HELLENIC PETROLEUM CYPRUS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
Year ended 31 December 2017

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BOARD OF DIRECTORS AND OTHER CORPORATE INFORMATION

Board of Directors	Dimitrios Kontofakas (appointed 15 March 2017 - Chairperson) Georgios Gregoras (Managing Director) Olga Tsaloglou (resigned 15 March 2017) Foteini Asimaki Elli Digeni Robertos Karahannas Konstantinos Mademlis Theodora Papadimitriou Panayiotis Daveros Adam Harold Dann Mark Richards
Company Secretary	JORDAN COMPANY SECRETARIES LIMITED 1st Floor Templeback, 10 Temple Back Bristol, United Kingdom BS1 6FL
Independent Auditors	Ernst & Young LLP 1 More London Place, London SE1 2AF United Kingdom
Registered office	Until 16 August 2017: 20-22 Bedford Road London, England WC1 R4JS From 16 August 2017: Suite 1, 3rd floor 11-12 St. James Square London, United Kingdom SW1Y 4LB
Registration number	00454043

Strategic Report

1 The Board of Directors presents its strategic report together with the audited financial statements of the Company for the year ended 31 December 2017.

Principal activities

2 The principal activity of the Company, which is unchanged from last year, is to buy, sell and otherwise deal in petroleum products in Cyprus through a local branch. It is the intention of the board of directors that this business will continue for the foreseeable future.

Review of developments, position and performance of the Company's business

3 The profit of the Company for the year ended 31 December 2017 was €15.179.393 (2016: profit of €15.325.569) and the total comprehensive income was €14.761.983 (2016: total comprehensive income of €13.482.619). On 31 December 2017 the total assets of the Company were €80.869.664 (2016: €94.129.258) and the net assets were €55.684.177 (2016: net assets €69.822.193). The financial position, development and performance of the Company as presented in these financial statements are considered satisfactory.

Principal risks and uncertainties

4 The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to the price fluctuations of oil in the international markets. Principal risks and uncertainties faced by the Company are also disclosed in Notes 3, 4 and 26 of the financial statements.

Business risks

5 The Company measures its performance against a five year business plan which includes revenue, profits, KPIs and other strategic targets such as improving brand image, product differentiation and customer service and meeting the HSSE standards. All major KPIs have been met during the year 2017.The key financial performance indicators during the year were as follows:

	2017	2016	Variance %
Revenue	237.370.014	202.659.619	*+17%*
Gross Profit	39.909.825	37.617.938	*+6%*
Operating Profit	17.491.098	17.263.424	*+1%*
Working Capital	17.303.227	15.145.792	*+14%*

The principal activity of the Company is to buy, sell and otherwise deal in petroleum products in Cyprus through a local branch. There was a profit after taxation amounting to €15.179.393 (2016: €15.325.569). The Company's revenue increased due to an overall better outlook of the local economy including tourism with higher levels of activity than those recorded in the prior year. The Gross profit, resulting from the difference between revenue and cost of sales from the purchase of petroleum goods, increased due to the increase in sales volumes, a close follow up on pricing, the managing of stocks and imports. Operating profit, calculated as gross profit less administrative and selling and distribution expenses, increased to a lesser extent due to the inflationary increments in costs that were not there in previous years when the economy was at a standstill. The company is exerting all efforts to manage expenditure always in line with its procurement policy.

On behalf of the Board

Georgios Gregoras
(Managing Director)

27 March 2018

REPORT OF THE BOARD OF DIRECTORS

1 The Board of Directors present its directors' report together with the audited financial statements of the Company for the year ended 31 December 2017.

Financial risk management

2 The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, commodity price risk, credit risk, liquidity risk and capital risk management.

(i) Market risk - foreign exchange risk

The Company imports petroleum products from overseas and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency. Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly, for example by entering into foreign forward exchange contracts.

(ii) Market risk - commodity price risk

The Company is exposed to commodity price risk through its purchases and distribution of petroleum products within Cyprus. Management monitors the price fluctuations on a continuous basis and acts accordingly.

(iii) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. Where debt finance is utilised, this is subject to pre-approval by the board of directors and such approval is limited to reputable financial institutions. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually.

(iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities. The management maintains flexibility in funding by maintaining availability under committed credit lines.

(v) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.
Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

Supplier payment policy

3 The Company's policy is to agree the terms of payment at the start of business with each supplier, to ensure suppliers are aware of those terms and to abide by them. The Company's creditor days (yearend trade creditors divided by purchases) for its continuing business for the year were 24 days (2016: 30 days).

Future developments of the Company

4 The Board of Directors does not expect any material changes or developments in the operations, financial position and performance of the Company in the foreseeable future.

REPORT OF THE BOARD OF DIRECTORS

Results

5 The Company's results for the year are set out on page 9. The Board of Directors, following consideration of the availability of profits for distribution as well as the liquidity position of the Company, recommends the payment of a dividend as detailed below and the remaining profit for the year is retained.

Dividends

6 On 9 August 2017, the Board of Directors approved the payment of a final dividend of €18.900.000 (being a dividend of €42,6304 per share) for the year ended 31 December 2016, and an interim dividend of €10.000.000 (being a dividend of €22,555 per share) for the year ended 31 December 2017. Dividend declared had been fully paid by the year end.

Board of Directors

7 The directors who held office during the year and at the date of signing the financial statements are shown on page 1.

Charitable donations

8 During the year the Company made charitable donations of €23.565 (2016: €1.750).

Company Secretary

9 On 18 May 2016, Jordan Company Secretaries Limited was appointed as the Company Secretary and has remained as such within 2017.

Statement of Directors' Responsibilities

10 The directors are responsible for preparing the Strategic Report, Report of the Board of Directors and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;

- make judgements and accounting estimates that are reasonable and prudent;

- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

12 The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE BOARD OF DIRECTORS

Statement of Directors' Responsibilities (continued)

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

Branches

14 The Company is registered in England and Wales and operates through a branch in Cyprus.

Events after the balance sheet date

15 On 1 February 2018, the Board of Directors decided that the Company will transfer all its shares held in VLPG Plant Limited, its associate, to the remaining shareholders The associate is carried at nil value in the accounts of 2017.

Independent Auditors and Disclosure of Information to Auditors

16 So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are not aware. The Directors have taken all the relevant steps that they ought to have taken in their duty as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

17 This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

18 The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Ernst & Young LLP London shall be deemed to be re-appointed as auditors for a further term.

