, high unemployment and failure to extend its investment base, which should be addressed in the medium-term, as they affect the country's future growth prospects. Management continually assesses the situation and its possible future impact to ensure that all necessary actions and measures are taken in order to minimize the impact on the Group's Greek operations.

Great Britain's exit from the European Union: The Group is sourcing funds from international debt capital markets, through Eurobonds, issued by its London based subsidiary, HELLENIC PETROLEUM FINANCE plc, listed in the Luxembourg stock exchange, for the optimal management of its debt liabilities. It is uncertain, how a potential exit of the UK from the EU, especially if that happens without an agreement (no deal Brexit), will affect existing HPF Eurobonds, as well as the Group' funding from international debt capital markets. The Group is closely following relevant developments and assessing alternatives in order to maintain its ability to source funding through the international debt capital markets.

Currency: The 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: During the last 18 months crude oil reference prices started recovering, following a 3-year period of contraction (June 2014 – June 2017), averaging $68/bbl in the fourth quarter and $72/bbl in the 12 months of 2018. Nonetheless, the cost of crude, for both sweet and especially sour grades, which represent the key source of feedstock for complex refiners like Hellenic Petroleum, remains at reasonable levels, maintaining the competitive position of Med refiners vs. their global peers. Concerning the USA's decision for the re-imposition of the nuclear-related sanctions against Iran, Hellenic Petroleum has successfully managed to replace the Iranian oil supply with other alternatives in the region, without any significant effect in the continuity and cost of its operations (Note 15).

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

In May 2016 the Group repaid its $400 million Eurobond on its maturity date. During the same month, the parent company concluded a €400 million backstop facility, which had two Tranches, a committed Tranche of €240 million and an uncommitted Tranche of €160 million. The facility had a tenor of 18 months with a six-month extension option, which was exercised in July 2017 and to which all participating banks consented. The maturity date of the facility was May 2018 and Hellenic Petroleum S.A. fully repaid the outstanding balance of €240 million upon maturity.

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

The Group had a €350 million syndicated bond loan credit facility maturing in July 2018 and a €50 million syndicated credit facility with a €40 million tranche maturing in July 2016 and a €10 million tranche maturing in July 2018. In July 2016, the Group partially repaid € 20 million of the maturing tranche and extended the maturity of the remaining €20 million to July 2018. In June 2018, the Group prepaid both facilities, which had a total outstanding balance of €380 million. The facilities were refinanced with a 5 year syndicated revolving bond loan facility subscribed to by Greek and international banks for an amount of €400 million.

In October 2016 the Group extended the maturity date of its €400 million syndicated credit facility to October 2017 with two six-month extension options. In October 2018, Hellenic Petroleum S.A. fully repaid the facility (the outstanding balance amounted to €284,5 million) upon maturity. The loan was refinanced in November 2018, with the issuance of a new syndicated bond loan of €400 million with a tenor of 2 years and a one- year extension option.

Hellenic Petroleum S.A. concluded a €200 million syndicated committed bond loan facility in January 2015, with a tenor of 3 years. In January 2018 the company extended the facility maturity date to February 2018, when it was fully repaid. The loan was refinanced in February 2018, for an increased amount of €300 million and a tenor of 3 years.

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

Capital management: Another key priority of the Group has been the management of its Assets. Overall the Group has around €3,9 billion of capital employed which is driven from working capital, investment in fixed assets and its investment in the DEPA Group. Current assets are mainly funded with current liabilities (incl. short term bank debt) which are used to finance working capital (inventories and receivables). As a result of the implementation of the Group's investment plan during the period 2007-2012, net debt level has increased to 38% of total capital employed while the remaining 62% is financed through shareholders equity. The Group has started reducing its net debt levels through utilization of the incremental operating cashflows, post completion and operation of the new Elefsina refinery. This is expected to lead to lower Debt to Equity ratio, better matched Asset and Liability maturity profiles as well as lower financing costs.

(a) Market risk

(i) Foreign exchange risk

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

Foreign currency exchange risk arises on three types of exposure:

- **Financial position translation risk:** Most of the inventory held by the Group is reported in Euro while its underlying value is determined in USD. Thus, a possible devaluation of the USD against the Euro leads to a reduction in the realisable value of inventory included in the statement of financial position. In order to manage this risk, a significant part of the Group's payables (sourcing of crude oil and petroleum products) is denominated in USD resulting to an offsetting impact to the one described above. It should be noted however, that while in the case of USD devaluation the impact on the statement of financial position is mitigated, in cases of USD appreciation the mark-to-market valuation of USD-denominated debt liabilities leads to a reported foreign exchange loss, with no compensating benefit as stocks continue to be included in the statement of financial position at cost. It is estimated that at 31 December 2018 if the Euro had weakened against the US dollar by 5% with all other variables held constant, pre-tax results would have been approximately €1 million higher, as a result of foreign exchange gains on translation of US dollar-denominated receivables, payables, cash and borrowings.

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

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

(ii) Commodity price risk

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

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

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

(iii) Cash flow and fair value interest rate risk

The Group's operating income and cash flows are not materially affected by changes in market interest rates, given the low level of prevailing reference rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, while borrowings issued at fixed rates expose the Group to fair value interest rate risk. Approximately 30% 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 2018, if interest rates on Euro denominated borrowings had been 0,5% higher with all other variables held constant, pre-tax profit for the year would have been Euro €10 million lower.

(b) Credit risk

(i) Risk Management

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

(ii) Credit quality

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

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

	As at	
Bank Rating (in €million)	**31 December 2018**	**31 December 2017**
A	-	1
A-	17	15
BBB+	5	-
BBB	518	426
BBB-	1	4
BB+	4	-
B	-	-
CCC+	3	5
CCC	669	-
CCC-	39	531
No rating	20	37
Total	**1.276**	**1.019**

(c) Liquidity risk

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

Where deemed beneficial to the Group, and in order to achieve better commercial terms (e.g. better pricing, higher credit limits, longer payment terms), the Group provides for the issuance of short term letters of credit or guarantee for the payment of liabilities arising from trade creditors. These instruments are issued using the Group's existing credit lines with local and international banks, and are subject to the approved terms and conditions of each bank, regarding the amount, currency, maximum tenor, collateral etc.

(All amounts in Euro thousands unless otherwise stated)

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

	1H19	2H19	2019	Schedule for repayment	Schedule for refinancing
Eurobond €325m	-	320	320	320	-
European Investment Bank ("EIB") Term loan	22	22	44	44	-
Total	**22**	**342**	**364**	**364**	**-**

Following the successful completion of the sale of its 35% participation in the share capital of DESFA (Note 8), the Group aims to apply part of the €284 million proceeds towards further deleveraging.

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
31 December 2018				
Borrowings	1.225.186	327.961	1.431.439	-
Finance lease liabilities	906	798	1.379	607
Trade and other payables	1.307.482	-	-	-
31 December 2017				
Borrowings	2.011.245	404.046	605.779	-
Finance lease liabilities	984	906	2.451	333
Trade and other payables	1.622.988	-	-	-

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

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

3.2 Capital risk management

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

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

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

(All amounts in Euro thousands unless otherwise stated)

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

	As at	
	31 December 2018	**31 December 2017**
Total Borrowings (Note 16)	2.735.957	2.820.504
Less: Cash, Cash Equivalents and restricted cash (Note 12)	(1.276.366)	(1.018.913)
Less: Investment in equity instruments (Note 3.3)	(634)	(1.857)
Net debt	**1.458.957**	**1.799.734**
Total Equity	2.394.731	2.371.574
Total Capital Employed	**3.853.688**	**4.171.308**
Gearing ratio	**38%**	**43%**

3.3 Fair value estimation

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

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

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

	Level 1	**Level 2**	**Level 3**	**Total balance**
Assets				
Derivatives used for hedging	-	-	-	-
Investment in equity instruments	634	-	-	634
Assets held for sale	3.133	-	-	3.133
	3.767	**-**	**-**	**3.767**
Liabilities				
Derivatives used for hedging	-	16.387	-	16.387
	-	**16.387**	**-**	**16.387**

(All amounts in Euro thousands unless otherwise stated)

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

	Level 1	**Level 2**	**Level 3**	**Total balance**
Assets				
Derivatives used for hedging	-	11.514	-	11.514
Investment in equity instruments	1.857	-	-	1.857
Assets held for sale	-	-	-	-
	1.857	**11.514**	**-**	**13.371**
Liabilities				
Derivatives used for hedging	-	-	-	-
	-	**-**	**-**	**-**

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

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

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

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.

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

There were no changes in valuation techniques during the year. For the years ended 31 December 2018 and 31 December 2017, there were no transfers between levels.

The fair value of Euro denominated Eurobonds as at 31 December 2018 was €797 million (31 December 2017: €796 million), compared to its book value of €765 million (31 December 2017: €762 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, due to their short term nature:

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

4 Critical accounting estimates and judgements

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

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

(i) Critical accounting estimates and assumptions

(a) Income taxes

The Group is subject to periodic audits by local tax authorities in various jurisdictions and the assessment process for determining the Group's current and deferred tax balances is complex and involves high degree of estimation and judgement. There are some transactions and calculations for which the ultimate tax determination is uncertain. Where tax positions are not settled with the tax authorities, the Group management takes into account past experience with similar cases as well as the advice of tax and legal experts in order to analyze the specific facts and circumstances, interprete the relevant tax legislation, assesse other similar positions taken by the tax authorities and to form a view about whether a provision needs to be recorded, or a contingent liability needs to be disclosed. Where the Group is required to make payments in order to appeal against positions of tax authorities and the Group assesses that it is more probable than not to win its appeal, the respective payments are recorded as assets as these advance payments will be used to settle the outcome of the case, or if Group's position is upheld will be returned to the Group. In case the Group determines a provision is needed for the outcome of the uncertain tax position, any amounts already paid are deducted from the said provision (note 11).

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

(b) Recoverability of deferred tax assets

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

(c) Provision for environmental restoration

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

(d) Estimates in value-in-use calculations

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

(e) Fair value of financial instruments

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

(f) Provision for expected credit losses of receivables

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

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

(g) Retirement Benefit Obligations

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

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

(h) Provisions for legal claims

The Group has a number of legal claims pending against it (Note 31). Management uses its judgement as well as the available information from the Group legal department, in order to assess the likely outcome of these claims and if it is more likely than not that the Group will lose a claim, then a provision is recognized. Provisions for legal claims, if required, are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period (Note 31).

(i) Depreciation of property, plant and equipment

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

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

(j) Impairment of non-financial assets and investments in associates and joint ventures

The Group assesses at each reporting date, whether indicators for impairment exist for its non-financial assets (note 2.11) and its investments in associates and joint ventures. If any indication exists, the Group estimates the asset's or cash generating unit's recoverable amount. Judgment is involved to some extent in determining whether indicators exist and also the determination of the cash generating units at which the respective assets are tested.

