ASPROFOS ENGINEERING SA

Financial Statements

according to

International Financial Reporting

Standards ("IFRS") as adopted by the European Union

for the year ended 31 December 2018

ASPROFOS SA

General Commercial Registry (G.E.MI.): 121575601000

COMPANY'S REG. NO.: 4712/01 NT/B/86/654

HEADQUARTERS: 284 EL. VENIZELOU AVENUE, 17675 KALLITHEA

(Amounts in Euro thousands)

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Business data

Board of Directors **:** Gerasimos Katopodis, BOD Chairperson (until 12/5/2018)

Vasileios Kounelis, BOD Chairperson (from 14/5/2018)
Petros Papasotiriou, Managing Director
Christoforos Antotsios, Vice-Chairman (from 14/5/2018),
Member (from 14/05/2018)
Dimitrios Sarrigiannis, member (until 12/5/2018)
Lambros Klimos, member (until 12/5/2018
Ioannis Kalathas, member (from 14/5/2018)
Stefanos Papadimitriou (from 14/5/2018)
Spyridon Lattas, member (from 14/5/2018)
Solon Filopoulos, member (Employee Representative)

Address of Company's Headquarters: 284 El. Venizelou Avenue - 17675 Kallithea, Athens

General Commercial Registry (G.E.MI.): 121575601000

Audit firm: ERNST & YOUNG (HELLAS)

CERTIFIED AUDITORS-ACCOUNTANTS SA

8B CHIMARRAS, 15125 MAROUSSI

SOEL Reg. No. OF COMPANY 107

The annual financial statements are an integral part of the Annual Financial Report, which is available at: https://www.Asprofos.gr

Report by an Independent Certified Auditor-Accountant

To the Shareholders of the company "Asprofos Engineering SA"

Audit Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of "Asprofos Engineering SA" (the Company), which comprise of the statement of financial position as at 31 December 2018, the statements of comprehensive income, changes in equity and cash flows for the fiscal period that ended on that date, and a summary of significant accounting policies and methods and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all fundamental respects, the financial position of the Company "Asprofos Engineering S.A." as at 31 December 2018, its financial performance and its cash flows for the year that ended then in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Base of opinion

We conducted our audit in accordance with the International Auditing Standards (IAS) included in the Greek Legislation. Our responsibilities, pursuant to these standards, are described further in the section of our report "Auditor's responsibilities relating to the financial statements audit". We are independent of the Company throughout our appointment, in accordance with the Code of Conduct for Professional Auditors of the Board of International Standards of Conduct for Auditors, as it has been incorporated in the Greek Legislation and the requirements of conduct relating to the financial statements audit in Greece, and we have fulfilled our ethical obligations pursuant to the requirements of the applicable legislation and the aforementioned Code of Conduct. We believe that the audit evidence we have obtained are sufficient and suitable to provide a basis for our opinion.

Other information

The Management is responsible for the other information. Other information includes the Management Report of the Board of Directors, which is referred to the "Report on Other Legal and Regulatory Requirements", and any other information, which is either required by special provisions of law or the Company has incorporated optionally, but does not include the financial statements and the audit report on them.

Our opinion on the financial statements does not cover other information and we do not express, with this opinion, any form of conclusion regarding assurance on them.

As far as our audit on the financial statements is concerned, our responsibility is to read the other information and, in this way, to examine whether the other information is substantially inconsistent with the financial statements or the knowledge we have acquired during the audit or otherwise it appears to be substantially incorrect. If, on the basis of the works we have carried out, we come to the conclusion that there is a substantial error in the other information, we are obliged to report this fact. We have nothing to say about this issue.

Responsibilities of the Management on the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS as adopted by the European Union, and for those safeguards concerning the internal audits that management considers necessary for the preparation of the financial statements exempt from fundamental error due either to deceit or error.

During the financial statements preparation, the Management is responsible for the evaluation of the Company's ability to continue its activity, disclosing - where applicable - the issues relating to the continuing activity and use of the accounting basis of the continuing activity, unless the Management intends either to liquidate the Company or to discontinue their activity or does not have other realistic alternative than to proceed to these actions.

Auditor's responsibilities relating to the financial statements audit

Our goals are to obtain a reasonable assurance about whether or not the financial statements, as a whole, are free of a substantial error, which is due to fraud or error, as well as to issue an auditor's report, which includes our opinion. The reasonable assurance constitutes a high level assurance, but it is not a guarantee that the audit carried out in accordance with the IAS, as they have been incorporated into the Greek Legislation, will always detect a substantial error, where it exists. Mistakes may result from fraud or error and are considered substantial when, individually or together, it could reasonably be expected that they would affect the economic decisions of the users, which are taken based on the financial statements.