Company number: 00454043

On behalf of the Board

Georgios Gregoras
(Managing Director)

27 March 2018

Independent Auditor's Report

To the members of Hellenic Petroleum Cyprus Limited

Opinion

We have audited the financial statements of Hellenic Petroleum Cyprus Limited for the year ended 31 December 2017 which comprise of the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the Cash Flow Statement and the related notes1 to 28, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 and of its results for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Use of our report

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

Conclusions relating to going concern

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

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

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.
We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on pages 4 to 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

O. D

Oxana Dorrington (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date 4 April 2018

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2017

	Note	2017 €	2016 €
Revenue	5	**237.370.014**	202.659.619
Cost of sales	6	**(197.460.189)**	(165.041.681)
Gross profit		**39.909.825**	37.617.938
Selling and distribution expenses	6	**(19.552.832)**	(18.032.356)
Administration expenses	6	**(2.865.895)**	(2.322.158)
Operating profit		**17.491.098**	17.263.424
Finance income	8	**2.864**	3.324
Finance costs	8	**(132.678)**	(104.742)
Profit before tax		**17.361.284**	17.162.006
Tax	9	**(2.181.891)**	(1.836.437)
Net profit for the year		**15.179.393**	15.325.569
Other comprehensive income			
Items that will not be classified subsequently to profit or loss:			
Remeasurements of post-employment benefit obligations	22	**(417.410)**	(1.842.950)
		(417.410)	(1.842.950)
Other comprehensive income for the year, net of tax		**(417.410)**	(1.842.950)
Total comprehensive income for the year		**14.761.983**	13.482.619

Items in other comprehensive income are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in Note 9.

STATEMENT OF FINANCIAL POSITION
31 December 2017

	Note	2017 €	2016 €
ASSETS			
Non-current assets			
Property, plant and equipment	11	**29.333.977**	28.578.446
Investment property	12	**204.960**	211.365
Intangible assets	13	**59.062**	164.319
Investment in subsidiary	14	**70.086**	960.586
		29.668.085	29.914.716
Current assets			
Inventories	16	**11.460.159**	8.842.310
Trade and other receivables	17	**25.527.339**	25.769.160
Cash at bank and in hand	18	**14.214.081**	29.603.072
		51.201.579	64.214.542
Total assets		**80.869.664**	94.129.258
EQUITY AND LIABILITIES			
Equity			
Ordinary share capital	19	**6.284.140**	6.284.140
Retained earnings		**49.400.036**	63.538.053
Total equity		**55.684.176**	69.822.193
Non-current liabilities			
Deferred tax liabilities	21	**570.000**	465.109
Pension liabilities	22	**4.655.213**	4.296.148
		5.225.213	4.761.257
Current liabilities			
Trade and other payables	24	**19.684.271**	19.465.678
Current tax liabilities		**276.004**	80.130
		19.960.275	19.545.808
Total liabilities		**25.185.488**	24.307.065
Total equity and liabilities		**80.869.664**	94.129.258

On 27 March 2018 the Board of Directors of Hellenic Petroleum Cyprus Limited authorised these financial statements for issue.

....
Georgios Gregoras (Managing Director)
Director

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2017

	Note	Share capital €	Retained earnings €	Total €
Balance at 1 January 2016		**6.284.140**	**60.055.434**	**66.339.574**
Comprehensive income				
Net profit for the year		-	15.325.569	15.325.569
Other comprehensive income for the year				
Remeasurement of post employment benefit (net of tax) *		-	(1.842.950)	(1.842.950)
Transactions with owners				
Dividends	10	-	(10.000.000)	(10.000.000)
Total transactions with owners		-	(10.000.000)	(10.000.000)
Balance at 31 December 2016/ 1 January 2017		**6.284.140**	**63.538.053**	**69.822.193**
Comprehensive income				
Net profit for the year		-	15.179.393	15.179.393
Other comprehensive income for the year				
Remeasurement of post employment benefit (net of tax) *		-	(417.410)	(417.410)
Transactions with owners				
Dividends	10	-	(28.900.000)	(28.900.000)
Total transactions with owners		-	(28.900.000)	(28.900.000)
Balance at 31 December 2017		**6.284.140**	**49.400.036**	**55.684.176**

* This was effected following the adoption of the revised IAS19 which allows remeasurements to be presented within equity.

CASH FLOW STATEMENT
Year ended 31 December 2017

	Note	2017 €	2016 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**17.361.284**	17.162.006
Adjustments for:			
Depreciation of property, plant and equipment	11	**2.770.765**	2.833.939
Depreciation of investment property	12	**6.405**	2.135
Amortisation of intangible assets	13	**137.769**	19.296
Interest income	8	**(2.864)**	(3.324)
Interest expense	8	**11.127**	21.116
Defined benefit pension scheme		**(58.344)**	(79.552)
Reversal of goodwill sale		**(16.241)**	-
		20.209.901	19.955.616
Changes in working capital:			
Increase in inventories		**(2.617.849)**	(831.956)
Decrease in trade and other receivables		**225.550**	2.154.135
Increase in trade and other payables		**218.592**	6.651.502
Cash generated from operations		**18.036.194**	27.929.297
Tax paid		**(1.881.126)**	(1.848.439)
Net cash generated from operating activities		**16.155.068**	26.080.858
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of intangible assets	13	**-**	(60.332)
Payment for purchase of property, plant and equipment	11	**(3.526.296)**	(3.179.646)
Payment for purchase of investments in subsidiaries	14	**-**	(350.000)
Proceeds from reduction in share capital of subsidiary		**890.500**	-
Interest received		**2.864**	3.324
Net cash used in investing activities		**(2.632.932)**	(3.586.654)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(11.127)**	(21.116)
Dividends paid		**(28.900.000)**	(10.000.000)
Net cash used in financing activities		**(28.911.127)**	(10.021.116)
Net (decrease)/increase in cash and cash equivalents		**(15.388.991)**	12.473.088
Cash and cash equivalents at beginning of the year		**29.603.072**	17.129.984
Cash and cash equivalents at end of the year	18	**14.214.081**	29.603.072

The notes on pages 13 to 37 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2017

1. Corporate information

Country of incorporation

The Company Hellenic Petroleum Cyprus Limited (the "Company") was incorporated in England and Wales on 1 January 1949 as a private limited liability company operating through a branch in Cyprus. Its registered office is at Suite 1, 3rd Floor 11-12 St. James Square London, United Kingdom, SW1Y 4LB.