5 Segment information

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

The Group's key operating segments are:

a) Refining, Supply and Wholesale Trading (Refining)

- Activities in Greece revolve around the operation of the Group's three refineries located in Aspropyrgos, Elefsina and Thessaloniki, which account for approximately 65% of the country's total refining capacity. The three refineries combine a storage capacity of 6,65 million m^3 of crude oil and petroleum products.
- International activities refer to the OKTA facility, which is located in Skopje and is connected to Thessaloniki refinery through a pipeline for the transportation of high value-added products (e.g. diesel). The pipeline was not operational during 2018 and is expecting to commence operation during 2019.

b) Marketing

- Activities in Greece: The Group, through its subsidiary HFL S.A., possesses an extensive fuel supply network in the country via the EKO and BP brand names, which includes a total of 1.739 petrol stations, 224 of which are company-operated.
- International activities: The Group operates through subsidiary companies in Cyprus, Bulgaria, Serbia, Montenegro and FYROM, with a total network of 306 petrol stations.

c) Exploration and Production of Hydrocarbons

The Group is engaged in ongoing projects related to the exploration and production of hydrocarbons in several areas in Greece, including the sea of Thrace in North Aegean, the offshore block of Patraikos Gulf (West), the two onshore areas of "Arta-Preveza" and ''NW Peloponnese'' and the offshore Block 2 west of Corfu Island. Offers have also been submitted for offshore West Crete & Southwest Crete, offshore Western Greece in the Ionian Block, Kyparissiakos gulf (Block 10) and North Corfu (Block 1).

d) Petro-chemicals

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

e) Gas and Power

- Natural Gas: The Group is active in the natural gas sector through its 35% participation in DEPA S.A., (the remaining 65% is held by the HRDAF). DEPA Group is active in the supply of natural gas in Greece through import pipelines and the Revithoussa LNG terminal, as well as in the trading of natural gas to selected end-users (annual consumption> 100 GWh). DEPA also participates in international gas transportation projects.
- Power: The Group is active in the production, trading and supply of power in Greece through its participation (50%) in the JV Elpedison B.V. (the remaining 50% is held by EDISON International). Elpedison B.V. Group owns a 75.78% of the share capital of Elpedison S.A.. ELLAKTOR (22,74%) and HALCOR (1,48%) are also shareholders.

(All amounts in Euro thousands unless otherwise stated)

f) Other

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

More information about the activities of the Group's key operating segments, as described above, can be found in the Group's Annual Report.

Financial information regarding the Group's operating segments for the year ended 31 December 2018 is presented below:

	For the year ended 31 December 2018						
	Refining	**Marketing**	**Exploration & Production**	**Petro-chemicals**	**Gas & Power**	**Other**	**Total**
Gross Sales	8.681.579	3.329.400	-	314.716	2.793	15.039	12.343.527
Inter-segmental Sales	(2.555.150)	(7.386)	(0)	(0)	(11)	(11.825)	(2.574.372)
Revenue from contracts with customers	**6.126.429**	**3.322.014**	**(0)**	**314.716**	**2.782**	**3.214**	**9.769.155**
EBITDA	**555.703**	**81.081**	**(8.155)**	**84.949**	**1.982**	**(4.164)**	**711.395**
Depreciation & Amortisation	(144.560)	(45.305)	(1.240)	(4.482)	(817)	(779)	(197.183)
Operating profit / (loss)	**411.143**	**35.776**	**(9.397)**	**80.467**	**1.165**	**(4.943)**	**514.212**
Currency exchange gains/ (losses)	2.149	49	(4)	-	-	-	2.194
Share of profit/(loss) of investments in associates & joint ventures	3.731	(240)	-	-	(6.684)	1.422	(1.771)
Finance (expense)/income - net	(92.694)	(17.765)	-	35	(173)	(35.108)	(145.705)
Profit / (loss) before income tax	**324.329**	**17.821**	**(9.401)**	**80.502**	**(5.692)**	**(38.629)**	**368.930**
Income tax expense							(154.218)
Profit for the period							**214.712**
(Profit) attributable to non-controlling interests							(3.098)
Profit for the period attributable to the owners of the parent							**211.614**

	For the year ended 31 December 2017						
	Refining	**Marketing**	**Exploration & Production**	**Petro-chemicals**	**Gas & Power**	**Other**	**Total**
Gross Sales	7.000.768	2.911.614	-	266.931	1.784	11.423	10.192.520
Inter-segmental Sales	(2.181.175)	(6.930)	(0)	(0)	(11)	(9.714)	(2.197.830)
Revenue from contracts with customers	**4.819.593**	**2.904.684**	**(0)**	**266.931**	**1.773**	**1.709**	**7.994.690**
EBITDA	**670.226**	**95.034**	**(4.643)**	**95.089**	**1.045**	**(5.692)**	**851.059**
Depreciation & Amortisation	(142.718)	(39.048)	(273)	(4.238)	(469)	(2.530)	**(189.276)**
Operating profit / (loss)	**527.508**	**55.986**	**(4.916)**	**90.851**	**576**	**(8.222)**	**661.783**
Currency exchange gains/ (losses)	(8.138)	(47)	12	-	-	-	(8.173)
Share of profit of investments in associates & joint ventures	(10.241)	1.017	-	-	40.455	(3)	31.228
Finance (expense)/income - net	(101.801)	(21.498)	-	13	1	(41.768)	(165.053)
Profit / (loss) before income tax	**407.328**	**35.458**	**(4.904)**	**90.864**	**41.032**	**(49.993)**	**519.785**
Income tax expense							(135.862)
Profit for the period							**383.923**
Loss attributable to non-controlling interests							(2.551)
Profit for the period attributable to the owners of the parent							**381.372**

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

There were no changes in the basis of segmentation or in the basis of measurement of segmental profit or loss, as compared to the consolidated annual financial statements for the year ended 31 December 2017.

(All amounts in Euro thousands unless otherwise stated)

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

	For the year ended 31 December 2018					
Revenue from contracts with customers	**Refining**	**Marketing**	**Petro-chemicals**	**Gas & Power**	**Other**	**Total**
Domestic	1.161.580	1.639.422	118.391	2.782	2.690	2.924.865
Aviation & Bunkering	569.724	819.117	-	-	-	1.388.841
Exports	3.949.874	27.098	196.325	-	524	4.173.821
International activities	445.251	836.377	-	-	-	1.281.628
Total	**6.126.429**	**3.322.014**	**314.716**	**2.782**	**3.214**	**9.769.155**

	For the year ended 31 December 2017					
Revenue from contracts with customers	**Refining**	**Marketing**	**Petro-chemicals**	**Gas & Power**	**Other**	**Total**
Domestic	1.151.640	1.486.494	106.006	1.773	1.045	2.746.958
Aviation & Bunkering	455.347	637.403	-	-	0	1.092.750
Exports	2.837.500	23.194	160.925	-	85	3.021.704
International activities	375.106	757.593	-	-	579	1.133.278
Total	**4.819.593**	**2.904.684**	**266.931**	**1.773**	**1.709**	**7.994.690**

The segment assets and liabilities at 31 December 2018 and 2017 are as follows:

	As at	
	31 December 2018	**31 December 2017**
Total Assets		
Refining	5.072.907	5.100.986
Marketing	1.174.368	1.262.001
Exploration & Production	16.455	5.349
Petro-chemicals	359.703	517.612
Gas & Power	413.642	721.102
Other Segments	1.861.751	1.516.314
Inter-Segment	(1.901.397)	(1.963.289)
Total	**6.997.429**	**7.160.075**
Total Liabilities		
Refining	3.090.505	3.412.030
Marketing	593.052	618.744
Exploration & Production	19.530	14.091
Petro-chemicals	(310)	207.250
Gas & Power	10.788	3.483
Other Segments	1.820.412	1.483.475
Inter-Segment	(931.279)	(950.572)
Total	**4.602.698**	**4.788.501**

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

There has been no material change in the definition of segments or the segmental analysis of total assets or total liabilities from the amounts disclosed in the consolidated annual financial statements for the year ended 31 December 2017.

(All amounts in Euro thousands unless otherwise stated)

6 Property, plant and equipment

	Land	Buildings	Plant & Machinery	Transportation means	Furniture and fixtures	Assets Under Con-struction	Total
Cost							
As at 1 January 2017	**288.126**	**897.678**	**4.578.708**	**92.769**	**168.215**	**88.609**	**6.114.105**
Additions	28.089	6.641	17.646	3.990	13.844	135.285	205.495
Capitalised projects	326	6.463	110.714	327	450	(118.280)	-
Impairment/ Write off	(2.689)	-	-	-	-	-	(2.689)
Disposals	(1.689)	(2.956)	(2.337)	(529)	(1.124)	(283)	(8.918)
Currency translation differences	882	1.406	369	(1)	3	51	2.710
Transfers and other movements	(177)	177	3.633	-	-	(3.251)	382
As at 31 December 2017	**312.868**	**909.409**	**4.708.733**	**96.556**	**181.388**	**102.131**	**6.311.085**
Accumulated Depreciation and impairment							
As at 1 January 2017	**-**	**439.270**	**2.179.967**	**60.625**	**143.437**	**-**	**2.823.299**
Charge for the year	-	30.167	140.980	1.822	7.563	-	180.532
Disposals	-	(2.862)	(1.988)	(500)	(878)	-	(6.228)
Currency translation differences	-	973	332	1	3	-	1.309
Transfers and other movements	-	-	280	-	-	-	280
As at 31 December 2017	**-**	**467.548**	**2.319.571**	**61.948**	**150.125**	**-**	**2.999.192**
Net Book Value at 31 December 2017	**312.868**	**441.861**	**2.389.162**	**34.608**	**31.263**	**102.131**	**3.311.893**
Cost							
As at 1 January 2018	**312.868**	**909.409**	**4.708.733**	**96.556**	**181.388**	**102.131**	**6.311.085**
Additions	1.049	3.129	20.679	2.117	11.100	111.061	149.135
Capitalised projects	2.151	15.584	98.513	159	1.178	(117.585)	-
Disposals	(71)	(3.069)	(9.792)	(6.560)	(1.025)	(10)	(20.527)
Impairment/ Write off	(1.096)	(2.487)	(1.320)	(76)	(116)	(1.594)	(6.689)
Currency translation differences	59	98	(8)	-	-	1	150
Transfers and other movements	-	(4.366)	3.538	123	1.225	(1.861)	(1.341)
As at 31 December 2018	**314.960**	**918.298**	**4.820.343**	**92.319**	**193.750**	**92.143**	**6.431.813**
Accumulated Depreciation and impairment							
As at 1 January 2018	**-**	**467.548**	**2.319.571**	**61.948**	**150.125**	**-**	**2.999.192**
Charge for the year	-	29.207	141.306	7.783	8.821	-	187.117
Impairment/ Write off	-	(1.888)	(1.092)	(74)	(196)	-	(3.250)
Disposals	-	(3.050)	(9.746)	(6.558)	(1.018)	-	(20.372)
Currency translation differences	-	9	31	-	1	-	41
Transfers and other movements	-	(2.275)	2.494	123	(185)	-	157
As at 31 December 2018	**-**	**489.551**	**2.452.564**	**63.222**	**157.548**	**-**	**3.162.885**
Net Book Value at 31 December 2018	**314.960**	**428.747**	**2.367.779**	**29.097**	**36.202**	**92.143**	**3.268.928**

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

(2) During 2018 an amount of €2,5 million (2017: €2,4 million) in respect of interest has been capitalised within Assets Under Construction relating to the refining segment, at an average borrowing rate of 5,11% (2017:5,34%)

(3) "Transfers and other movements" include the transfer of spare parts for the refinery units from inventories to fixed assets, the transfer of computer software development costs to intangible assets, as well as the transfer of catalysts previously used for the refining of crude oil to assets held for sale.

(4) The impairment loss of €2,7 million, for the year ended 31 December 2017, relates to the write down of land in Montenegro to its recoverable amount, based on its fair value. This land is an asset of the Group's subsidiary Jugopetrol A.D. and is included in the marketing segment. The impairment is included in "Other operating expenses/income - net" in the income statement.