As task of the audit, in accordance with the IAS as incorporated into the Greek Legislation, we exercise a professional judgement and we obtain a professional skepticism throughout the audit. Furthermore:

- We identify and evaluate the risks of a substantial mistake in the financial statements, which is due to either fraud or error, by designing and performing audit procedures that correspond to these risks, and we obtain audit evidence that is sufficient and suitable to provide a basis for our opinion. The risk of non-identification of a substantial mistake, which is due to fraud, is higher than the risk, which is due to error, since the fraud can include collusion, forgery, deliberate omissions, false assurances or circumvention of the safeguards concerning the internal audits.

- We understand the safeguards concerning the internal audits that are relevant to the audit, for the purpose of the design of audit procedures, but not for the purpose of an opinion on the effectiveness of the safeguards concerning the internal audits of the Company.

- We evaluate the appropriateness of the accounting principles and practices used and the reasonableness of accounting estimates and the relevant disclosures made by Management.

- We take decisions on the appropriateness of the use by Management of the accounting basis of the continuing activity and on the basis of the audit evidence acquired for whether or not there is a substantial uncertainty regarding facts or conditions, which can indicate a substantial uncertainty regarding the Company's ability to continue its activity. If we come to the conclusion that there is a substantial uncertainty, we are obliged to draw attention in the auditor's report to the relevant disclosures of the financial statements or, if these disclosures are insufficient, to differentiate our opinion. Our conclusions are based on audit evidence acquired until the date of the auditor's report. However, future events or circumstances may have as a result for the Company to discontinue its operation as a continuing activity.

- We evaluate the overall presentation, the structure and the content of the financial statements, including the disclosures, as well as whether or not the financial statements depict the underlying transactions and the facts in a way that the reasonable presentation is achieved.

Among other issues, we disclose to Management the proposed range and the timeline of the audit, as well as important findings of the audit, including any significant omissions we may detect during our audit regarding the safeguards concerning the internal audit.

Report on Other Legal and Regulatory Requirements

Taking into consideration that the management is responsible for the preparation of the Management Report of the Board of Directors, in accordance with the provisions of paragraph 5 of article 2 (part B) of Law 4336/2015, we note that:

a) In our opinion, the Management Report of the Board of Directors has been prepared in accordance with the applicable legal requirements of article 43a of the C.L. 2190/1920 and its content corresponds to the attached financial statements of the fiscal year ended 31 December 2018.

b) Based on the knowledge we acquired during our audit, for the company "Asprofos Engineering SA" and its environment, we have not identified material inaccuracies in the Management Report of the Board of Directors.

c) Note 2.1.1 to the Financial Statements mentions that the Company's Total Equity of the Company, as at 31 December 2018, was negative. In this context, the Extraordinary General Meeting of the Company on 05/07/2019 decided to reduce the share capital of the Company by € 12 million with a netting of losses and an increase of the Company's share capital by € 6.7 million.

Athens, 15 July 2019

Vasileios Tzifas
SOEL Reg. No. 130011

ERNST & YOUNG (HELLAS)
CERTIFIED ACCOUNTANTS SA
8B CHIMARRAS, 15125 MAROUSSI
SOEL Reg. No. OF COMPANY 107

(Amounts in Euro thousands)

Statement of Financial Position

	Note	31 December 2018	31 December 2017
ASSETS			
Fixed assets			
Tangible assets	**5**	1,726	2,054
Intangible assets	**6**	42	49
Other long-term receivables		8	2
Deferred tax assets	**7**	880	763
		2,656	**2,868**
Current assets			
Customers and other receivables	**8**	1,937	1,918
Cash and cash equivalents	**9**	72	386
		2,009	**2,304**
Total Assets		**4,665**	**5,172**
EQUITY			
Share Capital	**10**	12,030	12,030
Reserves	**11**	651	856
Results carried forward		(15,918)	(14,001)
Total equity		**(3,237)**	**(1,115)**
LIABILITIES			
Long-term liabilities			
Liabilities for personnel benefits due to termination of the service	**12**	3,797	3,309
Other long-term liabilities		-	2
		3,797	**3,311**
Short-term obligations			
Suppliers and other obligations	**13**	4,105	2,976
		4,105	**2,976**
Total liabilities		**7,902**	**6,287**
Total equity and liabilities		**4,665**	**5,172**

The notes on pages 12-47 are an integral part of these Financial Statements.
The financial statements for the year 2018 were approved by the Board of Directors on 12/07/2019 (meeting 757).