Principal activities

The principal activities of the Company, which are unchanged from last year, is to buy, sell and otherwise deal in petroleum products in Cyprus through a local branch. It is the intention of the Board of Directors that this business will continue for the foreseeable future.

2. Summary of significant accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), IFRS Interpretations Committee (IFRS IC) Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The Company continues to adopt the going concern basis in preparing its financial statements. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The company is itself a subsidiary company and is exempt from the requirement to produce group accounts by virtue of Section 400 of the Companies Act 2006. These financial statements therefore present financial information about the company as an individual undertaking and not about the group.

The results of the Company are consolidated within the group financial statements of the ultimate parent undertaking, Hellenic Petroleum S.A., a company registered in Greece. Copies of the consolidated financial statements can be obtained from the Company Secretary at 8A Chimarras Street, 15125, Marousi, Greece.

The financial statements are presented in Euro as this is the company's functional currency, and all monetary amounts are rounded to the nearest Euro except when otherwise indicated.

Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2017. This adoption did not have a material effect on the accounting policies of the Company.

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet.

2. Summary of significant accounting policies (continued)

Adoption of new and revised IFRSs (continued)

Standards issued but not yet effective

At the date of approval of these financial statements the following accounting standards were issued by the International Accounting Standards Board but were not yet effective:

(i) Issued by the IASB and adopted by the European Union
- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018).
- IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018).
- Amendments to IFRS 4: Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2018).
- Clarifications to IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018).

(ii) Issued by the IASB but not yet adopted by the European Union
- IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2021).
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018).
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12 October 2017) (effective for annual periods beginning on or after 1 January 2019).
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017) (effective for annual periods beginning on or after 1 January 2019).
- IFRS 16 Leases – (effective for annual periods beginning on or after 1 January 2019)
- Annual Improvements to IFRSs 2014–2016 Cycle (issued on 8 December 2016) (effective for annual periods beginning on or after 1 January 2018)
- Annual Improvements to IFRSs 2015–2017 Cycle (issued on 12 December 2017) (effective for annual periods beginning on or after 1 January 2019)
- Amendments to IAS 40: "Transfers of Investment Property" (effective for annual periods beginning on or after 1 January 2018).
- IFRIC Interpretation 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods beginning on or after 1 January 2018).
- IFRIC Interpretation 23 "Uncertainty over Income Tax Treatments" (effective for annual periods beginning on or after 1 January 2019).

The Board of Directors expects that the adoption of these standards or interpretations in future periods will not have a material effect on the financial statements of the Company, other than IFRS 16, the impact of which is currently being assessed by management. Further to this, the Company has performed its assessment for both IFRS 15 and IFRS 9 and the Board of Directors have concluded that there will be no material effect on its financial statements.

Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

2. Summary of significant accounting policies (continued)

Goodwill

Goodwill relates to the acquisition of a service station.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment, is recognised immediately as an expense and is not subsequently reversed.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for the sale of goods and services in the ordinary course of the Company's activities, net of value added taxes, returns and discounts. Revenues earned by the Company are recognised on the following bases:

- **Sale of goods and related commissions**

  Sales of goods and related commissions are recognised when significant risks and rewards of ownership of the goods have been transferred to the customer, which is usually when the Company has sold or delivered goods to the customer, the customer has accepted the goods and collectibility of the related receivable is reasonably assured.

- **Management Fee Income**

  Management fee income is recognised on an accruals basis from R.A.M. Oil Limited, a company under common control.

- **Other Income**

  Other income relates to sale of goods and other services which are recognised when significant risks and rewards of ownership of goods and services have been transferred to the customer, which is usually when the Company has sold or delivered goods to the customer, the customer has accepted the goods and services and collectibility of the related receivable is reasonably assured.

Employee benefits

The Company and its employees contribute to the Government Social Insurance Fund based on employees' salaries. The Company's contributions are expensed as incurred and are included in staff costs. The Company has no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. In addition the Company operates two defined benefit retirement schemes the assets of which are held in a separate trustee administered fund, details of which are provided in Note 22.

Debtors and provisions for bad debts

Bad debts are written off to profit or loss and a specific provision is made, where it is considered necessary. No general provision for bad debts is made. Trade debtors are stated after deducting the specific provision for bad and doubtful debts, if any.

2. Summary of significant accounting policies (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

Dividends

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared and approved by the Company's Directors.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

	%
Buildings	3-4
Plant and machinery	10
Motor vehicles	10-20
Furniture, fixtures and office equipment	10-20

No depreciation is provided on land.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

2. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment property, principally comprising an apartment is held for long-term rental yields and is not occupied by the Company. Investment property is carried at cost less accumulated depreciation. The depreciation is calculated using the straight line method and the depreciation rate is 3%. Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the continued use of the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2. Summary of significant accounting policies (continued)

Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

2. Summary of significant accounting policies (continued)

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

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

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs to completion and selling expenses.

Share capital

Ordinary shares are classified as equity.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Comparative Figures

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

3. Financial risk management objectives and policies

Financial risk factors
The Company is exposed to market price risk, interest rate risk, credit risk, liquidity risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

3.1 Market Risk
(i) Commodity price risk
The Company is exposed to commodity price risk through its purchases and distribution of petrol within Cyprus.

Management monitors the price fluctuations on a continuous basis and acts accordingly, by seeking to pass any change in market price to its customers to minimise the profit and loss impact.

As a result of passing changes in prices to its customers, the impact on profit and loss is immaterial.

(ii) Foreign exchange risk
The Company imports petroleum products from overseas and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency.

Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

3.2 Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's income and operating cash inflows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets and liabilities.

3.3 Credit risk
Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

3.4 Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. The Company has established procedures with the objective of maintaining a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and hire purchase contracts.

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date based on contractual undiscounted payments:

31 December 2017	Less than 3 months
	€
Trade and other payables	19.684.271
	19.684.271

31 December 2016	Less than 3 months
	€
Trade and other payables	19.465.678
	19.465.678

3. Financial risk management objectives and policies (continued)

3.5 Capital risk management
Capital includes equity shares and share premium.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions, in order to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company's overall objectives, policies and processes remain unchanged from last year.