"Impairment/write offs" for the year ended 31 December 2018, include write offs of assets both from cost and accumulated depreciation, as well as an impairment charge of €1,3 million related to the write down of land and buildings in Bulgaria to their recoverable amount, based on their fair value, which is included in cost in the line "Impairment/write off". These assets are owned by the Group's subsidiary EKO Bulgaria and are included in the marketing segment. The impairment charge is included in "Other operating expenses/income - net" in the income statement.

(5) Plant and machinery include inter alia the carrying value of the pipeline connecting Thessaloniki and Skopje, which is an asset of the Group's subsidiary Vardax S.A.. The asset was not operational during 2018 and this was considered an indication of possible impairment. Management carried out an impairment test according to the requirements of IAS 36. The analysis was carried out by identifying the recoverable value ("value in use") of the asset through the application of the Discounted Cash Flow Valuation Method. The impairment test was carried out using a WACC of 7,2% as of 31 December 2018. Based on this impairment test, the Group concluded that the carrying amount of the asset is recoverable and consequently no impairment charge was recorded.

It is estimated that at 31 December 2018 if the WACC used in the impairment test was higher by 0,5% with all other variables held constant, the recoverable amount of the asset would have been lower by 9%. In addition, if the future free cash flow growth rate was lower by 0,5% with all other variables held constant, the recoverable amount of the asset would have been lower by 7,6%. In both sensitivity analysis' scenarios, the carrying amount of the asset is recoverable.

(6) Depreciation expense of €187,1 million (2017: €180,5 million) and amortisation expense of €10,1 million (2017: €8,7 million) are allocated in the following lines of the Consolidated Statement of Comprehensive Income:

- Cost of Sales €137,7 million (2017: €134,1 million),
- Selling and distribution expenses €50,3 million (2017: €47 million),
- Administration expenses €9,2 million (2017: €8,1 million).

(All amounts in Euro thousands unless otherwise stated)

7 Intangible assets

	Goodwill	Retail Service Stations Usage Rights	Computer software	Licences & Rights	Other	Total
Cost						
As at 1 January 2017	**133.914**	**49.915**	**106.036**	**40.683**	**74.426**	**404.974**
Additions	-	1.378	1.804	55	-	3.237
Disposals	-	(52)	(110)	(2.573)	-	(2.735)
Currency translation effects	-	-	32	-	177	209
Other movements	-	-	3.765	(90)	-	3.675
As at 31 December 2017	**133.914**	**51.241**	**111.527**	**38.075**	**74.603**	**409.360**
Accumulated Amortisation						
As at 1 January 2017	**71.829**	**32.022**	**96.559**	**32.106**	**64.164**	**296.680**
Charge for the year	-	2.849	4.919	758	218	8.744
Disposals	-	(37)	(80)	(1.927)	-	(2.044)
Currency translation effects	-	-	9	287	-	296
Other movements	-	-	-	-	-	-
As at 31 December 2017	**71.829**	**34.834**	**101.407**	**31.224**	**64.382**	**303.676**
Net Book Value at 31 December 2017	**62.085**	**16.407**	**10.120**	**6.851**	**10.221**	**105.684**
Cost						
As at 1 January 2018	**133.914**	**51.241**	**111.527**	**38.075**	**74.603**	**409.360**
Additions	-	2.723	2.309	3.691	123	8.846
Disposals	-	-	(3)	(241)	-	(244)
Impairment	-	(106)	-	(1.654)	-	(1.760)
Currency translation effects	-	-	3	-	10	13
Other movements	-	-	1.156	(1.064)	70	162
As at 31 December 2018	**133.914**	**53.858**	**114.992**	**38.807**	**74.806**	**416.377**
Accumulated Amortisation						
As at 1 January 2018	**71.829**	**34.834**	**101.407**	**31.224**	**64.382**	**303.676**
Charge for the year	-	2.973	5.815	1.252	26	10.066
Disposals	-	-	(3)	(241)	-	(244)
Impairment	-	(106)	-	(1.359)	-	(1.465)
Currency translation effects	-	-	-	-	-	-
Other movements	-	-	(39)	(1.187)	(47)	(1.273)
As at 31 December 2018	**71.829**	**37.701**	**107.180**	**29.689**	**64.361**	**310.760**
Net Book Value at 31 December 2018	**62.085**	**16.157**	**7.812**	**9.118**	**10.445**	**105.617**

(1) The majority of the remaining balance of goodwill as at 31 December 2018 relates to the unamortised goodwill arising on the acquisition of Hellenic Petroleum Cyprus Ltd in 2003 which is treated in line with the accounting policy in Note 2.9. Goodwill was tested for impairment as at 31 December 2018 using the value-in-use model. This calculation used cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five-year period were extrapolated using an estimated growth rate of 1% that reflects the forecasts in line with management beliefs, based on GDP growth projections. Management determined annual volume growth rate and gross margins based on past performance and expectations for the market development. The discount rate used was 4,9% which reflects the specific risks relating to operations. The results of the model show that the valuation covers the carrying amount of the goodwill, which amounts to €62 million as of 31 December 2018.

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. It is estimated that at 31 December 2018 if the free cash flow growth rate of Hellenic Petroleum Cyprus Ltd used in the impairment test was lower by 0,5% with all other variables held constant, the Equity Value of the company would have been lower by 9,8%. In addition, if the future WACC was higher by 0,5% with all other variables held constant, the Equity Value of the company would have been lower by 11,4%. The sensitivity analysis resulted in recoverable values well in excess of the carrying value.

(All amounts in Euro thousands unless otherwise stated)

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

(3) 'Other movements' include completed IT software projects capitalised during 2018 and thus transferred from assets under construction. These projects are monitored within assets-under-construction as implementation of the relevant software takes place over a period of time. They are transferred to Intangible Assets when the implementation of the software has been completed and tested as being ready for use.

8 Investments in associates and joint ventures

	As at	
	31 December 2018	**31 December 2017**
Beginning of the Year	**701.635**	**689.607**
Change in accounting policy (IFRS 9)	(1.750)	-
Dividend income	(307.735)	(19.346)
Share of profit/ (loss) of investments in associates & joint ventures	(1.771)	31.228
Share of other comprehensive income/ (loss) of investments in associates	(288)	-
Share capital increase / (decrease)	-	147
Other movements	-	(1)
End of the year	**390.091**	**701.635**

a) Joint Ventures

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

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

	As at	
Elpedison B.V. Group	**31 December 2018**	**31 December 2017**
Statement of Financial Position		
Non-Current Assets	255.354	284.100
Cash and Cash Equivalents	17.044	35.615
Other Current Assets	115.197	110.081
Total Assets	**387.595**	**429.796**
Equity	**71.642**	**85.255**
Long Term Borrowings	197.950	-
Other Non-Current Liabilities	28.303	30.004
Short Term Borrowings	8.416	224.264
Other Current Liabilities	81.284	90.273
Total Liabilities	**315.953**	**344.541**
Total Liabilities and Equity	**387.595**	**429.796**
Investment in Elpedison BV as accounted in Helpe Group	**36.021**	**41.198**

(All amounts in Euro thousands unless otherwise stated)

	As at	
	31 December 2018	**31 December 2017**
Statement of Comprehensive Income		
Revenue	442.855	414.299
EBITDA	**22.552**	**30.578**
Depreciation & Amortisation	(27.968)	(28.068)
EBIT	**(5.416)**	**2.510**
Interest Income	389	402
Interest Expense	(12.065)	(14.484)
Loss beforeTax	**(17.092)**	**(11.572)**
Income Tax	3.480	(707)
Loss after Tax	**(13.612)**	**(12.279)**
Share of loss accounted in Helpe Group	**(5.177)**	**(5.917)**

In September 2018, Elpedison agreed with its Bondholders to refinance its loans amounting to €213,9 million for three years, up to September 2021. The loans are fully guaranteed by the ultimate shareholders of Elpedison S.A., according to their shareholdings in the Company, while they provide for quarterly capital repayments of €3 million on average and mandatory capital prepayments from any proceeds from ADMIE's historical deficit. Additionally, the loans provide for a cash sweep mechanism that will mandatorily repay 50% of the company's excess cash flow on a semiannual basis. The loans outstanding as at 31 December 2018 amounted to €207,9 million.

The Group has provided letters of comfort and guarantees in favour of banks as security for loans granted by them to Elpedison B.V. As at 31 December 2018, the Group's share of the above was €83 million (31 December 2017: €88 million).

Impairment of Investment in Elpedison B.V.

As at 31 December 2017, Elpedison B.V. Management carried out an impairment test according to the requirements of IAS 36, based on the post-tax cash flows produced by the company. The anticipated future developments in the market and regulatory environment (change in remuneration mechanisms and/or delay of their enforcement, intensification of competition) in which the company operates, were considered as indicators of impairment, as they could impact the future cash flows of its assets.

The valuation analysis considered Elpedison S.A.'s two gas fired power plants and the supply business unit as a single cash generation unit (CGU). The analysis was carried out by identifying the recoverable value ("value in use") of the CGU. The estimation of the value in use was performed through the application of the Discounted Cash Flow Valuation Method. The discount rate applied was 7,5% and was estimated as the post-tax Weighted Average Cost of Capital (WACC) of the company. Based on this impairment test, the Group concluded that the carrying amount of its investment is recoverable and consequently no impairment charge was recorded.

Since uncertainty in the power market and regulatory environment remained during 2018 the impairment test was updated using a WACC of 7% as of 31 December 2018. Based on this impairment test, the Group concluded that the carrying amount of its investment is recoverable and consequently no impairment charge was recorded.

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

It is estimated that at 31 December 2018 if the WACC used in the impairment test was higher by 0,5% with all other variables held constant, the Equity Value of Elpedison BV would have been lower by 9,8%. In addition, if the future Annual Flexibility Remuneration was lower by 10% with all other variables held constant, the Equity Value of Elpedison BV would have been lower by 13%. In both sensitivity analysis' scenarios, the carrying amount of the Group's investment in Elpedison BV is recoverable.

b) Associates

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

(All amounts in Euro thousands unless otherwise stated)

DEPA Group

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

The Depa Group fully consolidates its 100% shareholding in DEDA SA (Administrator of the Natural Gas Medium & Low Pressure Distribution System for areas other than the areas in which EDA THESS S.A. & EDA Attica S.A. are active), EDA Attica S.A. (gas Distribution Company for the Attica region) and EPA Attica S.A. (gas Supply Company for the Attica region). In addition, DEPA S.A. has a 51% shareholding in EDA THESS S.A. (gas Distribution Company for the Thessaloniki and Thessalia regions), for which it accounts using the equity method of accounting. Finally, DEPA S.A. has a 50% shareholding in IGI Poseidon S.A. (Joint Venture between DEPA S.A. and Edison S.p.A.), which is engaged in the development of gas infrastructure projects in South East Europe.

On 20 July, DEPA S.A. sold its 51% shareholding in EPA Thessaloniki-Thessalia S.A. or "Zeniθ" (gas Supply Company for the Thessaloniki and Thessalia regions) to Eni gas e luce S.p.A. (EGL) for a consideration of €57 million. The results of EPA Thessaloniki-Thessalia S.A. up until the date of sale, were consolidated using the equity method of accounting. Additionally, on 27 November DEPA S.A. acquired the remaining 49% of EPA Attica S.A. & EDA Attica S.A. (now holds the 100% of both) from Attiki Gas, for a consideration of €39 million and €111 million respectively. The results of both companies up until the date of acquisition, were consolidated using the equity method of accounting. Furthermore, as described below, the sale of the 100% shareholding of DESFA (Administrator of the Natural Gas High Pressure Transmission System) was finalized during December 2018. The results of DESFA S.A. up until the date of sale, were fully consolidated.