BoD Chairperson	Managing Director	Chief Financial & Administrative Services Officer	Head of Financial Services
Vasileios Kounelis	Petros Papasotiriou	Andreas Varvakis	Anastasia Gioka

(Amounts in Euro thousands)

Statement of Comprehensive Income

		Year ended	
	Note	**31 December 2018**	**31 December 2017**
Revenue from customer contracts	**15**	**12,328**	**9,679**
Cost of goods sold	**16**	(11,436)	(10,125)
Gross profit/(loss)		**892**	**(446)**
Administrative and disposal expenses	**16**	(2,888)	(2,718)
Other income	**17**	63	29
Operating result		**(1,933)**	**(3,135)**
Financial income		.	.
Financial expenses		(59)	(38)
Net financial expenses		**(59)**	**(38)**
Loss before taxes		**(1,992)**	**(3,173)**
Income tax	**18**	75	445
Net losses		**(1,917)**	**(2,728)**
Other total losses:			
Items that will not be classified in the income statement in the future:			
Actuarial losses on defined-benefit pension plans	**12**	(247)	(15)
Deferred tax liability for actuarial losses		42	4
Aggregated total losses of the fiscal year		**(2,122)**	**(2,739)**

The notes on pages 12-47 are an integral part of these Financial Statements.

(Amounts in Euro thousands)

Statement of Changes in Equity

	Note	Share capital	Reserves	Results Carried forward	Total Owner Equity
Balance 1 January 2017		**12,030**	**867**	**(11,273)**	**1,624**
Net actuarial losses on defined-benefit pension plans	11	-	(11)	-	**(11)**
Net losses of the fiscal year		-	-	(2,728)	**(2,728)**
Aggregated total losses of the fiscal year		**-**	**(11)**	**(2,728)**	**(2,739)**
Balance 31 December 2017		**12,030**	**856**	**(14,001)**	**(1,115)**
Balance 1 January 2018		**12,030**	**856**	**(14,001)**	**(1,115)**
Net actuarial losses on defined-benefit pension plans	11	-	(205)	-	**(205)**
Net losses of the fiscal year		-	-	(1,917)	**(1,917)**
Aggregated total losses of the fiscal year		**-**	**(205)**	**(1,917)**	**(2,122)**
Balance 31 December 2018		**12,030**	**651**	**(15,918)**	**(3,237)**

The notes on pages 12-47 are an integral part of these Financial Statements.

(Amounts in Euro thousands)

Statement of Cash Flows

		Year ended	
	Note	**31 December 2018**	**31 December 2017**
Cash flows from operating activities			
Net cash outflows from operating activities	**19**	(167)	(278)
Interest paid		(59)	(38)
Net cash outflows from operating activities		**(226)**	**(316)**
Cash flows for investments			
Purchases of tangible and intangible assets	**5.6**	(88)	(12)
Net cash outflows for investments		**(88)**	**(12)**
Cash flows from financial activities			
Net cash flows from financial activities		**-**	**-**
Net decrease in cash and cash equivalents		**(314)**	**(328)**
Cash and cash equivalents at the beginning of the fiscal period	**9**	386	714
Cash and cash equivalents at the end of the fiscal period	**9**	**72**	**386**

The notes on pages 12-47 are an integral part of these Financial Statements.

Notes to the financial statements

1 General information

The company ASPROFOS ENGINEERING SA (hereinafter referred to as the "Company" or "ASPOFOS") is a 100% subsidiary of the company HELLENIC PETROLEUM SA (ELPE SA). The Company provides specialized services in the field of industrial investments focusing in the investments of refineries, natural gas and infrastructure projects, ranging from feasibility studies, basic design and detailed design to construction supervision and start-up services.

The Company is headquartered in Greece at 284 El. Venizelou Avenue, Kallithea, P.C. 17675. The Company's website address is ***www.asprofos.gr*.**

The Company's term is fixed until 31 December 2100 and may be extended by decision of the General Meeting of shareholders.

