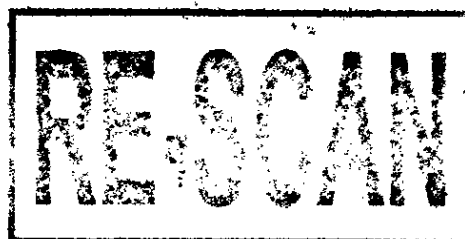


REGISTRAR OF COMPANIES



HELLENIC PETROLEUM CYPRUS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
Year ended 31 December 2018

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HELLENIC PETROLEUM CYPRUS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2018

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HELLENIC PETROLEUM CYPRUS LIMITED

BOARD OF DIRECTORS AND OTHER CORPORATE INFORMATION

Board of Directors

Dimitrios Kontofakas
Georgios Gregoras (Managing Director)
Foteini Asimaki (resigned on 7 December 2018)
Elli Digeni
Robertos Karahannas
Konstantinos Mademlis (resigned on 7 December 2018)
Theodora Papadimitriou
Panayiotis Daveros
Adam Harold Dann
Mark Richards
Konstantinos Karachalios (appointed on 7 December 2018)

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

Suite 1, 3rd floor 11-12 St. James Square
London, United Kingdom
SW1Y 4LB

Registration number

00454043

HELLENIC PETROLEUM CYPRUS LIMITED

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 2018.

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 2018 was €15.298.022 (2017: profit of €15.179.393) and the total comprehensive income was €16.964.964 (2017: total comprehensive income of €14.761.983). On 31 December 2018, the total assets of the Company were €87.402.914 (2017: €80.869.664) and the net assets were €52.582.767 (2017: net assets €55.684.176). 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 2018. The key financial performance indicators during the year were as follows:

	2018	2017	Variance %
Revenue	262.067.374	237.370.014	+10%
Gross Profit	41.000.992	39.909.825	+3%
Operating Profit	18.019.830	17.491.098	+3%
Working Capital	12.018.776	17.303.227	-31%

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 €15.298.022 (2017: €15.179.393). 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 and the managing of stocks and imports. Operating profit, calculated as gross profit less administrative and selling and distribution expenses, increased at the same pace. The company is exerting all efforts to manage expenditure always in line with the budget and its procurement policy.

On behalf of the Board



Georgios Gregoras
(Managing Director)

10 April 2019

HELLENIC PETROLEUM CYPRUS LIMITED

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 2018.

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. 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 25 days (2017: 24 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.

HELLENIC PETROLEUM CYPRUS LIMITED

Report of the Board of Directors (continued)

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 4 October 2018, the Board of Directors approved the payment of a final dividend of €4.000.000 (being a dividend of €31,577 per share) for the year ended 31 December 2017, and an interim dividend of €16.000.000 (being a dividend of €36,089 per share) for the year ended 31 December 2018. As at 31 December 2018, the Company paid €14.000.000 out of the total dividends declared of €20.000.000.

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.

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 €17.222 (2017: €23.565).

Company Secretary

9 Company's secretary is Jordan Company Secretaries Limited.

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.

HELLENIC PETROLEUM CYPRUS LIMITED

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

Independent Auditors and Disclosure of Information to Auditors

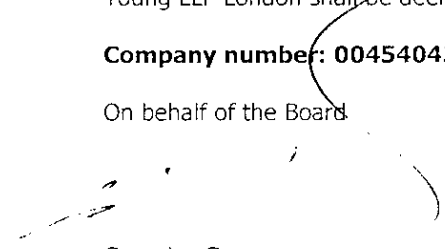
16 So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are not aware. The Directors have taken all the relevant steps that they ought to have taken in their duty as a Director to make themselves aware of any relevant audit information and to establish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

10 April 2019

Independent Auditor's Report

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 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 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 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on 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.

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.

Ernst & Young LLP

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

Date *12 April 2019*

HELLENIC PETROLEUM CYPRUS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

	Note	2018 €	2017 €
Revenue	5	262.067.374	237.370.014
Cost of sales		<u>(221.066.382)</u>	<u>(197.460.189)</u>
Gross profit		41.000.992	39.909.825
Selling and distribution expenses	6	(20.248.464)	(19.552.832)
Administration expenses	6	<u>(2.732.698)</u>	<u>(2.865.895)</u>
Operating profit		18.019.830	17.491.098
Finance income	8	199	2.864
Finance costs	8	<u>(228.007)</u>	<u>(132.678)</u>
Profit before tax		17.792.022	17.361.284
Tax	9	<u>(2.494.000)</u>	<u>(2.181.891)</u>
Net profit for the year		<u>15.298.022</u>	<u>15.179.393</u>
Other comprehensive income			
<i>Items that will not be classified subsequently to profit or loss:</i>			
Remeasurements of post-employment benefit obligations	22	<u>1.666.942</u>	<u>(417.410)</u>
		<u>1.666.942</u>	<u>(417.410)</u>
Other comprehensive income for the year, net of tax		<u>1.666.942</u>	<u>(417.410)</u>
Total comprehensive income for the year		<u>16.964.964</u>	<u>14.761.983</u>

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.