Fair values

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

4. Critical accounting estimates, judgments and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgments
In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which had the most significant effect on the amounts recognised in the financial statements:

- **Provision for bad and doubtful debts**

  The Company reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

- **Retirement benefits**

  The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rate of return on plan assets, future salary increases, mortality rates and future pension increases where necessary. The Company sets these assumptions based on market expectations at the reporting date using best-estimates for each parameter covering the period over which obligations are to be settled. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Additional information is disclosed in Note 22.

- **Contingencies/Provisions**

  Significant judgement is required in determining whether any contingencies relating to pending events require further provision or disclosure. Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Otherwise the events are disclosed as contingency, unless the probability is remote.

5. Revenue

	2017	2016
	€	€
Sales of goods	**244.645.171**	208.224.889
Commissions	**(9.131.894)**	(8.229.139)
Other Income	**1.510.228**	2.236.289
Management Fee Income	**346.509**	427.580
	237.370.014	202.659.619

6. Expenses by nature

	2017	2016
	€	€
Changes in inventories of petroleum products	**2.617.850**	831.950
Petroleum products used and other direct costs	**194.842.339**	164.209.731
Staff costs (Note 7)	**4.659.907**	4.319.111
Depreciation, amortisation and impairment charges (Notes 11, 12 and 13)	**2.914.939**	2.855.370
Auditors' remuneration	**47.230**	82.780
Operating lease rentals	**4.999.669**	4.729.273
Trade receivables - impairment charge for receivables (Note 17)	**401.190**	445.000
Repairs and maintenance	**2.757.578**	2.053.963
Insurance	**282.248**	142.974
Advertising, marketing and promotion	**1.044.898**	954.726
Other expenses	**192.143**	249.331
Group IT fee	**70.648**	70.000
Group consulting fee (Note 25.4)	**100.000**	100.000
Other taxes	**300.734**	300.126
Training expenses	**44.060**	31.414
Travelling expenses	**302.282**	312.335
Electrcity and water	**107.290**	84.111
Telephone, telexes and facsmiles	**101.908**	113.736
Consultancy and services	**1.582.215**	1.068.442
Secondary Inland Transport	**2.509.788**	2.441.822
Total expenses	**219.878.916**	185.396.195

The expenses stated above include fees of €nil (2016: €4.600) for other non – assurance services charged by company's statutory firm.

7. Staff costs

	2017	2016
	€	€
Wages and Salaries	**3.410.487**	3.126.013
Social Insurance Costs	**392.748**	370.018
Defined Benefit Pension Scheme	**422.435**	317.352
Stakeholder Pension Scheme	**131.887**	125.037
Other	**302.350**	380.691
	4.659.907	4.319.111
Average number of employees by activity:		
Selling and Distribution	**38**	38
Administration	**18**	18
	56	56

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

8. Finance income/cost

	2017	2016
	€	€
Interest income	2.864	3.324
Finance income	**2.864**	3.324
Interest expense	(11.127)	(21.116)
Sundry finance expenses	(121.551)	(83.626)
Finance costs	**(132.678)**	(104.742)
Net finance costs	**(129.814)**	(101.418)

9. Tax

9.1 Tax recognised in profit or loss

	2017	2016
	€	€
Corporation tax - current year	2.077.000	1.779.679
Deferred tax - charge (Note 21)	104.891	56.758
Charge for the year	**2.181.891**	1.836.437

The tax on the Company's profit before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

	2017	2016
	€	€
Profit before tax	17.361.284	17.162.006
Tax calculated at the applicable tax rates	2.170.161	2.145.251
Tax effect of expenses not deductible for tax purposes	419.388	380.467
Tax effect of allowances and income not subject to tax	(512.549)	(746.039)
Deferred tax	104.891	56.758
Tax charge	**2.181.891**	1.836.437

Effective from 1 January 2012, the Company has adopted the Foreign Branch Profit Election for UK tax purposes. From 2012 the Company was exempted for the relevant profits attributable to the Cyprus branch from taxation in the UK. As a result the Company is subject only to Cyprus corporation tax on taxable profits at the rate of 12,5%.

9.2 Tax recognised in other comprehensive income

			2017			2016
	Before tax	Tax	After tax	Before tax	Tax	After tax
	€	€	€	€	€	€
Remeasurements of post employment benefit obligations	(417.409)	-	(417.409)	(1.842.950)	-	(1.842.950)

Based on current capital investment plans, the Company expects to continue to be able to claim capital allowances in excess of depreciation in future years at a similar level to the current year.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2017
10. Dividends

	2017	2016
	€	€
Dividend paid	28.900.000	10.000.000
	28.900.000	10.000.000

On 9 August 2017, the Board of Directors approved the payment of a final dividend of €18.900.000 (being a dividend of €42,6304 per share) for the year ended 31 December 2016, and an interim dividend of €10.000.000 (being a dividend of €22,555 per share) for the year ended 31 December 2017. Dividend declared had been fully paid by the year end.

11. Property, plant and equipment

	Land and buildings	Plant and machinery	Motor vehicles	Furniture, fixtures and office equipment	Total
	€	€	€	€	€
Cost					
Balance at 1 January 2016	24.081.221	46.423.691	1.751.356	912.881	73.169.149
Additions	1.139.019	1.960.539	24.991	55.097	3.179.646
Write-offs*	-	(2.231.321)	-	-	(2.231.321)
Balance at 31 December 2016/ 1 January 2017	**25.220.240**	**46.152.909**	**1.776.347**	**967.978**	**74.117.474**
Additions	854.345	2.502.595	141.029	28.327	3.526.296
Balance at 31 December 2017	**26.074.585**	**48.655.504**	**1.917.376**	**996.305**	**77.643.770**
Depreciation					
Balance at 1 January 2016	7.226.070	35.454.029	1.673.400	582.911	47.167.731
Charge for the year	476.134	2.250.446	40.602	66.757	602.618
Write-offs*	-	(2.231.321)	-	-	(2.231.321)
Balance at 31 December 2016/ 1 January 2017	**7.702.204**	**35.473.154**	**1.714.002**	**649.668**	**45.539.028**
Charge for the year	504.539	2.163.077	35.534	67.615	2.770.765
Balance at 31 December 2017	**8.206.743**	**37.636.231**	**1.749.536**	**717.283**	**48.309.793**
Net book amount					
Balance at 31 December 2017	**17.867.842**	**11.019.273**	**167.840**	**279.022**	**29.333.977**
Balance at 31 December 2016	**17.518.036**	**10.679.755**	**62.345**	**318.310**	**28.578.446**

*In 2016, the Company had written off plant and machinery with zero net book value and a total cost of €2.231.321.