Early in 2015, the Company established a branch in Albania, based in Tirana. The branch engaged in the provision of services for the preparation of installation permits concerning the installation of the transatlantic pipeline (TAP) in the Albanian territory, i.e. a project that was terminated during the fiscal year 2016.

The branch, by the decision of the Board of Directors No. 744 dated 30.10.2018, has been indefinitely suspended by decision number CN-016143-11-18 of the Albanian Ministry of Finance.

The accounting principles applied for the calculation and identification of the accounting figures are the same as those applied in the consolidated financial statements of the Hellenic Petroleum Group (the "Group") as at 31 December 2018. The functional currency and the Company's reporting currency is the Euro and the financial data presented in these Financial Statements are expressed in Euro thousands, unless otherwise indicated.

These Financial Statements for the fiscal year ended 31 December 2018 were approved for publication by the Company's Board of Directors on 30 May 12/07/2019 (meeting 757). The Company's shareholders are able to modify the Financial Statements prior to their Publication.

2 Summary of Significant Accounting Policies

The accounting policies adopted in the preparation of the Financial Statements are presented below. The accounting policies have been consistently applied to all periods presented, unless otherwise stated.

2.1 Framework for the preparation of the Financial Statements

The present financial statements of the Company for the year ended on 31 December 2018 have been prepared by Management in accordance with the International Financial Reporting Standards (IFRS), which have been issued by the International Accounting Standards Board (IASB) and have been approved by the European Union.

The Financial Statements have been prepared according to the historical cost principle.

The preparation of the Financial Statements in accordance with the IFRS, requires that the Company's Management exercises its judgment as well as estimates in applying the accounting principles for the calculation of various accounting figures.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Statements are stated in note 4 "Critical accounting estimates and assumptions". These estimates are based on the perception of the events and actions by the Company's management and actual events may differ from these estimates.

2.1.1 Going concern

The Financial Statements as at 31 December 2018 have been prepared in accordance with the IFRS and fairly present the Company's financial position, results and cash flows, based on the principle of going concern.

Taking the principle of the going concern into consideration, the Management assessed the following:

Macroeconomic environment: Developments over the last few years have made the macroeconomic and financial environment in the country volatile. Given the nature of the activities and the Company's financial situation, negative developments are not expected to significantly affect its smooth operation. Nevertheless, Management continually assess the situation in order to ensure that all necessary and possible measures and actions are taken in time to minimize any impact on the Company's activities.

Development of activities: The revenue forecasts for 2019 largely depend on HELLENIC PETROLEUM SA Group projects and to a lesser degree on the customers. Promotions that were launched three years ago in the Eastern European and the Middle East markets continue unabated.

At 31 December 2018, the Company's total equity is negative and amounts to (€ 3,237) thousand. On 05/07/2019, the Extraordinary General Meeting of the Company decided to reduce the share capital of the Company by € 12 million with a netting of losses and an increase of the Company's share capital by € 6.7 million.

The Parent Company continues to financially support the Company, so that it is able to seamlessly continue its activity, providing the necessary financial support. In this context, the Board of Directors of Hellenic Petroleum SA at its meeting on 04/07/2019 decided to increase the share capital of ASPROFOS ENGINEERING SA by € 6.7 million.

2.1.2 Changes in standards and interpretations

(A) New standards, amendments to standards and interpretations which have been adopted by the Company.

The accounting policies and calculations used to prepare the financial statements are consistent with those used for the preparation of the annual financial statements for the year ended 31 December 2017 and have been consistently applied to all periods presented, except the following listed amendments adopted by the Company as at 1 January 2018.

For the first time, the Company applied IFRS 15 Revenue from Customer Contracts and IFRS 9 Financial Instruments. The nature and effect of these changes are discussed below, in accordance with the requirements of IAS 8. Several other amendments and interpretations were applied for the first time in 2018 but did not have a material effect on the financial statements for the year ended 31 December 2018.

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

The Company adopted the new standard on 1 January 2018 without updating the comparative information. There were no adjustments resulting from the application of the standard.

Initial recognition and measurement

IFRS 9 eliminates the previous categories of IAS 39 for the financial assets: held-to-maturity, loans and receivables and available-for-sale

According to IFRS 9, at initial recognition, financial assets are classified depending on their nature and features in one of the following three categories:

- Financial assets measured at amortized cost

- Financial assets measured at fair value through profit or loss

- Financial assets measured at their fair value through the other comprehensive income

The classification is based on the following two criteria: (a) the business model of managing a financial asset, namely whether the objective is to hold financial assets to collect their contractual cash flows, or collecting contractual cash flows and selling financial assets, and (b) whether the contractual cash flows of the financial asset consist solely of repayment of capital and interest on the outstanding balance.