The notes on pages 13 to 43 form an integral part of these financial statements.

HELLENIC PETROLEUM CYPRUS LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2018

	Note	2018 €	2017 €
ASSETS			
Non-current assets			
Property, plant and equipment	11	29.843.500	29.333.977
Investment property	12	198.555	204.960
Intangible assets	13	73.600	59.062
Investment in subsidiary	14	70.086	70.086
Trade and other receivables	17	1.197.834	-
		<u>31.383.575</u>	<u>29.668.085</u>
Current assets			
Inventories	16	10.828.122	11.460.159
Trade and other receivables	17	28.500.401	25.527.339
Cash at bank and in hand	18	16.690.816	14.214.081
		<u>56.019.339</u>	<u>51.201.579</u>
Total assets		<u>87.402.914</u>	<u>80.869.664</u>
EQUITY AND LIABILITIES			
Equity			
Ordinary share capital	19	6.284.140	6.284.140
Retained earnings		46.298.627	49.400.036
Total equity		<u>52.582.767</u>	<u>55.684.176</u>
Non-current liabilities			
Deferred tax liabilities	21	677.000	570.000
Pension liabilities	22	2.882.330	4.655.213
		<u>3.559.330</u>	<u>5.225.213</u>
Current liabilities			
Trade and other payables	24	27.309.747	19.684.271
Borrowings	20	3.268.012	-
Current tax liabilities		683.058	276.004
		<u>31.260.817</u>	<u>19.960.275</u>
Total liabilities		<u>34.820.147</u>	<u>25.185.488</u>
Total equity and liabilities		<u>87.402.914</u>	<u>80.869.664</u>

On 10 April 2019 the Board of Directors of Hellenic Petroleum Cyprus Limited authorised these financial statements for issue.

Georgios Gregoras (Managing Director)

Director

The notes on pages 13 to 43 form an integral part of these financial statements.

HELLENIC PETROLEUM CYPRUS LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

	Note	Share capital €	Retained earnings €	Total €
Balance at 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 1 January 2018 as previously reported		6.284.140	49.400.036	55.684.176
Change in accounting policy		-	(66.373)	(66.373)
Balance at 31 December 2017/ 1 January 2018		6.284.140	49.333.663	55.617.803
Comprehensive income				
Net profit for the year		-	15.298.022	15.298.022
Other comprehensive income for the year				
Remeasurement of post employment benefit (net of tax) *		-	1.666.942	1.666.942
Transactions with owners				
Dividends	10	-	(20.000.000)	(20.000.000)
Total transactions with owners		-	(20.000.000)	(20.000.000)
Balance at 31 December 2018		6.284.140	46.298.627	52.582.767

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

The notes on pages 13 to 43 form an integral part of these financial statements.

HELLENIC PETROLEUM CYPRUS LIMITED

CASH FLOW STATEMENT

Year ended 31 December 2018

	Note	2018 €	2017 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		17.792.022	17.361.284
Adjustments for:			
Depreciation of property, plant and equipment	11	2.940.501	2.770.765
Depreciation of investment properties	12	6.405	6.405
Amortisation of intangible assets	13	31.462	137.769
Interest income	8	(199)	(2.864)
Interest expense	8	134.325	11.127
Defined benefit pension scheme		(105.941)	(58.344)
Reversal of goodwill sale		-	(16.241)
Loss on write offs of property plant and equipment		12.884	-
		20.811.459	20.209.901
Changes in working capital:			
Decrease/(increase) in inventories		632.037	(2.617.849)
(Increase)/decrease in trade and other receivables		(4.237.269)	225.550
Increase in trade and other payables		1.625.476	218.592
Cash generated from operations		18.831.703	18.036.194
Tax paid		(1.979.946)	(1.881.126)
Net cash generated from operating activities		16.851.757	16.155.068
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of intangible assets	13	(46.000)	-
Payment for purchase of property, plant and equipment	11	(3.462.908)	(3.526.296)
Proceeds from reduction in share capital of subsidiary		-	890.500
Interest received		199	2.864
Net cash used in investing activities		(3.508.709)	(2.632.932)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(134.325)	(11.127)
Dividends paid		(14.000.000)	(28.900.000)
Net cash used in financing activities		(14.134.325)	(28.911.127)
Net decrease in cash and cash equivalents		(791.277)	(15.388.991)
Cash and cash equivalents at beginning of the year		14.214.081	29.603.072
Cash and cash equivalents at end of the year	18	13.422.804	14.214.081

The notes on pages 13 to 43 form an integral part of these financial statements.

HELLENIC PETROLEUM CYPRUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

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 consolidated financial statements of the Group are also available in the following website www.helpe.gr.

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 2018.