The table below summarizes the key financials of DEPA Group:

	As at	
Public Natural Gas Corporation of Greece (DEPA)	**31 December 2018**	**31 December 2017**
Statement of Financial Position		
Non-Current Assets	943.137	2.281.868
Cash and Cash Equivalents	302.363	532.163
Other Current Assets	393.576	412.454
Total Assets	**1.639.076**	**3.226.485**
Equity	**995.720**	**1.880.094**
Long Term Borrowings	-	197.021
Other Non-Current Liabilities	379.550	877.013
Short Term Borrowings	14.170	25.801
Other Current Liabilities	249.636	246.556
Total Liabilities	**643.356**	**1.346.391**
Total Liabilities and Equity	**1.639.076**	**3.226.485**
Investment in DEPA Group as accounted in Helpe Group	**348.498**	**658.773**

(All amounts in Euro thousands unless otherwise stated)

	As at 31 December 2018			As at 31 December 2017		
Statement of Comprehensive Income	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Revenue	931.317	180.872		914.084	228.410	
EBITDA	**150.205**	**50.007**		**109.235**	**182.694**	
Depreciation & Amortisation	(77.123)	(40.423)		(80.335)	(43.939)	
Operating Profit	**73.082**	**9.584**		**28.900**	**138.755**	
Interest Income	36.465	2.462		16.863	2.070	
Interest Expense	(20.869)	(7.599)		(1.371)	(9.590)	
Profit before Tax	**88.678**	**4.447**		**44.393**	**131.235**	
Income Tax	(7.961)	(89.468)		(5.448)	(40.304)	
Profit after Tax	**80.717**	**(85.021)**	**(4.304)**	**38.945**	**90.931**	**129.876**
Other comprehensive income (OCI)			**(824)**			**9**
Share of profit accounted in Helpe Group			**(1.507)**			**46.372**
Share of OCI accounted in Helpe Group			**(288)**			**0**

In 2018 the Group received cash dividends of €23 million from the DEPA Group (2017: €18,4 million). In addition, the proceeds from DESFA sale of €284 million (see below), were accounted, effectively, as dividend distribution received from DEPA Group for the year ended 31 December 2018, as explained under "Sale of DESFA" below. At the same time the Group recognised a deferred tax liability of €48 million, for the resulting difference between tax and accounting base of its remaining investment in DEPA (Note 17). Therefore, the total dividend received from DEPA Group within 2018 amounts to €307 million.

Impairment of Investment in DEPA Group

As at 31 December 2018, the Management of the Hellenic Petroleum Group of companies (Group) assigned to independent third-party experts the preparation of an impairment test on its investment in DEPA Group of companies, according to the requirements of IAS 36. The extended restructuring of the DEPA Group of companies, including the sale of DESFA and Zeniθ and the acquisition of the remaining shareholding in EPA ATTIKIS and EDA ATTIKIS, as described above, were considered as potential indicators of impairment, as they could impact the future cash flows to be generated by DEPA Group of companies' assets.

The valuation analysis was performed with the "Sum of parts" approach, according to which, each company of the DEPA Group was treated as a single cash generation unit (CGU). The value of the DEPA Group was then calculated as the sum of the individual CGUs' values. The analysis was carried out by identifying the recoverable value ("value in use" or VIU) of each CGU or where there were comparable transactions within 2018 by reference to such transactions. The replacement cost method was applied for IGI POSEIDON as the entity is in early development phase.

Specifically, the VIU method was applied for DEPA SA and DEDA SA and was performed through the application of the Discounted Free Cash Flow (DFCF) Valuation Method. The discount rates applied were 9,3% for DEPA SA and 8,2% for DEDA SA and were estimated as the post-tax Weighted Average Cost of Capital (WACC) of each company. For EDA ATTIKIS SA, EPA ATTIKIS and EDA THESS the recoverable amounts were estimated through comparable transactions. Finally, for IGI POSEIDON the replacement cost method was applied as the entity is in early development phase and there are no comparable transactions and future cash flows cannot be reliably estimated at the time of preparation of these financial statements.

Based on the above impairment test, the Group concluded that the carrying amount of its investment in DEPA Group of companies is recoverable and consequently no impairment charge was recorded.

It should be noted that the assumptions and scenarios used could further change in the future, particularly in an environment characterized by high volatility and expected growth. Relevant changes in assumptions used e.g. in the free cash flow growth rate (DEPA, DEDA) or in discount rates (WACC), could have an impact on the VIU of the DEPA Group of companies.

It is estimated that at 31 December 2018 if the free cash flow growth rate of DEPA S.A. used in the impairment test was lower by 0,5% with all other variables held constant, the Equity Value of DEPA Group would have been lower by 2,2%. In addition, if the future WACC of DEPA S.A. was higher by 0,5% with all other variables held constant, the Equity Value of DEPA Group would have been lower by 2,6%. In both sensitivity analysis' scenarios, the carrying amount of the Group's investment in DEPA Group is recoverable.

Sale of DESFA

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

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

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

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

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

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

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

Best and final offers were submitted by the two Shortlisted Parties on 29 March 2018. The consortium formed by SNAM S.p.A., FLUXYS S.A. and Enagas Internacional S.L.U. confirmed its best and final offer on 19 April 2018, offering an amount of €535 million for the purchase of the 66% of DESFA. The above binding offer has been accepted by virtue of resolution no. 1319 of 19 April 2018 of the Board of Directors and the resolution of 14 May 2018 of the Extraordinary General Meeting of Shareholders of Hellenic Petroleum. By virtue of decision No. 235 of 25/6/2018, the Court of Audit has cleared the transaction and on 13/7/2018, the European Commission has provided its approval under the EU Merger Regulation.

On 20 July 2018 a Share Sale & Purchase Agreement (SPA) has been executed by HRADF and HELPE as Sellers and "SENFLUGA Energy Infrastructure Holdings S.A." (SNAM-Enagas-Fluxys Consortium SPV) as Purchaser. On the same date a Shareholders' Agreement for DESFA has been executed between SENFLUGA S.A. and the Hellenic Republic.

Upon satisfaction of all conditions precedent provided by the SPA, the above transaction close successfully on 20 December 2018. Immediately before the execution of the SPA, DEPA S.A. proceeded to a distribution of its shares in DESFA (at fair value) to its shareholders, through a reduction of its share capital. Hellenic Petroleum S.A.'s share of investment in DESFA (35%) amounted to €284 million, equal to the sale proceeds per the SPA. On the basis of this amount, HELPE Group recognised an impairment loss of €46 million, through its share of profit/ loss in its investment in DEPA. In addition, the sale proceeds of €284 million, were accounted as dividend distribution received from DEPA Group for the year ended 31 December 2018.

(All amounts in Euro thousands unless otherwise stated)

The Group consolidates the DEPA Group using the equity method of accounting and the carrying value of the investment in the consolidated financial statements reflects HELPE's 35% share of the net asset value of the DEPA group which as at 31 December 2018 amounts to €348 million (31 December 2017: €659 million). The cost of investment of the DEPA group in the financial statements of HELPE S.A is €237 million.

Other associates

In 2011, the Group participated with a 48% holding in the setting-up of a new company, DMEP HoldCo Ltd, through its subsidiary company Hellenic Petroleum International A.G. DMEP HoldCo Ltd is incorporated in the UK and ultimately owns 100% of "OTSM S.A. of Maintenance Compulsory Stocks and Trading of Crude Oil and Petroleum Products" (OTSM). OTSM is established under Greek law and is fully permitted to provide crude oil and petroleum products stock keeping and management services. The Group has delegated part of its compulsory stock keeping obligations to OTSM, reducing its stock holding by approximately 114 kMT (31 December 2017: 246 kMT), at a fee calculated in line with the legal framework.

In 2018, DMEP Holdco reduced its borrowings from €80 million to €50 million, with a corresponding reduction in inventories.

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

	% interest held	As at 31 December 2018			
		Assets	**Liabilities**	**Revenues**	**Profit after tax**
Spata Aviation Fuel Company S.A.	33%	5.987	4.683	7.718	2.526
ELPE THRAKI	25%	7	16	-	(13)
Athens Airport Fuel Pipeline Company S.A.	50%	13.812	3.605	4.409	1.482
DMEP Holdco	48%	85.183	85.925	52.971	415

	% interest held	As at 31 December 2017			
		Assets	**Liabilities**	**Revenues**	**Profit after tax**
Spata Aviation Fuel Company S.A.	33%	4.685	2.653	6.819	1.876
ELPE THRAKI	25%	14	10	-	(14)
Athens Airport Fuel Pipeline Company S.A.	50%	13.197	3.794	3.769	1.256
DMEP Holdco	48%	126.059	130.987	33.444	(23.039)

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

c) Joint operations

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

- Edison International SpA (Greece, Patraikos Gulf)
- Calfrac well services (Greece, Sea of Thrace concession)
- Total E&P Greece B.V., Edison International S.p.A (Greece, Block 2 - West of Corfu Island).

(All amounts in Euro thousands unless otherwise stated)

9 Loans, Advances & Long Term assets

	As at	
	31 December 2018	31 December 2017
Loans and advances	38.668	52.144
Other long term assets	35.254	37.482
Total	**73.922**	**89.626**

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

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

The balances included in the above categories as of 31 December 2018, relating to merchandise credit and non-interest bearing settlement arrangements, are discounted at a weighted average rate of 6% (2017: 6%) over their respective lives.

10 Inventories

	As at	
	31 December 2018	31 December 2017
Crude oil	328.482	331.353
Refined products and semi-finished products	572.461	640.142
Petrochemicals	24.400	21.670
Consumable materials and other spare parts	97.518	91.277
- Less: Provision for consumables and spare parts	(29.830)	(28.049)
Total	**993.031**	**1.056.393**

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

The cost of inventories recognised as an expense and included in “Cost of sales” amounted to €7,8 billion (2017: €6,1 billion). The Group has reported a loss of €32,4 million as at 31 December 2018 arising from inventory valuation which is reflected in a write-down of the year end values (2017 – €0,04 million). This was recognised as an expense in the year ended 31 December 2018 and included in ‘Cost of Sales’ in the statement of comprehensive income. Overall for 2018, management has estimated that the impact on the results of the Group from the fluctuations of crude oil and product prices during the year was positive and equal to approx. €48 million (2017: positive impact of €59 million).

In addition, as at 31 December 2018, an amount of €5,2 million (December 2017: €3,0 million) relating to spare parts for the refinery units, has been transferred from inventories to fixed assets (see Note 6).

(All amounts in Euro thousands unless otherwise stated)

11 Trade and other receivables

	As at	
	31 December 2018	**31 December 2017**
Trade receivables	756.135	734.038
- Less: Provision for impairment of receivables	(258.333)	(248.008)
Trade receivables net	**497.802**	**486.030**
Other receivables	337.650	327.203
- Less: Provision for impairment of receivables	(42.304)	(47.566)
Other receivables net	**295.346**	**279.637**
Deferred charges and prepayments	28.450	25.538
Total	**821.598**	**791.205**

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

Other receivables include balances in respect of advances to suppliers, advances to personnel, claimed VAT, withholding taxes and taxes paid, as a result of tax audit assessments during previous years from the tax authorities where the Company has started legal proceedings and disputed the relevant amounts. The timing of the finalization of these disputes cannot be estimated and the Group has classified the amounts as current assets. This balance as at 31 December 2018 also includes an amount of €54m (31 December 2017: €54m) of VAT approved refunds which has been withheld by the customs office due to a dispute relating to stock shortages. The Group has filed a specific legal objection and claim against this action and expects to fully recover this amount following the conclusion of the relevant legal proceedings (Note 31).