With respect to its trade and other receivables, the Company applies a business model with a view to retaining financial assets and collecting contractual cash flows. Consequently, the Company, when initially applying IFRS 9, measures these requirements at amortized cost.

At the date of first application, the Company had no financial assets that were designated as available-for-sale or held-to-maturity under IAS 39 and consequently there was no change in the financial statements. Given this, the new standard did not affect the classification and measurement of the Company's financial liabilities.

The Company's financial liabilities policy remains largely the same as that used in accordance with IAS 39.

Customers and other receivables - Impairment

For the purposes of IFRS 9, the impairment of financial assets measured at amortized cost or at fair value through other comprehensive income is recognized by estimating the expected credit losses.

At each reporting date, IFRS 9 requires the impairment provision for a financial instrument to be measured at the amount of the expected credit loss over the life of the financial asset, if the credit risk of the financial instrument has increased significantly since initial recognition. Conversely, if, at the reporting date, the credit risk of a financial instrument has not increased significantly since initial recognition, IFRS 9 requires the loss provision for that financial instrument to be measured at an amount equal to the expected twelve-month credit loss.

The adoption of IFRS 9 led to a change in the Company's accounting for the impairment loss for financial assets, as it replaced the treatment of IAS 39 for the recognition of incurred losses with the recognition of expected credit losses.

For all its trade receivables, the Company performs an assessment and calculates the expected credit losses for each customer separately.

The Company considers that non-payment of receivables for more than 90 days is a credit event. However, in certain circumstances, the Company may evaluate, for specific financial data, that there is a credit event, when there is internal or external information indicating that the amounts required under the contract are unlikely to be collected in full.

Disclosures on impairment of financial assets are summarized in the following notes:

- Disclosures on the accounting policies — Note 2.6
- Significant accounting estimates and assumptions — Note 4c
- Trade and other receivables — Note 8

- *IFRS 15 "Revenue from Contracts with Customers"*

IFRS 15 establishes a five-step model that will apply 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 will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the company's ordinary activities (e.g. sales of fixed assets or intangible assets).

The basic principle of the new standard is that an entity recognizes revenue to reflect the transfer of promising goods or services to its customers at an amount that reflects the consideration that the entity considers to be entitled to those goods or services. It requires entities to divide the transaction price from contracts into separate discrete promises, that is, performance obligations, based on stand-alone sales prices, in accordance with the five-step model. Subsequently, revenue is recognized when the entity fulfills its performance obligations, that is, when it transfers the goods or services specified in the contract to the customer.

As of 1 January 2018, the Company adopted the new standard applying the modified retrospective approach, without any adjustment to comparative information. Its implementation had no impact on the results carried forward nor did it require adjustments to transition to it.

The corresponding accounting policy was established as follows:

The Company recognizes revenue, when a contractual obligation to the respective customer is fulfilled by the provision of service (which is the time that the audit of the service passes to the customer). If a contract contains more than one contractual liability, the total value of the contract is allocated to the individual liabilities based on the individual sales values. The amount of revenue recognized is the amount allocated to the corresponding contractual liability that has been fulfilled, based on the value expected to be received by the Company in accordance with the terms of the contract. Any variable consideration is included in the amount of revenue recognized, to the extent that it is not significantly probable that it will be reversed in the future.

- IFRS 15: Revenue from Contracts with Customers (Clarifications)

The objective 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 and providing additional guidance for accounting of intellectual property and royalties. The clarifications also provide additional practical expedients for companies that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach.

- IFRS 2: Classification and Measurement of Share-based Payment Transactions (Amendments)

The amendments provide the requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligations and for modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments do not apply to the Company.

- IAS 40: Transfers of Investment Property (Amendments)

The amendments clarify when an entity should transfer property, including property under construction or development into or out of investment property. The amendments state that a change in use of a property occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of that change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in its use. The amendments do not apply to the Company.

- IFRIC INTERPRETATION 22: Foreign Currency Transactions and Advance Consideration

The interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, then the entity must determine a date for the transactions for each payment or receipt of advance consideration. The interpretation does not an effect on the financial statements of the Company.

The IASB has issued Annual Improvements to IFRS Standards 2014-2016 Cycle, which is a collection of amendments to IFRSs.