HELLENIC PETROLEUM CYPRUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

2. Summary of significant accounting policies (continued)

Adoption of new and revised IFRSs (continued)

The accounting principles and calculations used in the preparation of the financial statements are consistent with those applied in the preparation of the financial statements for the year ended 31 December 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 Company as of 1 January 2018. The Company 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 financial statements of the Company for the year ended 31 December 2018.

- **IFRS 9 Financial Instruments:**

The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

The Company adopted the new standard as of 1 January 2018 without restating comparative 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 €	IFRS9	1 January 2018 after effect of IFRS9 €
Current assets				
Trade and other receivables	(b)	25.527.339	(66.373)	25.460.966
Equity				
Retained earnings	(a),(b)	49.400.036	(66.373)	49.333.663

(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 Company's business model for managing the assets; and whether the instruments' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.

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

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

	As at 31 December 2017 (IAS 39)	IFRS9 measurement category
	Loans and receivables	Amortised cost
	€	€
Trade receivables	25.527.339	25.460.966

HELLENIC PETROLEUM CYPRUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

2. Summary of significant accounting policies (continued)

Adoption of new and revised IFRSs (continued)

(b) Impairment

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

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

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

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

The effect of the above change on the statement of financial position as at 1 January 2018 resulted in a decrease of €66 thousand in retained earnings and trade receivables.

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 IFRS9 as at 1 January 2018
	€	€	€
Trade receivables under IAS39/Financial assets at amortised cost under IFRS9	4.649.729	66.373	4.716.102

(c) Hedge accounting

The Company does not apply hedge accounting.

• 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 Company's ordinary activities (e.g. sales of property, plant and equipment or intangible).

As from 1 January 2018, the Company applies the new standard using the modified retrospective method, therefore the initial application did not result in any restatement of comparative data. The new standard did not have any significant impact on the Company's 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 Company's current practices the Company revised its respective accounting policy as follows:

HELLENIC PETROLEUM CYPRUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

2. Summary of significant accounting policies (continued)

Adoption of new and revised IFRSs (continued)

The Company 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 Company 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.

Under the new requirements, the Company concluded that prospective volume discounts constitute a material right which should be deferred and recognized when exercised or lapsed. The Company 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.

- **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.

Standards issued but not yet effective

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

(i) Issued by the IASB and adopted by the European Union

- IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019)

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 Form 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.

HELLENIC PETROLEUM CYPRUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

2. Summary of significant accounting policies (continued)

Standards issued but not yet effective (continued)

(i) Issued by the IASB and adopted by the European Union (continued)

The Company has set up a project team which has reviewed all of the Company'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 Company's operating leases. The Company 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 Company 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 Company presents its first financial statements that include the date of initial application

Transition

The Company plans to apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach. Under this approach the Company will a) recognize a lease liability and will measure that lease liability at the present value of the remaining lease payments, discounted using the Company'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 Company 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 Company 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 Company decided to apply a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with similar remaining lease term for similar class of underlying assets in a similar economic environment).

Leases in which the Company is a lessee

The Company 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 Company 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 Company 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 Company will no longer recognize provisions for operating leases that it assesses to be onerous. Instead, the Company 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 Company estimates that it will recognize additional lease liabilities of approximately €38.878.046 as at 1 January 2019 and additional right-of-use assets of approximately €37.429.245. The estimated impact on the EBITDA of the Company is an increase of approximately €6.286.139.

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

HELLENIC PETROLEUM CYPRUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

2. Summary of significant accounting policies (continued)

Standards issued but not yet effective (continued)

(i) Issued by the IASB and adopted by the European Union (continued)

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- IFRIC 23 Uncertainty over Income Tax Treatments (effective for annual periods beginning on or after 1 January 2019)
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019)

(ii) Issued by the IASB but not yet adopted by the European Union

- IFRS 14 Regulatory Deferral Accounts (the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard)
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (the effective date is postponed indefinitely pending the outcome of IASB's research project on the equity method of accounting)
- Annual Improvements to IFRS Standards 2015-2017 Cycle (effective for annual periods beginning on or after 1 January 2019)
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019)
- IFRS 17 Insurance Contracts (effective for annual periods beginning on or after 1 January 2021)
- Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods beginning on or after 1 January 2020)
- Amendment to IFRS 3 Business Combinations (effective for annual periods beginning on or after 1 January 2020)
- Amendments to IAS 1 and IAS 8: Definition of Material (effective for annual periods beginning on or after 1 January 2020)

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 was assessed by management, as presented in Note 2 above.

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.

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. In 2018, the Company proceeded with the full write off of Goodwill.

HELLENIC PETROLEUM CYPRUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

2. Summary of significant accounting policies (continued)

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 Company expects to be entitled in exchange for those goods or services. Control over goods sold and services rendered is transferred to the customer upon delivery of the respective products or service respectively. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Payment terms vary in line with the type of sales transactions and depend mainly on the products sold or services rendered, the distribution channels as well as each customer's specifics.

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

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 and related commissions**
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 Company expects to receive in accordance with the terms of the contracts with the customers.
- **Provision of services – Management Fee Income**
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. 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.