12. Investment properties

	2017	2016
	€	€
Cost		
Balance at 1 January	**213.500**	-
Additions	**-**	213.500
Balance at 31 December	**213.500**	213.500
Depreciation		
Balance at 1 January	**2.135**	-
Charge for the year	**6.405**	2.135
Balance at 31 December	**8.540**	2.135
Net book amount		
Balance at 31 December	**204.960**	211.365

Investment property, principally comprising of an apartment, is held for long term rental yields and is not occupied by the Company. Investment property is carried at cost, less accumulated depreciation.

13. Intangible assets

	Goodwill	Computer software	Total
	€	€	€
Cost			
Balance at 1 January 2016	89.904	1.265.564	1.355.468
Additions	-	60.332	60.332
Balance at 31 December 2016/ 1 January 2017	**89.904**	**1.325.896**	**1.415.800**
Additions	16.241	16.271	32.512
Balance at 31 December 2017	**106.145**	**1.342.167**	**1.448.312**
Amortisation			
Balance at 1 January 2016	-	1.232.185	1.232.185
Charge for the year	-	19.296	19.296
Balance at 31 December 2016/ 1 January 2017	**-**	**1.251.481**	**1.251.481**
Charge for the year	106.145	31.624	137.769
Balance at 31 December 2017	**106.145**	**1.283.105**	**1.389.250**
Net book amount			
Balance at 31 December 2017	**-**	**59.062**	**59.062**
Balance at 31 December 2016	**89.904**	**74.415**	**164.319**

In October 2011 R.A.M. Oil Cyprus Limited sold and transferred, absolutely and unconditionally, the Goodwill of the Service Station situated at 11 Pafos Road, Limassol, Cyprus to the Company for a total consideration of €128.145. During 2011, the Company disposed €22.000 of this goodwill (representing the rights to use the petrol station until 30/06/2012) to a third party. During 2014, the Company disposed further €16.241 of this goodwill (representing the rights to use the petrol station until 30/06/2016) to a third party. Due to non-compliance of the counterparty after discussions a new agreement has been reached in 2017. Following this new agreement, the Company proceeded with the reversal of the latest sale and expensed any remaining goodwill as no further economic benefits are expected to flow.

14. Investments in subsidiary

	2017	2016
	€	€
Balance at 1 January	**960.586**	610.586
Additions	-	350.000
Reduction in Share Capital	**(890.500)**	-
Balance at 31 December	**70.086**	960.586

The details of the subsidiaries are as follows:

Name	Place of business/Country of incorporation	Principal activities	2017 Holding %	2016 Holding %	**2017 €**	2016 €
Superlube Limited	Cyprus	Asset management	100	100	**70.086**	960.586

During 2017, a special resolution was signed by the Company for a reduction in share capital of the subsidiary. The whole amount was settled in cash.

The registered address of Superlube Limited is 3, Ellispondou Street, 2015, Strovolos, Nicosia, Cyprus.

15. Investments in associates

During the year 2016 the company entered into a shareholders' agreement to jointly operate a private limited liability company, namely VLPG Plant Ltd, for the purpose of building in Cyprus and operating a new LPG plant. The shareholders' agreement for the newly formed company obtained the clearance of the Cyprus Competition Committee (CPC), subject to conditions, for commencement of operations. VLPG Plant Ltd remains dormant since its incorporation and carried at nil value in the accounts.

The associate listed below has share capital consisting solely of ordinary shares, which are held directly by the Company; the country of incorporation or registration is also their principal place of business.

Nature of investment in associate in 2017:

Name	Place of business/Country of incorporation	Nature of relationship	% of ownership interest %
VLPG PLant Ltd	Cyprus	Associate	25

On 1 February 2018, the Board of Directors decided that the Company will transfer all its shares held in VLPG Plant Limited to the remaining shareholders.

16. Inventories

	2017	2016
	€	€
Petroleum Products	**11.460.159**	8.842.310
	11.460.159	8.842.310

The cost of inventories recognised as expense and included in "cost of sales" amounted to €200.509.320 (2016: €157.251.488).

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2017

17. Trade and other receivables

	2017	2016
	€	€
Trade receivables	**27.331.937**	25.750.301
Less: provision for impairment of receivables	**(4.649.729)**	(4.329.350)
Trade receivables - net	**22.682.208**	21.420.951
Prepayments	**2.559.210**	3.631.129
Other receivables	**285.921**	717.080
	25.527.339	25.769.160

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

As of 31 December 2017, trade receivables of €22.682.208 (2016: €21.420.951) were fully performing.

As of 31 December 2017, trade receivables of €4.649.729 (2016: €4.329.350) were impaired and provided for. The individually impaired receivables mainly relate to wholesalers, which are in an unexpectedly difficult economic situation. It was assessed that a portion of the receivables is expected to be recovered.

Movement in provision for impairment of receivables:

	2017	2016
	€	€
Balance at 1 January	**4.329.350**	3.881.350
Impairment losses recognised on receivables	**401.190**	446.409
Other	**(80.811)**	1.591
Balance at 31 December	**4.649.729**	4.329.350

The other classes within trade and other receivables do not contain impaired or past due assets.

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivable mentioned above. At 31 December 2017, the Company holds bank guarantees of €2.913.350 (2016: €2.561.350) as security.

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 3 of the financial statements.

18. Cash at bank and in hand

Cash balances are analysed as follows

	2017	2016
	€	€
Cash at bank and in hand	**14.214.081**	29.603.072
	14.214.081	29.603.072

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 3 of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2017
19. Share capital

	2017 Number of shares	**2017 GB£**	**2017 €**	2016 Number of shares	2016 GB£	2016 €
Authorised						
Ordinary shares of GB£10 each	**443.345**	**4.443.450**	**-**	443.345	4.433.450	-
			€			€
Issued and fully paid						
Balance at 1 January	**443.345**	**4.443.450**	**6.284.140**	443.345	4.443.450	6.284.140
Balance at 31 December	**443.345**	**4.443.450**	**6.284.140**	443.345	4.443.450	6.284.140

The total authorised number of ordinary shares is 443 345 shares (2016: 443 345 shares) with a par value of GB£10 per share. All issued shares are fully paid. (Exchange rate of GB£/€ 1.42)

20. Borrowings

	2017 €	2016 €
Current		
Bank overdrafts	-	-

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

	2017 %	2016 %
Bank overdrafts	**3,5**	3,5

The Company's bank overdrafts are arranged at floating rates. For borrowings at floating rates the interest rate is subject to repricing exposing the Company to cash flow interest rate risk.