The fair values of trade receivables approximate their carrying amount.

The table below analyses total trade receivables:

	As at	
	31 December 2018	**31 December 2017**
Not past due	345.026	333.427
Past due	411.109	400.611
Total trade receivables	**756.135**	**734.038**

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

	As at	
	31 December 2018	**31 December 2017**
Up to 30 days	83.859	80.951
30 - 90 days	18.526	15.006
Over 90 days	308.724	304.654
Total	**411.109**	**400.611**

From 1 January 2018, the Group applies the simplified approach of IFRS 9 and calculates ECLs based on lifetime expected credit losses.

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

(All amounts in Euro thousands unless otherwise stated)

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

	< 30 days	**31 - 90 days**	**> 91 days**	**Total**
Expected credit loss rate	0,03%	0,25%	83,61%	34,16%
Total gross carrying amount	428.885	18.526	308.724	756.135
Expected credit loss	149	47	258.136	258.332

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

	As at	
	31 December 2018	**31 December 2017**
Balance at 1 January	248.008	235.636
Effect of change in accounting policy	2.084	-
Charged / (credited) to the income statement:		
- Exchange differences	136	(101)
- Additional provisions	15.441	14.380
- Unused amounts reversed	(2.936)	(1.521)
Receivables written off during the year as uncollectible	(4.640)	(386)
Transfers and other movements	240	-
Balance at 31 December	**258.333**	**248.008**

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

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

	As at	
	31 December 2018	**31 December 2017**
Balance at 1 January	47.566	41.325
Charged / (credited) to the income statement:		
- Additional provisions	4.662	8.317
- Unused amounts reversed	(3.795)	(116)
- Unwinding of discount	(12)	-
Transfer to litigation provision	(6.000)	-
Other movements	(117)	-
Used during year	-	(1.960)
Balance at 31 December	**42.304**	**47.566**

12 Cash, cash equivalents and restricted cash

	As at	
	31 December 2018	**31 December 2017**
Cash at bank and in hand	1.275.159	873.261
Cash and Cash Equivalents	**1.275.159**	**873.261**
Restricted cash	1.207	145.652
Total Cash, Cash Equivalents and Restricted Cash	**1.276.366**	**1.018.913**

Restricted cash in 2017 mainly relates to a deposit amounting to €144 million, placed as security for a loan agreement of an equal amount with Piraeus Bank in relation to the Company's Facility Agreement B with the European Investment Bank (Note 16). The outstanding balance under the EIB Facility Agreement B as at 31 December 2017 was €100 million, whilst the outstanding balance of the Piraeus loan as at 31 December 2017 was €144 million. In February 2018, the Company amended the EIB Facility Agreement B which no longer has security requirements. As a result, the loan with Piraeus was repaid, the security deposit was released and the bank guarantee agreement has been cancelled.

(All amounts in Euro thousands unless otherwise stated)

The balance of US Dollars included in Cash at bank as at 31 December 2018 was $891 million (euro equivalent €779 million). The respective amount for the period ended 31 December 2017 was $555 million (euro equivalent €463 million).

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

	As at	
	31 December 2018	**31 December 2017**
Euro	0,03%	0,08%
USD	0,09%	0,10%

13 Share capital

	Number of Shares (authorised and issued)	Share Capital	Share premium	Total
As at 1 January & 31 December 2017	305.635.185	666.285	353.796	1.020.081
As at 31 December 2018	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 2017: €2,18).

Share options

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

There were no share options outstanding at the end of the year.

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

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

	As at			
	31 December 2018		**31 December 2017**	
	Average Exercise Price in € per share	Options	Average Exercise Price in € per share	Options
Balance at beginning of year (1 January)	**4,52**	**185.633**	**4,52**	**1.479.933**
Exercised	4,52	(172.383)	4,52	(1.294.300)
Lapsed	4,52	(13.250)	-	-
Balance at end of year (31 December)	**4,52**	**-**	**4,52**	**185.633**

The value of lapsed stock options that were transferred to retained earnings in 2018 is €0 (2017: €0).

(All amounts in Euro thousands unless otherwise stated)

During the year ended 31 December 2018, share options were exercised via the acquisition and subsequent issue of treasury shares to employees with a total value of €1,2 million (see note 14).

14 Reserves

	Note	Statutory reserve	Special reserves	Hedging reserve	Share-based payment reserve	Tax free & Incentive Law Reserves	Other reserves	Treasury shares	Total
Balance at 1 January 2017		**118.668**	**98.420**	**13.268**	**747**	**263.047**	**(24.362)**	**-**	**469.788**
Changes of the fair value of equity investments		-	-	-	-	-	1	-	1
Reduction in value of land		-	-	-	-	-	(907)	-	(907)
Currency translation differences and other movements		-	-	-	-	-	718	-	718
Derecognition of gains/(losses) on hedges through comprehensive income		-	-	1.979	-	-	-	-	1.979
Fair value losses on cash flow hedges		-	-	(4.590)	-	-	-	-	(4.590)
Actuarial gains/(losses) on defined benefit pension plans		-	-	-	-	-	(9.584)	-	(9.584)
Share based payments		-	-	-	(653)	-	-	-	(653)
Acquisition of Treasury Shares		-	-	-	-	-	-	(10.245)	(10.245)
Issue of treasury shares to employees		-	-	-	-	-	-	9.714	9.714
Transfer from retained earnings to reserves		-	-	-	-	8.797	-	-	8.797
Transfers		-	(11.925)	(2.482)	-	100	14.307	-	-
Dividends		-	-	-	-	(106.962)	-	-	(106.962)
Balance at 31 December 2017 as originally presented		**118.668**	**86.495**	**8.175**	**94**	**164.982**	**(19.827)**	**(531)**	**358.056**
Change in accounting policy		-	-	-	-	-	166	-	166
Restated total equity as at 1 January 2018		**118.668**	**86.495**	**8.175**	**94**	**164.982**	**(19.661)**	**(531)**	**358.222**
Changes in the fair value of equity investments		-	-	-	-	-	(700)	-	(700)
Currency translation differences and other movements		-	-	-	-	-	(740)	-	(740)
Derecognition of gains on hedges through comprehensive income		-	-	(14.920)	-	-	-	-	(14.920)
Fair value losses on cash flow hedges		-	-	(5.006)	-	-	-	-	(5.006)
Actuarial valuation losses on defined pension plans		-	-	-	-	-	(11.002)	-	(11.002)
Share-based payments	**13**	-	-	-	(93)	-	-	-	(93)
Share of other comprehensive income of associates		-	-	-	-	-	(288)	-	(288)
Acquisition of treasury shares	**13**	-	-	-	-	-	-	(683)	(683)
Issue of treasury shares to employees	**13**	-	-	-	-	-	-	1.214	1.214
Transfers of tax on reserves distributed to retained earnings		-	-	-	-	(17.319)	-	-	(17.319)
Dividends		-	-	-	-	(76.408)	-	-	(76.408)
Transfer to Statutory Reserve		26.170	-	-	-	-	-	-	26.170
Transfer of grant received to tax free reserves		-	-	-	-	80	-	-	80
Balance at 31 December 2018		**144.838**	**86.495**	**(11.751)**	**1**	**71.335**	**(32.391)**	**-**	**258.527**

Statutory reserves

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

Special reserves

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

Tax free and Incentive Law reserves

These reserves relate to retained earnings that have not been taxed with the prevailing corporate income tax rate as allowed by Greek law under various statutes and include reserves relating to investments under incentive laws. These reserves will become liable to tax at the rate prevailing at the time of distribution to shareholders or conversion to share capital under certain conditions.

Hedging reserve

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

Other reserves

Other reserves are almost entirely comprised of actuarial losses.

(All amounts in Euro thousands unless otherwise stated)

Other reserves include:

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

(ii) Changes in the fair value of investments that are classified as investments in equity instruments.

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

Treasury Shares

Treasury shares are held regarding the Share Option Plan. During the year ended 31 December 2018, 87.793 shares were acquired at a cost of €0,7 million, while 157.953 shares were issued to employees following exercise of share options held. Treasury shares are recognised on a first-in-first out method (Note 13).

15 Trade and other payables

	As at	
	31 December 2018	**31 December 2017**
Trade payables	1.137.603	1.474.336
Accrued Expenses	138.022	100.810
Other payables	73.528	86.311
Total	**1.349.153**	**1.661.457**

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

Trade payables, as at 31 December 2018 and 31 December 2017, include amounts in respect of crude oil imports from Iran, which were received between December 2011 and March 2012 as part of a long term contract with NIOC. Despite repeated attempts to settle the payment for these cargoes through the international banking system between January and June 2012, it was not possible to do so. This was due to the fact that payments to Iranian banks and state entities were not accepted for processing by the International banking system, as a result of explicit or implicit US and International sanctions. After 30 June 2012, Hellenic Petroleum was prohibited to effect payments to NIOC by virtue of EU sanctions (Council Regulation (EU) No. 267/2012 of 23 March 2012). The Group duly notified its supplier of this restriction on payments and the inability to accept further crude oil cargoes under the contract, as a result of the aforementioned international sanctions.

On 18 October 2015, by Decision (CFSP) 2015/1863, the Council of the European Union (EU) decided to terminate implementation of most of EU restrictions against Iran, taking into account UNSCR 2231 (2015) and Annex B to UNSCR 2231 (2015), simultaneously with the IAEA-verified implementation by Iran of agreed nuclear-related measures. On 16 January 2016 (“Implementation Day”), by Decision (CFSP) 2016/37, the Council decided that Decision (CFSP) 2015/1863 shall apply from that date. On the same date, U.S and other International Restrictive Measures were also partially lifted. In light of the above developments, Hellenic Petroleum and NIOC executed Heads of Terms to a cooperation-agreement on 22 January 2016 for the recommencement of their commercial relationship for the supply of crude and for the settlement of the due trade payables.

On May 8, 2018, the President of the U.S. (the President) announced his decision to cease the United States’ participation in the Joint Comprehensive Plan of Action (JCPOA), and to begin re-imposing, following a wind-down period, the U.S. nuclear-related sanctions that were lifted to effectuate the JCPOA sanctions relief. In conjunction with this announcement, the President issued a National Security Presidential Memorandum (NSPM) directing the Secretary of State and the Secretary of the Treasury to prepare immediately for the re-imposition of all of the U.S. sanctions lifted or waived in connection with the JCPOA, to be accomplished as expeditiously as possible and in no case later than 180 days from the date of the NSPM. As a result, no deliveries of Iranian crude oil or payments have taken place post May 8, 2018.

(All amounts in Euro thousands unless otherwise stated)

Accrued expenses mainly relate to accrued interest, payroll related accruals and accruals for operating expenses not yet invoiced. Accrued expenses include the estimated cost of the CO2 emission rights required under the corresponding environmental legislation amounting to €54 million as at 31 December 2018 (2017: €19 million).