HELLENIC PETROLEUM CYPRUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

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.

HELLENIC PETROLEUM CYPRUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

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.

HELLENIC PETROLEUM CYPRUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

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.

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

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

HELLENIC PETROLEUM CYPRUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

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

Subsequent measurement

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

- Financial assets at 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 Company measures financial assets at amortised cost if both of the following conditions are met: a) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

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

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

HELLENIC PETROLEUM CYPRUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

2. Summary of significant accounting policies (continued)

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

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

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities.

Trade payables

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

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a Company 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.

HELLENIC PETROLEUM CYPRUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

2. Summary of significant accounting policies (continued)

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.

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 price 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. When possible available cash in US dollars are used to settle respective liabilities.

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.

HELLENIC PETROLEUM CYPRUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3. Financial risk management objectives and policies (continued)

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 2018	Less than 3 months €
Bank overdrafts	3.268.012
Trade and other payables	<u>27.309.747</u>
	<u>30.577.759</u>
31 December 2017	Less than 3 months €
Trade and other payables	<u>19.684.271</u>
	<u>19.684.271</u>

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.

HELLENIC PETROLEUM CYPRUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

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 expected credit losses of receivables**

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

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

- **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.

HELLENIC PETROLEUM CYPRUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

5. Revenue

	2018 €	2017 €
Sales of goods	268.234.881	244.645.171
Commissions	(9.272.943)	(9.131.894)
Other Income	2.758.927	1.510.228
Management Fee Income	346.509	346.509
	<u>262.067.374</u>	<u>237.370.014</u>

6. Expenses by nature

	2018 €	2017 €
Changes in inventories of petroleum products	(632.037)	2.617.850
Petroleum products used and other direct costs	221.698.419	194.842.339
Staff costs (Note 7)	5.016.282	4.659.907
Depreciation, amortisation and impairment charges (Notes 11, 12 and 13)	2.978.368	2.914.939
Auditors' remuneration	60.000	47.230
Operating lease rentals	4.941.800	4.999.669
Trade receivables - impairment charge for receivables (Note 17)	307.642	401.190
Repairs and maintenance	3.080.666	2.757.578
Insurance	187.833	282.248
Advertising, marketing and promotion	1.147.802	1.044.898
Other expenses	218.437	192.143
Group IT fee	134.271	70.648
Group consulting fee	73.000	100.000
Other taxes	331.909	300.734
Training expenses	43.351	44.060
Travelling expenses	346.138	302.282
Electricity and water	94.197	107.290
Telephone, telexes and facsimiles	106.839	101.908
Consultancy and services	1.498.995	1.582.215
Secondary Inland Transport	2.413.632	2.509.788
Total expenses	<u>244.047.544</u>	<u>219.878.916</u>

7. Staff costs

	2018 €	2017 €
Wages and Salaries	3.555.144	3.410.487
Social Insurance Costs	407.438	392.748
Defined Benefit Pension Scheme	440.999	422.435
Stakeholder Pension Scheme	136.899	131.887
Other	475.802	302.350
	<u>5.016.282</u>	<u>4.659.907</u>

Average number of employees by activity:

Selling and Distribution	38	38
Administration	18	18
	<u>56</u>	<u>56</u>

HELLENIC PETROLEUM CYPRUS LIMITED

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Year ended 31 December 2018

8. Finance income/cost

	2018 €	2017 €
Interest income	<u>199</u>	<u>2.864</u>
Finance income	<u>199</u>	<u>2.864</u>
Interest expense	<u>(134.325)</u>	<u>(11.127)</u>
Sundry finance expenses	<u>(93.682)</u>	<u>(121.551)</u>
Finance costs	<u>(228.007)</u>	<u>(132.678)</u>
Net finance costs	<u>(227.808)</u>	<u>(129.814)</u>

9. Tax

9.1 Tax recognised in profit or loss

	2018 €	2017 €
Corporation tax - current year	<u>2.387.000</u>	<u>2.077.000</u>
Deferred tax - charge (Note 21)	<u>107.000</u>	<u>104.891</u>
Charge for the year	<u>2.494.000</u>	<u>2.181.891</u>

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

	2018 €	2017 €
Profit before tax	<u>17.792.022</u>	<u>17.361.284</u>
Tax calculated at the applicable tax rates	<u>2.224.003</u>	<u>2.170.161</u>
Tax effect of expenses not deductible for tax purposes	<u>584.804</u>	<u>419.388</u>
Tax effect of allowances and income not subject to tax	<u>(421.807)</u>	<u>(512.549)</u>
Deferred tax	<u>107.000</u>	<u>104.891</u>
Tax charge	<u>2.494.000</u>	<u>2.181.891</u>

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% (2017:12,5%).

9.2 Tax recognised in other comprehensive income

	2018			2017		
	Before tax €	Tax €	After tax €	Before tax €	Tax €	After tax €
Remeasurements of post employment benefit obligations	<u>1.666.942</u>	<u>-</u>	<u>1.666.942</u>	<u>(417.410)</u>	<u>-</u>	<u>(417.410)</u>

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.