The Company has the following undrawn borrowing facilities:

	2017 €	2016 €
Floating rate:		
Expiring beyond one year	**23.000.000**	22.000.000
	23.000.000	22.000.000

21. Deferred tax

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

Deferred tax liability

	Difference between depreciation and capital allowances (1)
	€
Balance at 1 January 2016	408.351
Charged/(credited) to:	
Profit or Loss (Note 9)	56.758
Balance at 31 December 2016/ 1 January 2017	**465.109**
Charged/(credited) to:	
Profit or Loss (Note 9)	104.891
Balance at 31 December 2017	**570.000**

The amounts included in the statement of financial position include the following:

	2017	2016
	€	€
Deferred tax liabilities to be settled after more than twelve months	**570.000**	465.109

	2017	2016
	€	€
At beginning of year	**465.109**	408.351
Charge included in profit or loss (Note 9)	**104.891**	56.758
At end of year	**570.000**	465.109

(1) Prior to 1 January 2012, the deferred tax asset/liability has been recognised on the temporary differences arising under UK tax rules at the UK tax rate, as these have generally been higher than the temporary differences under Cyprus tax rules. However, as a result of the Company making the Foreign Branch Profit Election, from 1 January 2012, for UK tax purposes, the assets are deemed to be used for non qualifying activities from 1 January 2012, and as such are considered to be ineligible for capital allowance purposes. Therefore, although there are temporary differences, the reversal of those temporary differences will not be taxed in the UK and therefore any deferred tax asset/liability on those temporary differences has been measured under Cyprus tax rules.

22. Pension Liabilities/ Defined Benefit Plans

	Pension and other post-retirement obligations **€**
Balance at 1 January 2016	2.532.750
Charged/(credited) to profit or loss	(79.552)
Charged to other comprehensive income	1.842.950
Balance at 31 December 2016/ 1 January 2017	**4.296.148**
Charged/(credited) to profit or loss	(58.345)
Charged to other comprehensive income	417.410
Balance at 31 December 2017	**4.655.213**

23. Defined benefit plans

The Company operates the following defined benefit arrangements:

1. the Non-contributory pension fund ("Pension Fund")

2. the Guaranteed Value of Provident Fund ("GVPF")

3. the Differential retirement benefit ("Top-up")

All of the plans are final salary pension plans which provide benefits to members in the form of a guaranteed level of pension payable for life or as a lump sum. The level of benefits provided depends on member's length of service and their salary in the final years leading up to retirement.

Using their assumptions, management estimates the payments which will be made in respect of the Plans throughout the future working lifetimes of existing members. By discounting future cash flows, they calculate the amount of money sufficient to meet the benefits in the future. Management has used the Projected Unit Credit Method to attribute the cost in respect of benefits arising from service before the valuation date (past service) and from service after the valuation date (future service).

23. Defined benefit plans (continued)

The amount recognised in the balance sheet is determined as follows:

	2017 €	2016 €
Present value of obligations	**10.856.411**	10.033.265
Fair value of plan assets	**(6.201.198)**	(5.737.117)
Net Liability in Balance Sheet	**4.655.213**	4.296.148
The amount recognised in profit and loss is determined as follows:		
Service cost	**359.044**	264.598
Net interest on the net defined benefit liability	**63.391**	52.754
Total profit and loss charge (Note 7)	**422.435**	317.352
The movement in the defined benefit obligation over the year is as follows:		
At 1 January	**4.296.148**	2.532.750
Current service cost	**359.044**	264.598
Interest expense	**63.391**	52.754
Remeasurements:		
- Return on plan assets, excluding amounts included in interest expense	**(165.134)**	(61.737)
- Gain from change in financial assumptions	**65.356**	1.763.718
Experience losses	**517.188**	140.969
	417.410	1.842.950
Contributions:		
- Employer	**480.780**	396.904
As at 31 December	**4.655.213**	4.296.148
Reconciliation of benefit obligation		
DBO at start of year	**10.033.265**	8.241.040
Service cost	**359.044**	264.598
Interest Cost	**153.461**	182.820
Benefits paid from the Fund	**(271.903)**	(559.880)
Actuarial loss	**517.188**	140.969
Actuarial loss/(gain) - financial assumptions	**65.356**	1.763.718
DBO at end of year	**10.856.411**	10.033.265
Reconciliation of plan assets		
Market value at start of year	**5.737.117**	5.708.290
Expected return	**90.070**	130.066
Company contributions	**480.780**	396.904
Fund benefits paid	**(271.903)**	(559.880)
Asset gain/(loss)	**165.134**	61.737
Fair value of plan assets at end of year	**6.201.198**	5.737.117

The actual gain on plan assets was €255.204 (2016: gain of €191.803).

23. Defined benefit plans (continued)

Plan assets are comprised as follows:

	2017		2016	
	€	**%**	€	%
Equity instruments	**2.156.360**	**35**	1.937.818	34
Debt instruments	**1.437.890**	**23**	1.432.741	25
Bank balances	**217.002**	**3**	311.010	5
Property	**1.523.505**	**25**	1.441.163	25
Other	**866.441**	**14**	614.385	11
	6.201.198	**100**	5.737.117	100

The plan did not own any of the Company's financial instruments, property or any other assets.

Contributions expected to be paid to the plan during the annual period beginning after the balance sheet date amount to €440.998 (2016: €422.435).

As at the last valuation date, the present value of the defined benefit obligation was comprised of 45 (2016: 46) active employees, 3 (2016: 3) relating to deferred members, 21 (2016: 20) relating to members in retirement and 2 (2016: 1) relating to widow's member.

Valuation assumptions

The significant actuarial assumptions were as follows:

Discount rate of 1,48% (2016: 1,55%)

Price inflation of 2% (2016: 2%)

Salary growth rate of 4% (2016: 4%)

Pension growth rate of 1% (2016: 1%)

Increase in insurable earnings of 3% (2016: 3%)

Social Insurance Scheme pension increases of 1% (2016: 1%)

Discount rate

IAS19 requires that the discount rate should reflect the rate at which the liabilities could effectively be settled. It recommends using the rates of return on high quality fixed income investments of the appropriate maturity. In general, we would consider the long and medium term yields on government bonds and AA-rated corporate bonds, depending on the average duration of the liabilities of each plan or country. The yields used as a reference to set the discount rate should be at a duration consistent with the duration of the liabilities.