- IAS 28 Investments in Associates and Joint Ventures: the amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity, which is a venture capital organization or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. The amendments do not apply to the Company.

B) Standards issued but not yet effective in the present accounting period and not early adopted.

The Company has not adopted any of the following standards, interpretations or amendments that have been issued but are not effective in the current accounting period. In addition, the Company evaluated all standards and interpretations or amendments that were issued but were not applicable in the current period and concluded that, with the exception of IFRS 16, which is discussed below, there will be no significant impact on the financial statements from their application.

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

  IFRS 16 supersedes existing accounting for leases under IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases - Incentives* and SIC 27 *Evaluating the Substance of Transactions in 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. In particular, IFRS 16 introduces a single model of presentation of all leases in the statement of financial position of the companies. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The standard provides exemptions for short-term leases and low-value leases. The accounting treatment of leases for lessors remains consistent with the pre-existing standard, meaning that lessors will continue to classify their leases into financial and operating.

  The Company evaluated all active leasing contracts in the light of IFRS 16 requirements during the previous year. The standard is expected to affect the accounting treatment of the Company's operating leases. The Company has assessed the impact of the initial application of the standard on its financial statements. In particular, it disclosed all information that it either knew or could reasonably estimate at the time of writing about the impact that the application of IFRS 16 will have on its financial statements at its initial application, as discussed below.

  The actual impact of the adoption of the standard on 1 January 2019 may be different from the initial estimate due to the following:
  - The Company has not completed the evaluation and audit of the new computer systems to be used.
  - The new accounting policies and estimates may change until the Company presents its financial statements of the first period that include the effective date.

<u>Transition to the new standard</u>

The Company will apply IFRS 16 for the first time on 1 January 2019 using the modified retrospective approach. Based on this approach, the Company will (a) recognize a liability that will be measured at present value as a result of the discounted lease payments remaining payable at the additional borrowing rate applicable at the date of initial application and (b) recognize a right to use the asset by measuring that right at an amount equal to the corresponding liability to be recognized.

Any impact of the application of the standard will be recognized as an adjustment to the results carried forward on 1 January 2019, with no change in comparative information.

The Company will additionally use the exemption provided by the standard regarding the determination of leases. This practically means that the requirements of IFRS 16 will apply to all contracts that were effective on 1 January 2019 and were recognized as leases under IAS 17 and IFRIC 4. In addition, the Company will use the standard exemptions for leases with a residual maturity of less than 12 months at the date of initial application of the standard and for leases of low value assets. The lessee assesses the value of the underlying asset as new, regardless of the age of the asset when it is leased. The company has set the amount of € 5,000.00 as "low value". Finally, the Company decided to apply a single discount rate to each category of leases with similar features (such as leases of similar duration, for similar fixed assets and in a similar financial environment).

<u>Leases in which the Company acts as a lessee</u>

The Company will recognize the right to use and leasing commitment for existing operating leases relating to filling stations, office buildings, cars and equipment. After the initial recognition, the Company (a) will measure the rights to use the assets and depreciate them consistently throughout the lease, and (b) will measure the corresponding liability, increasing and decreasing the open balance in a way that reflects interest and lease payments respectively.

Prior to the application of the standard, the Company recognized fixed operating lease expenses during the lease, and fixed assets were recognized only to the extent that the actual lease payment and expense recognition were spaced.

Furthermore, a provision for operating leases that is expected to be detrimental will not be recognized but the relevant amounts will be included in the lease liabilities.

Based on the information available, the Company estimates that it will recognize additional lease liabilities and related asset usage rights of between € 35,000 and € 200,000 on 1 January 2019.

- *IFRS 9: Prepayment Features with Negative Compensation (Amendment)*

The amendment is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted. The amendment clarifies that the financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset, there may be "negative compensation") are allowed to be measured at amortized cost or at fair value through other comprehensive income. The amendment will not apply to the Company.

- *IFRIC INTERPRETATION 23: Uncertainty over Income Tax Treatments*

The interpretation is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted. The interpretation provides guidance on addressing the uncertainty involved in tax treatments, during the accounting for income taxes. The interpretation provides supplementary clarifications on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty about the acceptance of treatments by tax authorities, and accounting for the consequences of changes in facts and circumstances.