HELLENIC PETROLEUM CYPRUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

10. Dividends

	2018 €	2017 €
Dividend declared	<u>20.000.000</u>	<u>28.900.000</u>
	<u>20.000.000</u>	<u>28.900.000</u>

On 4 October 2018 the Board of Directors approved the payment of a final dividend of €4.000.000 (being a dividend of €31,577 per share) for the year ended 31 December 2017, and an interim dividend of €16.000.000 (being a dividend of €36,089 per share) for the year ended 31 December 2018. As at 31 December 2018 the company paid €14.000.000 out of the total dividends declared of €20.000.000.

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 2017	25.220.240	46.152.909	1.776.347	967.978	74.117.474
Additions	<u>854.345</u>	<u>2.502.595</u>	<u>141.029</u>	<u>28.327</u>	<u>3.526.296</u>
Balance at 31 December 2017/ 1 January 2018	26.074.585	48.655.504	1.917.376	996.305	77.643.770
Additions	442.666	2.925.547	56.827	37.868	3.462.908
Write offs	<u>(13.548)</u>	<u>(51.123)</u>	<u>-</u>	<u>(2.619)</u>	<u>(67.290)</u>
Balance at 31 December 2018	26.503.703	51.529.928	1.974.203	1.031.554	81.039.388
Depreciation					
Balance at 1 January 2017	7.702.204	35.473.154	1.714.002	649.668	45.539.028
Charge for the year	<u>504.539</u>	<u>2.163.077</u>	<u>35.534</u>	<u>67.615</u>	<u>2.770.765</u>
Balance at 31 December 2017/ 1 January 2018	8.206.743	37.636.231	1.749.536	717.283	48.309.793
Charge for the year	548.643	2.277.623	44.728	69.507	2.940.501
Write offs	<u>(6.809)</u>	<u>(44.979)</u>	<u>-</u>	<u>(2.618)</u>	<u>(54.406)</u>
Balance at 31 December 2018	8.748.577	39.868.875	1.794.264	784.172	51.195.888
Net book amount					
Balance at 31 December 2018	17.755.126	11.661.053	179.939	247.382	29.843.500
Balance at 31 December 2017	17.867.842	11.019.273	167.840	279.022	29.333.977

HELLENIC PETROLEUM CYPRUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

12. Investment property

	2018 €	2017 €
Cost		
Balance at 1 January	<u>213.500</u>	213.500
Balance at 31 December	<u>213.500</u>	213.500
Depreciation		
Balance at 1 January	8.540	2.135
Charge for the year	<u>6.405</u>	6.405
Balance at 31 December	<u>14.945</u>	8.540
Net book amount		
Balance at 31 December	<u>198.555</u>	204.960

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 2017	89.904	1.325.896	1.415.800
Additions	<u>16.241</u>	<u>16.271</u>	<u>32.512</u>
Balance at 31 December 2017/ 1 January 2018	106.145	1.342.167	1.448.312
Additions	-	46.000	46.000
Write off	<u>(106.145)</u>	<u>-</u>	<u>(106.145)</u>
Balance at 31 December 2018	-	1.388.167	1.388.167
Amortisation			
Balance at 1 January 2017	-	1.251.481	1.251.481
Charge for the year	<u>106.145</u>	<u>31.624</u>	<u>137.769</u>
Balance at 31 December 2017/ 1 January 2018	106.145	1.283.105	1.389.250
Charge for the year	-	31.462	31.462
Write off	<u>(106.145)</u>	<u>-</u>	<u>(106.145)</u>
Balance at 31 December 2018	-	1.314.567	1.314.567
Net book amount			
Balance at 31 December 2018	-	73.600	73.600
Balance at 31 December 2017	-	59.062	59.062

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, in 2017, as no further economic benefits were expected to flow. In 2018, the Company proceeded with the full write off of Goodwill.

HELLENIC PETROLEUM CYPRUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

14. Investment in subsidiary

	2018	2017
	€	€
Balance at 1 January	70.086	960.586
Reduction in Share Capital	-	(890.500)
Balance at 31 December	70.086	70.086

The details of the subsidiary are as follows:

Name	Country of incorporation	Principal activities	2018 Holding %	2017 Holding %	2018 €	2017 €
Superlube Limited	Cyprus	Asset management	100	100	70.086	70.086

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. Investment in associate

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.

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

On 1 February 2018, the Company transferred all its shares held in VLPG Plant Limited to the remaining shareholders.

Nature of investment in associate in 2017:

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

16. Inventories

	2018	2017
	€	€
Petroleum Products	10.828.122	11.460.159
	10.828.122	11.460.159

The cost of inventories recognised as expense and included in "cost of sales" amounted to €226,583,219 (2017: €200,509,320).