The annual yield on the iBoxx corporate €AA10+ years bond index as at 31 December 2017 was 1,30% pa (31 December 2016: 1,31% pa).

As per IAS19 the Company has adopted the Full Yield Curve approach on the projected pension scheme cash flows, and as a result, a weighted average discount rate as at 31 December 2017 of 1,48% pa was adopted (2016: 1,55%).

23. Defined benefit plans (continued)

Price Inflation

As a base point for the financial assumptions, we need to establish an assumption for future increases in Cypriot price inflation (CPI). According to the Eurostat inflation expectations for the euro area over the medium to long term continue to be firmly anchored in line with the Governing Council's aim of maintaining inflation rates below, but close to 2%.

Pension liabilities are long term in nature and it would be unusual to make ad-hoc adjustments to inflation assumptions based on current economic conditions. Future inflation expectations are priced into the market-related measures that most companies are using and we wouldn't expect a change in the assumptions relative to those measures.

Considering all the above, the long-term inflation assumption was aligned with the long-term ECB target of 2,00% pa.

Salary growth rate

Salary growth for the Company's employees comprises three elements: general pay increases, COLA (Cost of living allowance) increases and individual promotional/merit increases.

An assumption of 4% (2016: 4%) pa has been adopted.

Pension growth rate

An assumption of 1,00% pa (2016: 1%) pa has been adopted.

Increase in Insurable Earnings Limit

The limit is assumed to increase at a rate of 1,00% pa above inflation. Therefore, an assumption of 3,00% pa has been adopted.

Social Insurance Scheme (SIS) Pension increases

According to the terms of the Memorandum agreed between the Cyprus Government and the European Commission, the European Central Bank and the International Monetary Fund (the "Troika"), increases to the SIS supplementary pensions are assumed to be in line with 50% of inflation i.e. 1% p.a.

Post-retirement mortality

Assumptions regarding future mortality are based on EVK2000 tables for males and females.

It is believed that these tables are a reasonable representation of expected mortality in the Cypriot oil industry. The expected life expectancy at birth is 78,8 and 82,1 years for males and females respectively.

Pre-retirement mortality

No allowance has been made for mortality before retirement.

Withdrawals

No allowance has been made.

Retirements

It is assumed that all members will retire at age 60. No allowance for early retirement has been made.

Commutation

Members are assumed to commute the maximum possible, allowing for the provisions of Section 88 (1) of the Cyprus Social Insurance Law 1980. The commutation factor is 15,0.

24. Trade and other payables

	2017	2016
	€	€
Trade payables	**3.236.735**	2.351.461
VAT	**712.516**	788.357
Other payables	**3.501.298**	3.224.331
Accruals	**2.513.220**	1.784.751
Payables to related companies (Note 25.5)	**9.720.502**	11.316.778
	19.684.271	19.465.678

The fair value of trade and other payables which are due within one year approximates their carrying amount at the balance sheet date.

25. Related party transactions

The immediate parent undertaking is Hellenic Petroleum International A.G, a company incorporated in Austria.

The ultimate parent undertaking of the group of undertakings for which group accounts are drawn up, and of which the Company is a member, and the ultimate controlling party is Hellenic Petroleum S.A., a company incorporated in Greece, which is the smallest and largest group to consolidate these financial statements. Copies of Hellenic Petroleum S.A. financial statements can be obtained from the Company Secretary at 8A Chimarras Street, 15125, Marousi, Greece. The consolidated financial statements of the Group are also available in the following website www. helpe. gr.

The following transactions were carried out with related parties:

25.1 Key management personnel compensation

The compensation of key management personnel in respect of qualifying services and the close members of their family is as follows:

	2017	2016
	€	€
Salaries and other short-term employee benefits	**510.676**	594.506
	510.676	594.506

25.2 Directors' remuneration

The total remuneration of the Directors (included in key management personnel compensation above) was as follows:

	2017	2016
	€	€
Aggregate emoluments	**194.907**	161.404
Highest Paid Director		
Wages and salaries	**159.938**	124.741
Other contributions	**16.920**	17.738
Accrued benefits under the defined benefit scheme	**57.525**	55.781
Accrued lump sum	**76.700**	74.375

The number of directors for whom retirement benefits are accruing under defined contributions schemes are 1 (2016:1).

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2017

25. Related party transactions (continued)

25.3 Sales of goods and services

	Nature of transactions	2017 €	2016 €
Superlube Limited (incorporated in Cyprus)	Sale of goods	-	595
R.A.M. Oil Cyprus Limited (incorporated in Cyprus)	Sale of goods	**86.989.318**	50.117.919
EKO ABEE (incorporated in Greece)	Sale of goods	-	23.381
Superlube Limited	Provision of management services	-	81.071
R.A.M. Oil Cyprus Limited	Provision of management services	**346.509**	346.509
		87.335.827	50.569.475

All the transactions with related parties are of a trading nature.

25.4 Purchases of goods and services

	Nature of transactions	2017 €	2016 €
Hellenic Petroleum S.A. (incorporated in Greece)	Purchases of goods	**183.423.366**	151.706.815
EKO ABEE	Purchases of goods	**1.370.966**	1.320.947
Superlube Limited	Purchases of goods	-	423.594
Superlube Limited	Purchases of services	**254.608**	171.414
Helpe Consulting (incorporated in Greece)	Purchases of services	**100.000**	100.000
Hellenic Petroleum S.A.	Purchases of services	**116.408**	167.522
		185.265.348	153.890.292

All the transactions with related parties are of a trading nature.

25.5 Payables to related parties (Note 24)

Name	2017 €	2016 €
Superlube Limited	**3.509**	419.448
Hellenic Petroleum S.A.	**6.972.000**	8.246.487
EKO ABEE	**142.652**	53.150
R.A.M. Oil Cyprus Limited	**2.577.341**	2.547.693
Helpe Consulting	**25.000**	50.000
	9.720.502	11.316.778

The above balances bear no interest and are repayable on demand.

26. Contingent liabilities

The Company has the following contingent liabilities:

(i) Bank guarantees

The Company has contingent liabilities in respect of bank guarantees arising in the ordinary course of business from which it is anticipated that no material liability will arise. These guarantees amounted to €1.265.058 (2016: €937.820).