- *IAS 19: Plan Amendment, Curtailment or Settlement (Amendments)*

The amendments are effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted. The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement of a defined benefit plan has occurred. The amendments also clarify how the accounting for a plan amendment, curtailment or settlement of a defined benefit plan affects the application of the asset ceiling requirements. The amendments have not yet been adopted by the European Union. The amendments are not expected to have a material effect on the financial statements.

- *Conceptual Framework for International Financial Reporting Standards*

The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting. These concepts contribute to standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. The International Accounting Standards Board also issued a separate accompanying document, Amendments to References to the Conceptual Framework, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. It's objective is to support transition to the revised Conceptual Framework in IFRS Standards for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers, who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

- *IFRS 3: Business Combinations (Amendments)*

The IASB issued amendments with regard to the definition of a Business (amendments to IFRS 3) to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments apply for business combinations, for which the acquisition date begins on or after the start of the first annual accounting period beginning on or after 1 January 2020, and for the acquisition of assets occurring on or after that period, while an earlier application is permitted. The amendments have not yet been adopted by the European Union. The amendments are not expected to have a material effect on the financial statements.

- *IAS 1 Presentation of Financial Statements* and *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Materiality (Amendments)*
  The amendments are effective for annual periods beginning on or after 1 January 2020. Earlier application is permitted. The amendments specify the definition of materiality and how it should be applied. The new definition states that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". Moreover, the explanations accompanying the definition of materiality have been improved. The amendments ensure that the definition of materiality is consistent with all IFRS standards. The amendments have not yet been adopted by the European Union. The amendments are not expected to have a material effect on the financial statements. *The IASB issued the new Annual Improvements to IFRSs 2015-2017 Cycle, which is a collection of the IFRS amendments. The amendments are effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted. These improvements have not yet been adopted by the European Union. IFRS 3 Business Combinations and IFRS 11 Joint Arrangements: The amendments to IFRS 3 clarify that, when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that, when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. The amendments will not apply to the Company.*
- *IAS 12 Income Taxes: the amendments clarify that the tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits have been recognized. The amendments are not expected to have a material effect on the financial statements.*
- *IAS 23 Borrowing Costs: the amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally. The amendments do not apply to the Company.*

2.2. Tangible assets

Tangible assets primarily include buildings and other equipment. Tangible assets are recorded at acquisition cost less accumulated depreciation and impairment, except for fields which are valued at acquisition cost less impairment. Acquisition cost includes all directly attributable expenses related to the acquisition of assets. Subsequent expenditure is added to the tangible assets' book value or as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Company and their cost can be measured reliably. The repair and maintenance cost is written off in the income statement when incurred.

Plots are not depreciated. Depreciation of other tangible assets is calculated using the straight line method over their estimated useful life, as follows:

- Buildings	20 years
- Other equipment	3-5 years

The tangible assets' residual values and useful life are reviewed at each date of preparation of the financial statements.

When the tangible assets' book value exceeds its recoverable value, the difference (impairment) is immediately recorded as an expense.

Profits and losses from the sale of tangible assets are determined from the difference between the proceeds and the net book value. These profits or losses are written off against the results as part of other net income/(expenses) as well as other profits/(losses).

2.3 Intangible assets

Software

The software cost includes the purchase and installation cost. The cost of the software usage licenses are capitalized on the basis of the acquisition cost and the development of the specific software until it is ready for use. These costs are amortised on a straight-line basis over their useful life (3 years).

2.4 Impairment of non-financial assets

On each date of preparation of the financial statements, the Company assesses whether or not there are indications of impairment. If there are indications of impairment or if an annual impairment test of the asset is required, then its recoverable value is also calculated. Assets that have an indefinite useful life are not amortized and undergo an impairment test on an annual basis and more frequently when events or changes in circumstances indicate that the carrying value may not be recoverable. Assets subject to amortization undergo an impairment test when there are indications that the carrying value may not be recovered. An impairment loss is identified when the carrying value of the asset exceeds its recoverable value. The recoverable value is the higher of the fair value less required selling costs and use value (present cash flow value expected to be generated based on Management's assessment on future economic and operating conditions.) Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in arm's length transactions. For the purposes of assessing impairment losses, assets are grouped into the lowest cash generating units. For the non-financial assets, apart from goodwill, it is estimated, on each date of preparation of the financial statements, if there are indications that the impairment losses have been recognized in the past, have been reduced or do no longer exist. If there are such indications, the Company calculates the recoverable value of the asset or CGUs. Impairment losses recognized in the past are reversed, only if the estimates used at the time of recognition of the loss have changed. The reversal of the impairment is allowed to the extent that the carrying value of the asset does exceed neither its recoverable value nor the carrying value of the asset minus the depreciation, if it has not been impaired in the previous years. The carrying amount of a fixed asset after reversal of an impairment loss cannot exceed the carrying amount of that asset if the impairment loss had not been recognised.