HELLENIC PETROLEUM CYPRUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

17. Trade and other receivables

	2018 €	2017 €
Trade receivables	24,774,607	27,331,937
Less: provision for impairment of receivables	(4,858,484)	(4,649,729)
Trade receivables - net	19,916,123	22,682,208
Prepayments	6,782,187	2,559,210
Other receivables	346,772	285,921
Receivables from related parties (Note 25.5)	2,653,153	-
	29,698,235	25,527,339
Less non-current receivables	(1,197,834)	-
Current portion	28,500,401	25,527,339

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

As of 31 December 2018, trade receivables of €19,916,123 (2017: €22,682,208) were fully performing.

As of 31 December 2018, trade receivables of €4,858,484 (2017: €4,649,729) 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:

	2018 €	2017 €
Balance at 1 January	4,649,729	4,329,350
Impairment losses recognised on receivables-specific provision	282,734	401,190
Change in accounting policy – general provision	66,373	-
Impairment losses recognised on receivables-general provision	24,908	-
Provisions write off	(165,260)	(80,811)
Balance at 31 December	4,858,484	4,649,729

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 2018, the Company holds bank guarantees of €2,854,850 (2017: €2,913,350) 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

	2018 €	2017 €
Cash at bank and in hand	16,690,816	14,214,081
	16,690,816	14,214,081

HELLENIC PETROLEUM CYPRUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

18. Cash at bank and in hand (continued)

For the purposes of the cash flow statement, the cash and cash equivalents include the following:

	2018 €	2017 €
Cash at bank and in hand	16.690.816	14.214.081
Bank overdrafts (Note 20)	(3.268.012)	-
	<u>13.422.804</u>	<u>14.214.081</u>

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.

19. Share capital

	2018 Number of shares	2018 GB£	2018 €	2017 Number of shares	2017 GB£	2017 €
Authorised						
Ordinary shares of GB£10 each	443.345	4.443.345	-	443.345	4.443.345	-
Issued and fully paid						
Balance at 1 January	443.345	4.443.345	6.284.140	443.345	4.443.345	6.284.140
Balance at 31 December	<u>443.345</u>	<u>4.443.345</u>	<u>6.284.140</u>	<u>443.345</u>	<u>4.443.345</u>	<u>6.284.140</u>

The total authorised number of ordinary shares is 443 345 shares (2017: 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

	2018 €	2017 €
Current borrowings		
Bank overdrafts (Note 18)	<u>3.268.012</u>	-

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

	2018	2017
Bank overdrafts	3,5%	3,5%

The Company has the following undrawn borrowing facilities:

	2018 €	2017 €
Floating rate: Expiring beyond one year	<u>19.731.988</u>	<u>23.000.000</u>
	<u>19.731.988</u>	<u>23.000.000</u>

HELLENIC PETROLEUM CYPRUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

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 2017	465.109
Charged/(credited) to: Profit or Loss (Note 9)	<u>104.891</u>
Balance at 31 December 2017/ 1 January 2018	570.000
Charged/(credited) to: Profit or Loss (Note 9)	<u>107.000</u>
Balance at 31 December 2018	<u>677.000</u>

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

	2018 €	2017 €
Deferred tax liabilities to be settled after more than twelve months	677.000	570.000

(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.

HELLENIC PETROLEUM CYPRUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

22. Pension Liabilities/Defined Benefit Plans

	Pension and other post-retire- ment obligations €
Balance at 1 January 2017	4,296,148
Charged/(credited) to profit or loss	(58,345)
Charged to other comprehensive income	<u>417,410</u>
Balance at 31 December 2017/ 1 January 2018	4,655,213
Charged/(credited) to profit or loss	(105,941)
Charged to other comprehensive income	<u>(1,666,942)</u>
Balance at 31 December 2018	<u>2,882,330</u>

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") (merged on 31 May 2018 with Non-Contributory Pension Fund)
3. the Differential retirement benefit ("Top-up") (merged on 31 May 2018 with Non-Contributory Pension Fund)

On 31 May 2018 the assets and liabilities of the Special fund of the Guaranteed Value of the Provident Fund and the Hellenic Petroleum Cyprus Retirements Benefits (Differential) fund, were transferred at book value to the banks of the "Pension Fund".

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).

HELLENIC PETROLEUM CYPRUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

23. Defined benefit plans (continued)

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

	2018 €	2017 €
Present value of obligations	9.098.451	10.856.411
Fair value of plan assets	(6.216.121)	(6.201.198)
Net Liability in Balance Sheet	2.882.330	4.655.213

The amount recognised in profit and loss is determined as follows:

Service cost	375.801	359.044
Net interest on the net defined benefit liability	65.197	63.391
Total profit and loss charge (Note 7)	440.998	422.435

The movement in the defined benefit obligation over the year is as follows:

At 1 January	4.655.213	4.296.148
Current service cost	375.801	359.044
Interest expense	65.197	63.391

Remeasurements:

- Return on plan assets, excluding amounts included in interest expense	324.973	(165.134)
- (Gain)/losses from change in financial assumptions	(1.837.825)	65.356
Experience (gains)/losses during the year	(154.089)	517.188
	(1.666.941)	417.410

Contributions:

- Employer	(546.940)	(480.780)
As at 31 December	2.882.330	4.655.213

Reconciliation of benefit obligation

DBO at start of year	10.856.411	10.033.265
Service cost	375.801	359.044
Interest Cost	158.759	153.461
Benefits paid from the Fund	(300.606)	(271.903)
Actuarial loss	(154.089)	517.188
Actuarial loss/(gain) - financial assumptions	(1.837.825)	65.356
DBO at end of year	9.098.451	10.856.411

Reconciliation of plan assets

Market value at start of year	6.201.198	5.737.117
Expected return	93.562	90.070
Company contributions	546.940	480.780
Fund benefits paid	(300.606)	(271.903)
Asset gain/(loss)	(324.973)	165.134
Fair value of plan assets at end of year	6.216.121	6.201.198

The actual loss on plan assets was €231.411 (2017: gain of €255.204).

HELLENIC PETROLEUM CYPRUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

23. Defined benefit plans (continued)

Plan assets are comprised as follows:

	2018		2017	
	€	%	€	%
Equity instruments	1.901.245	31	2.156.360	35
Debt instruments	771.980	12	1.437.890	23
Diversified Growth Funds	1.248.665	20	-	-
Bank balances	190.604	3	217.002	3
Property	1.421.295	23	1.523.505	25
Other	682.332	11	866.441	14
	<u>6.216.121</u>	<u>100</u>	<u>6.201.198</u>	<u>100</u>

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 €296.332 (2017: €440.998).

As at the last valuation date, the present value of the defined benefit obligation was comprised of 44 (2017: 45) active employees, 3 (2017: 3) relating to deferred members, 22 (2017: 21) relating to members in retirement and 2 (2017: 2) relating to widow's member.

Valuation assumptions

The significant actuarial assumptions were as follows:

Discount rate of 1,62% (2017: 1,48%).

Price inflation of 2% (2017: 2%).

Salary growth rate of 2% (2017: 4%).

Pension growth rate of 1% (2017: 1%).

Increase in insurable earnings of 3% (2017: 3%).

Social Insurance Scheme pension increases of 1% (2017: 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 2018 was 1,57% pa (31 December 2017: 1,30% 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 2018 of 1,62% pa was adopted (2017: 1,48%).

HELLENIC PETROLEUM CYPRUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

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 2% (2017: 4%) pa has been adopted.

Pension growth rate

An assumption of 1,00% pa (2017: 1,00%) 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.

HELLENIC PETROLEUM CYPRUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

24. Trade and other payables

	2018	2017
	€	€
Trade payables	2.813.599	3.236.735
VAT	1.088.130	712.516
Other payables	4.249.362	3.501.298
Accruals	3.376.856	2.513.220
Payable dividends	6.000.000	-
Payables to related companies (Note 25.6)	9.781.800	9.720.502
	<u>27.309.747</u>	<u>19.684.271</u>

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. 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 Chimmarras 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 and the close members of their family is as follows:

	2018	2017
	€	€
Salaries and other short-term employee benefits	533.194	510.676
	<u>533.194</u>	<u>510.676</u>

25.2 Directors' remuneration

The total remuneration for serving directors for their period of directorship to the company for the year 2018 amounted to EUR 342.363 (2017: EUR 329.356), which are included in the table below. A number of directors are senior executives of the wider Hellenic Petroleum group, and receive no remuneration for services to this company.

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

	2018	2017
	€	€
Aggregate emoluments (wages and salaries and other contributions)	204.346	194.907
Highest paid director		
Wages and salaries	169.200	159.938
Other contributions	17.146	16.920
Accrued benefits under the defined benefit scheme	59.150	57.525
Accrued lump sum	<u>78.867</u>	<u>76.700</u>

The number of directors for whom retirement benefits are accruing under defined contributions schemes are 1 (2017:1).

HELLENIC PETROLEUM CYPRUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

25. Related party transactions (continued)

25.3 Sales of goods and services

	<u>Nature of transactions</u>	2018 €	2017 €
R.A.M. Oil Cyprus Limited	Sale of goods	132.873.374	86.989.318
R.A.M. Oil Cyprus Limited	Provision of management services	346.509	346.509
		<u>133.219.883</u>	<u>87.335.827</u>

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

25.4 Purchases of goods and services

	<u>Nature of transactions</u>	2018 €	2017 €
Hellenic Petroleum S.A.	Purchases of goods	207.574.420	183.423.366
EKO ABEE	Purchases of goods	1.349.865	1.370.966
Superlube Limited	Purchases of services	59.969	254.608
Helpe Consulting	Purchases of services	73.000	100.000
Hellenic Petroleum S.A.	Purchases of services	116.113	116.408
		<u>209.173.367</u>	<u>185.265.348</u>