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

16 Interest bearing loans and borrowings

	As at	
	31 December 2018	**31 December 2017**
Non-current interest bearing loans and borrowings		
Bank borrowings	1.178.075	155.556
Eurobonds	446.715	761.607
Finance leases	2.381	3.071
Total non-current interest bearing loans and borrowings	**1.627.171**	**920.234**
Current interest bearing loans and borrowings		
Short term bank borrowings	745.278	1.855.170
Eurobonds	318.386	-
Current portion of long-term bank borrowings	44.444	44.444
Finance leases - current portion	677	655
Total current interest bearing loans and borrowings	**1.108.785**	**1.900.269**
Total interest bearing loans and borrowings	**2.735.956**	**2.820.503**

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

	As at	
	31 December 2018	**31 December 2017**
Between 1 and 2 years	267.038	360.258
Between 2 and 5 years	1.360.133	559.976
	1.627.171	**920.234**

The weighted average effective interest margins are as follows:

		As at	
Bank Borrowings	**Currency**	**31 December 2018**	**31 December 2017**
Short-term			
- Floating Euribor + margin	Euro	5,18%	4,88%
- Floating Libor + margin	US Dollar	6,88%	5,88%
- Floating Belibor + margin	Serbian Dinar	4,20%	5,55%
- Floating Reference Rate + margin	Bulgarian Lev	1,98%	4,90%
- Central Bank Bills + margin	FYROM Dinar	-	4,73%
- Fixed coupon	Euro	5,25%	-
Long-term			
- Floating Euribor + margin	Euro	2,77%	0,78%
- Floating Libor + margin	US Dollar	5,42%	-
- Fixed coupon	Euro	4,88%	5,04%

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

	As at	
	31 December 2018	**31 December 2017**
Euro	2.529.086	2.772.059
US Dollar	155.060	-
Serbian Dinar	15.098	14.454
Bulgarian Lev	36.712	33.990
Total interest bearing loans and borrowings	**2.735.956**	**2.820.503**

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

Borrowings of the Group by maturity as at 31 December 2018 and 31 December 2017 are summarised in the table below (amounts in € million):

			Balance as at	
	Company	**Maturity**	**31 December 2018**	**31 December 2017**
1a. Syndicated credit facility €20 million	HPF plc	Jul 2018	-	20
1b. Syndicated credit facility €10 million	HPF plc	Jul 2018	-	10
1c. Syndicated bond loan €350 million	HP SA	Jul 2018	-	348
1d Bond loan €400 million	HP SA	Jun 2023	392	-
2. Bond loan €400 million	HP SA	Nov 2020	223	284
3. Bond loan €300 million	HP SA	Feb 2021	297	200
4. Bond loan SBF €400 million	HP SA	May 2018	-	239
5. Bond loan $ 250 million	HP SA	June 2021	155	-
6. European Investment Bank ("EIB")Term loan	HP SA	Jun 2022	156	200
7. Eurobond €325 million	HPF plc	Jul 2019	318	316
8. Eurobond €450 million	HPF plc	Oct 2021	447	446
9. Bilateral lines	Various	Various	745	754
10. Finance leases	Various	Various	3	4
Total			**2.736**	**2.821**

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

No loans were in default as at 31 December 2018 (none as at 31 December 2017).

1. *Term loans*

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

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

(1c) Hellenic Petroleum S.A. concluded a €350 million syndicated bond loan credit facility guaranteed by HPF maturing in July 2018. These loans were repaid during 2018 with the proceeds of the facility as described below (1d).

(1d) In June 2018, the Group prepaid both facilities which had a total outstanding balance of €380 million. The facilities were refinanced with a 5 year syndicated revolving bond loan facility issued by Hellenic Petroleum S.A. and subscribed to by Greek and international banks for an amount of €400 million.

2. *Bond Loan €400 million*

In September 2015 Hellenic Petroleum S.A. extended the maturity date of a €400 million syndicated bond loan agreement from December 2015 to June 2016 and subsequently to October 2017 with two six-month extension options. In April 2018, Hellenic Petroleum S.A. extended the facility maturity date to October 2018, when it was fully repaid (the outstanding balance amounted to €284,5 million). The loan was refinanced in November 2018, with the issuance of a new syndicated bond loan of €400 million with a tenor of 2 years and a one- year extention option. The outstanding amount of the loan was €223 million as of 31 December 2018.

3. *Bond loan €300 million*

In January 2015, Hellenic Petroleum S.A. concluded a €200 million revolving bond loan facility, with a tenor of 3 years. The facility was refinanced in February 2018 for an increased amount of €300 million and a tenor of 3 years.

4. *Bond loans SBF €400 million*

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

5. *Bond Loan $250 million*

In June 2018, Hellenic Petroleum S.A. concluded a new $250 million revolving bond loan facility with a tenor of 3 years to finance general working capital needs.

6. *EIB Term loans*

On 26 May 2010, Hellenic Petroleum S.A. signed two loan agreements (Facilities A and B) with the European Investment Bank for a total amount of €400 million (€200 million each). The purpose of the loans was to finance part of the investment program relating to the upgrade of the Elefsina Refinery. Both loans had a maturity of twelve years with amortisation beginning in December 2013 and similar terms and conditions. Facility B is credit enhanced by a commercial bank guarantee (see note 12). This is normal practice for EIB lending particularly during the construction phase of large projects. Total repayments on both loans up to 31 December 2018 amounted to € 244 million (€44 million paid during 2018). See also note 12 - Cash and Cash Equivalents. Up to February 2018, Facility B included financial covenant ratios which were comprised of leverage, interest cover and gearing ratios. In February 2018, Hellenic Petroleum S.A. amended the terms of this facility in order to align the loan covenants' definitions and ratios in line with those used for all its commercial bank loans and Eurobonds.

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 listed on the Luxembourg Stock Exchange.

8. *Eurobond €450m*

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

(All amounts in Euro thousands unless otherwise stated)

9. Bilateral lines

The Group companies have credit facilities with various banks to finance general corporate needs which are being renewed in accordance with the Group's finance needs. The facilities mainly comprise of short-term loans of the parent company Hellenic Petroleum S.A..

10. Finance leases

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

	As at	
	31 December 2018	**31 December 2017**
Obligations under finance leases		
Within 1 year	677	667
Between 1 and 2 years	639	677
Between 2 and 5 years	1.175	2.061
After 5 years	567	321
Total lease payments	**3.058**	**3.726**

Certain medium term credit agreements that the Group has concluded, include financial covenants, mainly for the maintenance of certain ratios such as: "Consolidated Net Debt/ Consolidated Adjusted EBITDA", "Consolidated Adjusted EBITDA/ Consolidated Net Interest" and "Consolidated Net Debt/ Consolidated 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 offset amounts are as follows:

	As at	
	31 December 2018	**31 December 2017**
Deferred tax assets:		
Deferred tax assets	64.109	71.355
	64.109	**71.355**
Deferred tax liabilities:		
Deferred tax liabilities	(185.744)	(131.611)
	(185.744)	**(131.611)**
	(121.635)	**(60.256)**

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

	As at	
	31 December 2018	**31 December 2017**
Beginning of the year	(60.256)	58.237
Income statement charge	(72.957)	(125.096)
Charged / (released) to equity	10.911	4.777
Restatement of equity	531	-
Other movements	136	1.826
End of year	**(121.635)**	**(60.256)**

(All amounts in Euro thousands unless otherwise stated)

Deferred tax relates to the following types of temporary differences:

	As at	
	31 December 2018	**31 December 2017**
Intangible and tangible fixed assets	(213.073)	(228.980)
Inventory valuation	11.385	12.068
Unrealised exchange gains	(3.387)	4.364
Employee benefits provision	42.359	42.592
Provision for bad debts	39.318	42.610
Derivative financial instruments at fair value	4.002	(3.339)
Interest cost carried forward (thin capitalisation)	3.997	42.860
Tax losses carried forward	5.479	6.927
Environmental provisions	18.311	5.421
Impairment of investments	7.737	9.363
Unearned profit in stock	2.129	2.642
Other temporary differences relating to provisions and accruals	8.604	3.216
Deferred Tax on distribution of DESFA shares by DEPA	(48.496)	-
End of year	**(121.635)**	**(60.256)**

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 2018, the Group recognised deferred tax assets on tax loss carry-forwards totalling €5 million (2017: €7 million) since, on the basis of the approved business plan, the Group considers it probable that these can be offset against future taxable profits.

In 2014, thin capitalization rules as per art. 49 of law 4172/2013 were applied for the first time, whereby the net interest expense is deductible up to a certain percentage of tax EBITDA (60% for 2014, 50% for 2015, 40% for 2016 and 30% thereafter). This resulted in a deferred tax asset of €4 million as at 31 December 2018 (31 December 2017: €43 million), which can be offset against future taxable profits without any time constraints.

18 Retirement benefit obligations

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

	As at	
	31 December 2018	**31 December 2017**
Statement of Financial Position obligations for:		
Pension benefits	163.514	133.256
Liability in the Statement of Financial Position	**163.514**	**133.256**

	For the year ended	
	31 December 2018	**31 December 2017**
Statement of Comprehensive Income charge for:		
Pension benefits	22.201	10.566
Total as per Statement of Comprehensive Income	**22.201**	**10.566**
Remeasurements for:		
Pension benefits	13.750	13.299
Total as per Statement of Other Comprehensive Income	**13.750**	**13.299**

(All amounts in Euro thousands unless otherwise stated)

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

	As at	
	31 December 2018	**31 December 2017**
Present value of funded obligations	21.663	22.226
Fair value of plan assets	(10.108)	(9.530)
Deficit of funded plans	**11.555**	**12.696**
Present value of unfunded obligations	151.959	120.560
Liability in the Statement of Financial Position	**163.514**	**133.256**

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

The movement in the defined benefit obligation is as follows:

	Present Value of Obligation	**Fair Value of Plan Assets**	**Total**
As at 1 January 2017	**119.282**	**(8.370)**	**110.912**
Current service cost	6.296	-	6.296
Interest expense/(income)	3.095	(147)	2.948
Past service costs and (gains)/losses on settlements	1.322	-	1.322
Statement of comprehensive income charge	**10.713**	**(147)**	**10.566**
Remeasurements:			
- Return on plan assets, excluding amounts included in Interest expense/(income)	-	(161)	(161)
- (Gain)/loss from change in demographic assumptions	264	-	264
- (Gain)/loss from change in financial assumptions	7.920	-	7.920
- Experience (gains)/losses	5.276	-	5.276
Statement of other comprehensive income charge	**13.460**	**(161)**	**13.299**
Other movements/ Reclassifications	2.000		2.000
Benefits paid directly by the group/Contributions paid by the group	(2.224)	(1.297)	(3.521)
Benefit payments from the plan	(445)	445	-
Settlement payments from the plan	-	-	-
As at 31 December 2017	**142.786**	**(9.530)**	**133.256**

(All amounts in Euro thousands unless otherwise stated)

	Present Value of Obligation	Fair Value of Plan Assets	Total
As at 1 January 2018	**142.786**	**(9.530)**	**133.256**
Current service cost	7.243	-	7.243
Interest expense/(income)	2.950	(158)	2.792
Past service costs and (gains)/losses on settlements	12.166	-	12.166
Statement of comprehensive income charge	**22.359**	**(158)**	**22.201**
Remeasurements:			
- Return on plan assets, excluding amounts included in Interest expense/(income)	-	322	322
- (Gain)/loss from change in demographic assumptions	(6)	-	(6)
- (Gain)/loss from change in financial assumptions	10.852	-	10.852
- Experience (gains)/losses	2.582	-	2.582
Statement of other comprehensive income charge	**13.428**	**322**	**13.750**
Benefits paid directly by the group/Contributions paid by the group	(3.881)	(1.322)	(5.203)
Benefit payments from the plan	(1.074)	595	(479)
Contributions paid by employees	17	(17)	-
Settlement payments from the plan	(12)	-	(12)
As at 31 December 2018	**173.623**	**(10.109)**	**163.514**