(ii) Relocation of Oil and LPG terminals

The deliberations with the Government for the relocation of Oil and LPG Companies from Larnaca to Vasiliko continue. The Minister of Interior has been actively involved with the relocation and organised meetings with the Oil and LPG Companies for this purpose. The firm decision of the Government to relocate the Companies was clearly expressed and at the same time the Government's determination to compensate the Companies only by way of change of use of their land at Larnaca was also communicated. Effective on the 30th January 2017, the Government decree to relocate, has been extended till the 01/03/2018 for the Fuels Terminal and till the 01/03/2019 for the LPG Terminal. The petroleum companies are in the process of discussion with the Government to extend the decree until the end of 2019 for Fuels Terminal and until 2020 for LPG Terminal. The critical path for this exercise is the relocation of LPG terminals, which are of higher risk. The Government has indicated the area at Vasiliko for the LPG Terminal but no terms have yet been given. While initially there were thoughts of all LPG Companies, moving together towards the construction and operation of a Joint LPG Terminal, for which a new company, named, "VLPG Plant Ltd" was formed in 2016, with Hellenic Petroleum Cyprus Ltd, having a stake of 25%, later during 2017 HPC took the decision to withdraw from the VLPG Plant Ltd and construct its own LPG Terminal. As regards the Fuels Terminal Relocation, the Company has examined so far the options of using the terminals of VTTV and Petrolina at Vasiliko and expects details for leasing land from the Government for constructing its own terminal. When all options are examined and evaluated a decision will be taken. A more realistic time for the relocation to Vasiliko of the Companies from Larnaca is around three years.

(iii) Legal cases

The Commission for the Protection of Competition has decided to re open its investigation against the Petroleum companies in Cyprus (wholesale) for the period from 1/10/2004 to 22/12/2006. In its previous decision dated 24/05/2009, in the context of the same investigation which was subsequently annulled by the Supreme Court of Cyprus on 25/05/2011, the Commission for the Protection of Competition had imposed a fine of €14.269.000 against the Company. The Commission had issued a Statement of Objections to that effect and proceeded with the re-examination of the case which was conducted on the basis of the documents collected in the context of the previous investigation. The Statement of Objections declared two charges against the Company, one of participating in a concerted practice with other fuel entities, for the indirect fixing of uniform retail market prices on auto-fuels, claiming a Horizontal Collusion, and the other one on participating in agreements and/or concerted practices in fixing of uniform retail auto-fuel prices with Company's petrol station managers, claiming a Vertical Collusion. On 11/08/2017, the CPC informed the Companies that no infringement was found regarding the horizontal agreement between petroleum companies. Regarding the vertical accusation, the CPC held unanimously that the Company (as well as the other companies) breached the Law due to vertical agreements with its dealers. On 14/11/2017 CPC imposed a fine to the companies based on 2.5% of each Company's Turnover for 2005. The amount of the fine for HPC is €5.025.192. On the 30/11/2017 HPC filed a Recourse application against the decision. The General Attorney approved not to pay the penalty until the outcome of the Recourse application. The case is fixed for the 9th of May 2018.

Based on the previous decision of the Supreme Court, the Board of Directors believes that there is sufficient defence against this claim. No provision has been made in the financial statements.

Additional to the above cases, as at 31 December 2017 there were other pending claims against the Company in relation to its activities. Based on legal advice, the Company's Board of Directors believe that there is sufficient defense against these claims and no probable loss is expected to arise for the Company. Therefore, no provision has been made in the financial statements in relation to these claims.

27. Commitments

Derivative Financial Instruments

The notional amounts of the outstanding forward foreign exchange contracts at 31 December 2017 were €584.634 (2016: €1.364.639). The fair value movement of the derivatives between the date initiated to the balance sheet date were immaterial to be recognised.

Operating lease commitments - where the Company is the lessee

The Company leases its offices and various petrol stations under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The lease expenditure charged to the income statement during the year is disclosed in Note 6.

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

	2017	2016
	€	€
Within one year	**4.810.371**	4.692.539
Between one and five years	**19.046.544**	17.744.262
After five years	**32.465.327**	35.729.994
	56.322.242	58.166.795

28. Events after the reporting period

On 1 February 2018, the Board of Directors decided that the Company will transfer all its shares held in VLPG Plant Limited, its associate, to the remaining shareholders. This event did not result in any adjustment in the financial statements of 2017.

There were no other material events after the reporting period, which have a bearing on the understanding of the financial statements.

HELLENIC PETROLEUM CYPRUS LIMITED

OPERATING EXPENSES (unaudited information)
Year ended 31 December 2017

	2017	2016
	€	€
Administration expenses		
Staff salaries and related costs	**1.431.046**	1.329.915
Group consulting fees	**100.000**	100.000
Electricity and water	**25.998**	18.337
Insurance	**26.756**	25.737
Repairs and maintenance	**72.856**	64.555
Sundry expenses	**84.129**	76.534
Telephone and postage	**31.272**	40.230
Group IT fee (Note 24.4)	**70.648**	70.000
Operating lease rentals	**142.065**	116.387
Staff training	**19.115**	9.634
Auditors' remuneration	**47.230**	82.780
Other professional fees	**15.878**	-
Overseas travelling	**10.942**	11.882
Inland travelling and accommodation	**55.430**	48.958
Other Taxes	**6.992**	4.276
Consultancy and Services	**608.284**	311.736
Amortisation of goodwill	**106.145**	-
Depreciation of property, plant and equipment	**11.109**	11.197
	2.865.895	2.322.158

	2017	2016
	€	€
Selling and distribution expenses		
Salaries and related costs	**3.228.860**	2.989.196
Other taxes	**293.742**	295.850
Consultancy and services	**946.003**	884.664
Overseas travelling	**14.736**	19.555
Operating Lease rentals	**4.857.604**	4.612.886
Training	**24.945**	21.780
Advertising	**1.044.899**	954.726
Secondary inland transport	**2.509.788**	2.191.613
Telephone, telexes and facsimiles	**70.636**	73.506
Inland travelling	**221.174**	231.941
Impairment charge for receivables	**401.190**	445.000
Insurance	**255.492**	117.237
Electricity and water	**81.291**	65.775
Repairs and maintenance	**2.684.722**	2.207.657
Legal fees	**12.050**	4.000
Sundry expenses	**108.015**	72.798
Amortization of intangibles	**31.624**	19.296
Depreciation of investment property	**6.405**	2.135
Depreciation of property, plant and equipment	**2.759.656**	2.822.742
	19.552.832	18.032.356