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

25.5 Receivables from related parties (Note 17)

<u>Name</u>	<u>Nature of transactions</u>	2018 €	2017 €
R.A.M. Oil Cyprus Limited	Trade	1.628.353	-
Yugen Limited	Finance	1.024.800	-
		<u>2.653.153</u>	<u>-</u>

25.6 Payables to related parties (Note 24)

<u>Name</u>	<u>Nature of transactions</u>	2018 €	2017 €
Superlube Limited	Trade	37.349	3.509
Hellenic Petroleum S.A.	Trade	9.623.530	6.972.000
EKO ABEE	Trade	92.733	142.652
R.A.M. Oil Cyprus Limited	Trade	9.938	2.577.341
Helpe Consulting	Trade	18.250	25.000
Hellenic Petroleum International A.G.	Dividends	6.000.000	-
		<u>15.781.800</u>	<u>9.720.502</u>

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

HELLENIC PETROLEUM CYPRUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

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 €1,248,408 (2017: €1,265,058).

(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 Energy, Commerce and Industry 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 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. While initially there were thoughts of all LPG Companies, moving together towards the construction and operation of a Joint LPG Terminal, by a new company, named, "VLPG Plant Ltd". During 2017 the Company took the decision to withdraw from the VLPG Plant Ltd and construct its own LPG Terminal. During 2018, all fuel and LPG marketing companies reached to a consensus with the Government that relocation of fuel terminals will take place by 31 December 2019 while relocation for LPG terminal to take place by the 31 December 2020. Fuel terminal constructions has commenced, under the instructions and ownership of an entity under common control to be completed by the end of 2019. With regards to LPG terminal, the Company is currently assessing alternative scenarios before reaching an informed decision.

(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 before the Court on 03/06/2019 for directions (i.e. further scheduling).

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 2018 there were other pending claims against the Company in relation to its activities. Based on legal advice, the Company's Board of Directors believes 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.

HELLENIC PETROLEUM CYPRUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

26. Contingent liabilities (continued)

Operating environment in United Kingdom

On 23 June 2016, the people of the UK voted to leave the EU (Brexit). Current planned date for such transition is for 29th March 2019, however, it is possible that it is deferred further in time. While we expect there will be no immediate change to our financial and corporate reporting, we are monitoring events to determine how financial and corporate reporting requirements will be affected over the long term.

27. Commitments

Derivative Financial Instruments

The notional amounts of the outstanding forward foreign exchange contracts at 31 December 2018 were €748,314 (2017: €584,634). 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' plots of land 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:

	2018	2017
	€	€
Within one year	4.828.303	4.810.371
Between one and five years	25.965.601	19.046.544
After five years	22.242.894	32.465.327
	<u>53.036.798</u>	<u>56.322.242</u>

28. Events after the reporting period

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

HELLENIC PETROLEUM CYPRUS LIMITED

ADMINISTRATIVE EXPENSES

Year ended 31 December 2018

	2018 €	2017 €
Administration expenses		
Staff salaries and relates costs	1.524.931	1.431.046
Group consulting fees	73.000	100.000
Electricity and water	28.098	25.998
Insurance	22.471	26.756
Repairs and maintenance	118.156	72.856
Sundry expenses	60.642	84.129
Telephone and postage	38.738	31.272
Group IT fee	134.271	70.648
Operating lease rentals	158.007	142.065
Staff training	20.004	19.115
Auditors' remuneration	60.000	47.230
Other professional fees	-	15.878
Overseas travelling	17.320	10.942
Inland travelling and accommodation	69.846	55.430
Other Taxes	3.987	6.992
Consultancy and Services	383.876	608.284
Amortisation of goodwill	-	106.145
Depreciation of property, plant and equipment	19.351	11.109
	<u>2.732.698</u>	<u>2.865.895</u>

HELLENIC PETROLEUM CYPRUS LIMITED

SELLING AND DISTRIBUTION EXPENSES

Year ended 31 December 2018

	2018 €	2017 €
Selling and distribution expenses		
Salaries and related costs	3.487.801	3.227.761
Social insurance etc.	3.550	1.099
Motor vehicle running costs	327.922	293.742
Consultancy and services	1.101.066	946.003
Overseas travelling	15.584	14.736
Operating lease rentals	4.783.793	4.857.604
Training	23.347	24.945
Advertising	1.147.802	1.044.899
Secondary inland transport	2.413.632	2.509.788
Telephone, telexes and faxmiles	68.101	70.636
Inland travelling	243.388	221.174
Impairment charge for receivables	307.642	401.777
Other expenses	12.883	1.583
Insurance	165.362	255.492
Electricity and water	66.099	81.291
Repairs and maintenance	2.962.510	2.684.722
Legal fees	14.053	12.050
Sundry expenses	144.912	102.768
Amortization of intangibles	31.462	32.820
Depreciation of investment property	6.405	6.405
Depreciation of property, plant and equipment	2.921.150	2.761.537
	<u>20.248.464</u>	<u>19.552.832</u>