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

Balance at 31 December 2018	**Less than a year**	**Between 1-2 years**	**Between 2-5 years**	**Over 5 years**	**Total**
Pension Benefits	5.037	6.299	34.076	291.709	**337.121**

Plan assets are comprised as follows:

	2018				**2017**			
	Quoted	**Unquoted**	**Total**	**%**	**Quoted**	**Unquoted**	**Total**	**%**
Equity Instruments	1.973	-	1.973	20%	2.231	-	2.231	23%
Debt Instruments								
- Government bonds	1.228	-	1.228	12%	1.096	-	1.096	12%
- Corporate bonds	2.961	-	2.961	29%	3.202	-	3.202	34%
Investment funds	2.139	-	2.139	21%	1.054	-	1.054	11%
Real Estate/ Property	1.421	-	1.421	14%	1.524	-	1.524	16%
Cash and cash equivalents	196	191	387	4%	205	218	423	4%
Total	**9.918**	**191**	**10.109**	**100%**	**9.312**	**218**	**9.530**	**100%**

The principal actuarial assumptions used were as follows:

	As at 31 December 2018	**31 December 2017**
Discount Rate	2,05%	2,00%
Future Salary Increases	1,10% - 1,50%	0,50%
Inflation	1,10%	0,60%
Average future working life in years	16,18	16,87

(All amounts in Euro thousands unless otherwise stated)

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

	Impact on Defined Benefit Obligation		
	Change in assumption	**Increase in DBO**	**Decrease in DBO**
Discount Rate	0,5%	-5,05%	5,16%
Future Salary Increases	0,5%	4,27%	Not appicable

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

Expected contributions to defined benefit plans for the following year amount to €0,9 million. The weighted average duration of the defined benefit obligation is 16 years.

19 Provisions

The movement for provisions for 2018 and 2017 is as follows:

	Provisions for other liabilities and charges
At 1 January 2017	**9.306**
Charged / (credited) to the income statement:	
- Additional provisions	929
- Unused amounts reversed	(1.212)
- Utilized during year	(652)
Other movements / Reclassifications	(2.000)
At 31 December 2017	**6.371**
Charged / (credited) to the income statement:	
- Additional provisions	30.895
- Unused amounts reversed	(2.511)
- Utilized during year	(3.705)
Transfer from Note 11	6.000
Other movements/ Reclassifications	4.988
At 31 December 2018	**42.038**

An amount of €2 million included within "Other movements/ Reclassifications" for the year ended 31 December 2017, relates to a transfer to Retirement Benefit Obligations.

The majority of the amounts reported in the above category concern provisions for pending legal claims and environmental restoration. During 2018, a provision of €15 million was recorded, for the estimated cost of decommissioning of a caustic soda plant in Thessaloniki industrial complex, which is idle and the subsequent restoration of land. The remaining provision for the year 2018 relates to various litigation provision.

20 Trade and other payables, non-current

	As at	
	31 December 2018	**31 December 2017**
Government grants	10.939	11.685
Trade and other payables	17.913	17.015
Total	**28.852**	**28.700**

Government grants

Advances by the Government to the Group's entities relate to grants for the purchase of property plant and equipment. Amortisation for 2018 amounted to €1,0 million (2017: €0,9 million).

Trade and other payables

Trade and other payables, non-current are comprised of cash guarantees received from petrol station dealers/ managers of the Group's retail companies in order to ensure that contract terms and conditions are met.

21 Derivative financial instruments

	31 December 2018				31 December 2017			
Commodity Derivative type	**Notional Amount**		**Assets**	**Liabilities**	**Notional Amount**		**Assets**	**Liabilities**
	MT'000	**Bbls'000**	**€**	**€**	**MT'000**	**Bbls'000**	**€**	**€**
Commodity Swaps	-	846	-	16.387	-	1.848	11.514	-
	-	**846**	**-**	**16.387**	**-**	**1.848**	**11.514**	**-**
Total	**-**	**846**	**-**	**16.387**		**1.848**	**11.514**	**-**

	31 December 2018		31 December 2017	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Non-current portion				
Commodity swaps	-	-	-	-
	-	**-**	**-**	**-**
Current portion				
Commodity swaps	-	16.387	11.514	-
	-	**16.387**	**11.514**	**-**
Total	**-**	**16.387**	**11.514**	**-**

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

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

Derivatives designated as cash flow hedges

During the year ended 31 December 2018 amounts transferred to the statement of comprehensive income, relating to contracts that were settled during the year, amounted to €14,920 million gain, net of tax (2017: €1,979 million loss, net of tax).

The remaining cash flow hedges are highly effective and the movement in their fair value, amounting to a loss of €5,006 net of tax as at 31 December 2018, (2017: €4,590 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.

(All amounts in Euro thousands unless otherwise stated)

22 Expenses by nature

	For the year ended	
	31 December 2018	**31 December 2017**
Raw materials and consumables used	7.832.405	6.064.349
Employee costs	279.943	268.617
Depreciation	187.117	180.532
Amortisation	10.066	8.744
Other expenses	935.186	794.565
Total cost of sales, distribution cost and administrative expenses	**9.244.717**	**7.316.807**

Other expenses include fees paid to the Group's statutory auditor which relate to non-audit services (i.e exclude audit and tax certificate) and which amount to €0,04 million for the year ended 31 December 2018.

Employee costs

Employee costs are set out in the table below:

	For the year ended	
	31 December 2018	**31 December 2017**
Wages and salaries	186.943	189.140
Social security costs	45.412	44.212
Pension costs	22.201	10.625
Other employment benefits	25.387	24.640
Total	**279.943**	**268.617**

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

23 Exploration and Development expenses

Geological and geophysical costs are expensed as incurred (2018: €1,4 million and 2017: €0,2 million) and relate mainly to exploration operations including environmental and geological studies in the Patraikos Gulf, Arta – Preveza onshore Block, NW Peloponnese onshore Block and Block 2.

Exploration license costs relating to Patraikos, Arta Preveza, NW Peloponnese and Block 2 have been capitalized within intangible assets (2018: €2,2 million and 2017: €0,07 million) and are amortised over the term of the exploration period for each block.

(All amounts in Euro thousands unless otherwise stated)

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

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

	Note	For the year ended 31 December 2018	31 December 2017
Other operating income			
Income from Grants	**30**	965	878
Services to 3rd Parties - net		5.067	3.873
Rental income -net		7.768	8.105
Insurance compensation		1.836	926
Total other operating income - net		**15.636**	**13.782**
Other gains/(losses)			
(Loss)/ profit from the sale of PPE - net		246	(252)
Amortization of long-term contract costs		(454)	(6.272)
Voluntary retirement scheme cost		(596)	(942)
Impairment of fixed assets	**6**	(3.734)	(2.689)
Legal costs relating to Arbitration proceedings ruling		-	(13.679)
Provision for environmental restoration	**19**	(15.000)	-
Other operating expenses		(4.921)	(5.836)
Total other (losses)/ gains		**(24.459)**	**(29.670)**
Total other operating (expenses)/income and other gains/ (losses)-net		**(8.823)**	**(15.888)**

Rental income relates to long term rental of petrol stations, let to dealers. Other operating income / (expenses) include income or expenses which do not relate to the trading activities of the Group.

25 Finance (Expenses) / Income - Net

	For the year ended 31 December 2018	31 December 2017
Interest income	3.827	4.600
Interest expense	(125.907)	(136.403)
Other finance costs	(23.625)	(33.250)
Finance costs -net	**(145.705)**	**(165.053)**

Finance costs amounting to €2,5 million (2017: €2,4 million) have been capitalised (Note 6).

26 Currency exchange gains / (losses)

Foreign currency exchange gains of €2 million for the year ended 31 December 2018, relate mostly to unrealized gains arising from the valuation of bank accounts denominated in foreign currency (mainly USD). Foreign currency exchange losses of €8 million for the year ended 31 December 2017, relate mostly to unrealized losses arising from the valuation of bank accounts denominated in foreign currency (mainly USD).

(All amounts in Euro thousands unless otherwise stated)

27 Income tax expense

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

	For the year ended	
	31 December 2018	**31 December 2017**
Current tax	(72.025)	(7.245)
Tax on distribution of dividends	(13.490)	-
Prior year tax	4.254	(3.520)
Deferred tax (Note 17)	(72.957)	(125.097)
Income Tax (expense) / credit	**(154.218)**	**(135.862)**

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

	For the year ended					
	31 December 2018			31 December 2017		
	Before tax	Tax (charge)/ credit	After tax	Before tax	Tax (charge)/ credit	After tax
Reduction in value of land	-		-	(1.669)	-	(1.669)
Share of other comprehensive income of associates	(288)	-	(288)	-	-	-
Investment in equity instruments	(959)	264	(695)	6	-	6
Cash flow hedges	(27.835)	7.909	(19.926)	(3.678)	1.063	(2.615)
Currency translation differences	(745)	-	(745)	752	-	752
Actuarial gains/ (losses) on defined benefit pension plans	(13.750)	2.738	(11.012)	(13.299)	3.714	(9.585)
Other comprehensive income	**(43.577)**	**10.911**	**(32.666)**	**(17.888)**	**4.777**	**(13.111)**

The corporate income tax rate of legal entities in Greece is 29% for 2018 (2017: 29%). According to article 23 of the recent Law 4579, released in December 2018, the corporate income tax rate in Greece, currently 29%, is expected to be reduced by 1% each year as follows: 28% in FY 2019, 27% in FY 2020, 26% in FY 2021 and 25% in FY 2022 onwards."

As at 31 December 2018, the effect of the changes in future income tax rates in other comprehensive income of the Group, is a charge of €1,9 million.

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

a. Audits by Certified Auditors - Tax Compliance Report

Effective for fiscal years ending 31 December 2011 onwards, Greek companies meeting certain criteria can obtain an "Annual Tax Certificate" as provided for by par. 5, article 82 of L.2238/1994 and article 65A of L. 4174/2013, as of 2014, from their statutory auditor in respect of compliance with tax law. The issuance of a Tax Compliance Report under certain conditions, substitutes the full tax audit by the tax authorities, however the tax authorities reserve the right of future tax audit.

All Group companies based in Greece have received unqualified Tax Compliance Reports by their respective statutory auditor for fiscal years up to 2017 (inclusive). The tax audit for the financial year 2018 is in progress, the issuance of Tax Compliance Report is expected to be issued within the fourth quarter of 2019 and management expects it to be unqualified.

b. Audits by Tax Authorities

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

Company name	**Financial years ended (up to & including)**
HELLENIC PETROLEUM SA	2011
EKO SA	2010
HELLENIC FUELS & LUBRICANTS SA (former HELLENIC FUELS SA)	2011

As explained also in Note 31, and notwithstanding the possibility of future tax audits, the Group's management believes that no additional material liability will arise as a result of unaudited tax years over and above the tax liabilities and provisions recognised in the consolidated financial statements as of 31 December 2018.

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

	For the year ended	
	31 December 2018	**31 December 2017**
Profit before tax	**368.930**	**519.785**
Tax (expense) at Greek corporation tax rate of 29% (2017 - 29%)	(106.990)	(150.738)
Difference in overseas tax rates	5.688	7.371
Tax exempt results of shipping companies	555	2.625
Deferred Tax on distribution of DESFA shares by DEPA	(48.494)	-
Tax on expenses not deductible for tax purposes	(9.457)	(12.836)
Adjustments to Deferred tax due to changes in tax rate (excl DESFA)	17.164	-
Utilization of previously unrecognized tax losses	449	898
Tax losses for which no deferred income tax was recognised	(50)	(160)
Adjustments for deferred tax of prior periods	(536)	11.553
Tax on Distribution of Dividend	(13.490)	-
Tax on income from associates not subject to corporate tax	513	6.465
Other	430	(1.040)
Tax (Charge) / Credit	**(154.218)**	**(135.862)**
Effective tax rate	***41,8%***	***26,1%***

28 Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period, excluding the weighted average number of treasury shares (Note 13). Diluted earnings per ordinary share are not materially different from basic earnings per share.

	For the year ended	
	31 December 2018	31 December 2017
Earnings per share attributable to the Company Shareholders (expressed in Euro per share):	**0,69**	**1,25**
Net income attributable to ordinary shares (Euro in thousands)	211.614	381.372
Weighted average number of ordinary shares	305.628.663	305.559.147

29 Dividends per share

A proposal to the AGM for a final dividend €0,25 per share (excluding treasury shares – Note 13) for the year ended 2017 was approved by the Board of Directors on 22 February 2018 and the final approval was given by the shareholders at the AGM held on 6 June 2018. This amounts to €76,408 million and is included in the Consolidated Financial Statements for the period ended 31 December 2018.

At its meeting held on 8 November 2018, the Board of Directors decided to distribute an interim dividend of €0,25 per share (excluding treasury shares – Note 13) for the financial year 2018. The dividend amounts to a total of €76,408 million.

The relevant amounts relating to the interim dividend for 2018 and the final dividend for 2017 (total amount of €152,816 million) have been included in the Consolidated Financial Statements for the year ended 31 December 2018.

(All amounts in Euro thousands unless otherwise stated)

A proposal to the AGM for a final dividend €0,50 per share (excluding treasury shares – Note 13) for the year ended 2018, was approved by the Board of Directors on 28 February 2019. The above dividend includes a special dividend of €0,25 per share relating to distribution of part of the proceeds from the sale of the Group's share in DESFA (Note 8). The total final dividend amounts to €152,814 million and is not included in the Consolidated Financial Statements for the year ended 31 December 2018, as it has not yet been approved by the shareholders' AGM.

The Board did not approve a change in dividend policy overall and will re-evaluate the payment of an additional dividend or an additional special dividend during 2019.

30 Cash generated from operations

		For the year ended	
	Note	**31 December 2018**	**31 December 2017**
Profit before tax		**368.930**	**519.785**
Adjustments for:			
Depreciation and amortisation of property, plant & equipment and intangible assets	**6,7**	197.183	189.276
Impairment of assets	**6**	3.734	2.689
Amortisation of grants	**20**	(965)	(878)
Finance costs - net	**25**	145.704	165.053
Share of operating profit of associates	**8**	1.771	(31.228)
Provisions for expenses & valuation charges		89.103	55.594
Foreign exchange (gains) / losses	**26**	(2.194)	8.173
Amortisation of long-term contracts costs	**24**	454	6.272
Loss / (gain) on sale of property, plant and equipment		(246)	1.685
		803.474	**916.421**
Changes in working capital			
Decrease / (increase) in inventories		61.582	(116.523)
(Increase) / decrease in trade and other receivables		(17.694)	62.948
Decrease in trade and other payables		(339.516)	(409.535)
		(295.628)	**(463.110)**
Net cash generated from operating activities		**507.846**	**453.311**

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, the most significant of which are disclosed below:

(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.

As at 31 December 2018 there are pending litigation claims that have been filed against the Group by the State, concerning customs violations that have been carried out by petrol stations dealers and whereby the Group is considered to be jointly liable. Furthermore, a number of decisions have been issued by the Supreme

Administrative Court in similar cases, which either reject the Group's appeals, or accept the State's appeals and redirect them to the Administrative Appeals Court. The total amounts imposed amount to € 13,9 million of which € 11,7 million has been paid and recognized in Other Receivables in the Financial Statements.

The Group intends to file an appeal regarding these cases, to the European Court of Human Rights and at the same time to submit a question to the European Union Court as it assesses that the above Court decisions contradict the provisions of the European Convention on Human Rights as well as the legal framework of the European Union.

In this context, Group Management assesses that the probability of a favourable outcome from the European Courts is significant, which may as a result change the Supreme Administrative Court's position, which will subsequently result in a favourable outcome for the Group. For the reasons mentioned above, the Group has not raised a provision with regards to these cases.

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

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

(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 2018 was the equivalent of €969 million (31 December 2017: €1.016 million). Out of these, €886 million (31 December 2017: €928 million) are included in consolidated borrowings of the Group and are presented as such in the consolidated financial statements.

(iii) International operations

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

(b) Taxation and customs

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

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

(i) Open tax years – Litigation tax cases

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

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

Even though the Company disputes the additional taxes and penalties imposed, it was obliged to pay 50% of the assessed amounts (taxes and penalties) to the Tax Authorities in order to appeal the results of the tax audits. This was paid within the applicable deadline, while the remaining amounts have been fully offset by the Authorities, with tax and other State receivables of the Company, within 2018. The amounts are included in the Trade and Other Receivables, as the Company assesses that it is probable that it will succeed in its appeals.

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

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

Likewise, the two main retail subsidiaries in Greece, which merged during 2016, have been audited as follows:

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

and

(b) EKO S.A.: up to and including 31 December 2010 with ongoing audit for the fiscal year 2012. The most recent Tax audit reports for 2008, 2009 and 2010 were delivered in February 2018 and assess additional stamp duty of € 4,1 million and penalties of € 3,5 million. The process followed is identical to the one described above for Hellenic Petroleum and the subsidiary has already proceeded with the relevant legal actions.

Even though the Companies dispute the additional taxes and penalties imposed, they were obliged to pay 50% of the assessed amounts (taxes and penalties) to the Tax Authorities in order to appeal the results of the tax audits. These were paid within the applicable deadlines, while the remaining amounts have been fully offset by the Authorities, with tax and other State receivables of the Companies, within 2018. The amounts paid and/or offset are included in the Trade and Other Receivables, as the Group assesses that it will succeed in its appeals.

Management believes that no additional material liability will arise either as a result of open tax years or from the outcome of current litigation cases over and above the tax liabilities and provisions already recognized in the consolidated financial statements as at 31 December 2018. The Company has recorded down payments made for taxes and penalties assessed in previous disputes with the tax authorities in other receivables (Note 11), to the extent that the Company has assessed that the amounts will be ultimately recoverable.

It is noted that for financial years ending 31 December 2011 up to and including 31 December 2017, the Group's Greek legal entities obtained unqualified "Annual Tax Certificates" from their Statutory Auditors, as provided for by par. 5, article 82 of L.2238/1994 and article 65A of L. 4174/2013.

(All amounts in Euro thousands unless otherwise stated)

(ii) Assessments of customs and fines

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

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

The Company considers that the above amounts will be recovered.

32 Commitments

(a) Capital commitments

Significant contractual commitments of the Group amount to €21,7 million as at 31 December 2018 (31 December 2017: €20 million), which mainly relate to improvements in refining assets.

(b) Operating lease commitments

The Group leases offices, petrol stations (buildings and plant), properties, machinery, equipment and vehicles 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 2018	**31 December 2017**
No later than 1 year	34.020	33.482
Later than 1 year and no later than 5 years	102.489	105.961
Later than 5 years	112.833	106.285
Total	**249.342**	**245.728**

(c) Letters of Credit

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

33 Related-party transactions

Included in the statement of comprehensive income are proceeds, costs and expenses, which arise from transactions between the Group and related parties. Such transactions are mainly comprised of sales and purchases of goods and services in the ordinary course of business.

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)

(All amounts in Euro thousands unless otherwise stated)

- HELPE Thraki S.A.
- D.M.E.P. HOLDCO

	For the year ended	
	31 December 2018	**31 December 2017**
Sales of goods and services to related parties		
Associates	597.852	780.852
Joint ventures	754	6.532
Total	**598.606**	**787.384**
Purchases of goods and services from related parties		
Associates	764.979	842.978
Joint ventures	18.813	13.062
Total	**783.792**	**856.040**
Balances due to related parties		
Associates	11.912	3.182
Joint ventures	1.387	1.886
Total	**13.299**	**5.068**
Balances due from related parties		
Associates	36.041	37.133
Joint ventures	150	101
Total	**36.191**	**37.234**

Hellenic Petroleum S.A. has provided letters of comfort and guarantees in favour of banks as security for loans granted by them to Elpedison B.V., the outstanding amount of which as at 31 December 2018 was €83 million (31 December 2017: €88 million).

b) Government related entities which are under common control with the Group due to the shareholding and control rights of the Hellenic State and with which the Group has material transactions or balances:
   - Public Power Corporation Hellas S.A.
   - Hellenic Armed Forces
   - Road Transport S.A.

During the year ended 31 December 2018, transactions and balances with the above government related entities are as follows:

- Sales of goods and services amounted to €350 million (31 December 2017: €417 million);
- Purchases of goods and services amounted to €51 million (31 December 2017: €43 million);
- Receivable balances of €41 million (31 December 2017: €61 million);
- Payable balances of €11 million (31 December 2017: €5 million).

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

(All amounts in Euro thousands unless otherwise stated)

	For the year ended	
	31 December 2018	**31 December 2017**
Short-term employee benefits	4.522	4.131
Post-employment benefits	67	92
Termination benefits	1.661	-
Total	**6.250**	**4.223**

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

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

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

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

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

- On 28 March 2018, HELLENIC PETROLEUM RES S.A. acquired the 100% of the total issued share capital of ATEN ENERGY S.A. The total aggregate consideration for the ordinary share capital acquired is €1,3 million.

- On 24 May 2018, HELLENIC PETROLEUM SA established HELPE E&P Holding S.A. (100% subsidiary). The share capital injected into the new company amounts to €20 million.

- On 2 July 2018, HELPE E&P Holding S.A. established Helpe Arta Preveza SA (100% subsidiary). The share capital injected into the new company amounts to €4 million.

- On 2 July 2018, HELPE E&P Holding S.A. established Helpe NW Peloponissos SA (100% subsidiary). The share capital injected into the new company amounts to €2 million.

- On 2 July 2018, HELPE E&P Holding S.A. established Helpe West Kerkyra SA (100% subsidiary). The share capital injected into the new company amounts to €3 million.

- On 8 November 2018, HELPE E&P Holding S.A. established Helpe Sea of Thrace SA (100% subsidiary). The share capital injected into the new company amounts to €0,1 million.

- On 14 November 2018, HELPE S.A. transferred the 100% of its shareholding in HELPE UPSTREAM SA to HELPE E&P Holding S.A for a consideration of €0,923 million. An intercompany profit of €0,123 million arose from the transaction which was eliminated for group purposes.

- On 27 November 2018, HELPE S.A. transferred the 100% of its shareholding in HELPE PATRAIKOS SA to HELPE E&P Holding S.A for a consideration of €6,2 million. No intercompany profit or loss arose from the transaction.

- On 29 November 2018, Hellenic Petroleum International S.A. transferred its entire shareholding in Hellenic Fuels and Lubricants Industrial & Commercial SA (64,41%) to HELPE S.A, which now holds the 100% shareholding of the company, for a consideration of €350 million. An intercompany profit of €2,270 million arose from the transaction which was eliminated for group purposes.

35 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.