2.5 Financial assets

2.5.1 Classification

At initial recognition, financial assets are classified depending on their nature and features in one of the following three categories:

- Financial assets measured at amortized cost
- Financial assets measured at fair value through profit or loss
- Financial assets measured at their fair value through the other comprehensive income

All financial assets are initially recognized at fair value, which is usually the cost of acquiring more than the direct transaction costs. Investment purchases and sales are recognized on the trade date, which is the date the Company commits to purchase or sell the asset.

The classification is based on the following two criteria: (a) the business model of managing a financial asset, namely whether the objective is to hold financial assets to collect their contractual cash flows, or collecting contractual cash flows and selling financial assets, and (b) whether the contractual cash flows of the financial asset consist solely of repayment of capital and interest on the outstanding balance.

At the date of the financial statements, the Company had no financial assets measured at fair value through profit or loss or financial assets measured at fair value through other comprehensive income of this category.

With respect to its trade and other receivables, the Company applies a business model with a view to retaining financial assets and collecting contractual cash flows. Consequently, the Company measures these requirements at amortised cost.

2.5.2 Recognition, Measurement and Derecognition

Financial assets measured at amortized cost

The financial assets, for which both of the following conditions are met, are placed in this category:

1. the financial asset is held within the framework of a business model that seeks to retain financial assets for the purpose of collecting contractual cash flows, and

2. subject to the contractual terms and conditions governing the financial asset, cash flows are created at specified dates consisting solely of repayment of capital and interest on the outstanding balance of capital.

This category includes all of the Company’s financial assets (mainly trade and other receivables). Financial assets at amortized cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

<u>Financial assets measured at their fair value through the other comprehensive income</u>

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

A. the financial asset is held within the framework of a business model, the objective of which is achieved both through the collection of contractual cash flows and the sale of financial assets, and

B. subject to the contractual terms and conditions governing the financial asset, cash flows are created at specified dates consisting solely of repayment of capital and interest on the outstanding balance of capital.

At the date of financial statements, the Company had no investments of that category.

<u>Financial assets measured at their fair value through profit or loss</u>

A financial asset is measured at fair value through profit or loss, unless it is measured at amortized cost according to paragraph (i) or at fair value through other comprehensive income according to paragraph (ii). However, at initial recognition, the company may irrevocably opt for specific investments in equity instruments, which would otherwise be measured at fair value through profit or loss and present subsequent changes in fair value in other comprehensive income.

Realized and unrealized gains or losses arising from changes in the fair value of financial assets measured at their fair value through changes in profit or loss are recognized in profit or loss in the period in which they arise.

At the date of financial statements, the Company had no investments of that category.

Derecognition of financial asset

A financial asset is mainly derecognised when:

- The rights to receive cash flows from the asset have expired, or

- The Company has transferred its rights to receive cash flows from the asset or has undertaken to pay in full the cash flows received without a significant delay to a third party under the “pass-through” agreement and either (a) the Company has transferred substantially all the risks and rewards of the asset or (b) the Company has not transferred or retained all the risks and estimates of the asset, but has transferred the control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a transfer agreement, it assesses whether and to what extent it holds the risks and rewards of ownership. When the Company has not transferred or does not substantially hold all the risks and rewards of the asset and has not transferred the control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In this case, the Company also recognizes any relevant obligations. The transferred asset and the related liability are valued based on the rights and obligations of the Company.

2.5.3 Impairment of financial assets

Receivables from customers

For the receivables from customers, the Company performs an assessment and calculates the expected credit losses (ECL) for each customer separately.

The Company considers that non-payment of receivables for more than 90 days is a credit event. However, in certain circumstances, the Company may evaluate, for specific financial data, that there is a credit event, when there is internal or external information indicating that the amounts required under the contract are unlikely to be collected in full.

2.5.4 Offsetting financial tools

Financial assets and liabilities are set off and presented clearly in the statement of financial position, if there is a legal right to set off the amounts recognized, and in addition there is an intention to settle the net amount, i.e. assets and liabilities to be settled in parallel.

2.6 Customers and other receivables

Receivables from customers are initially recorded at fair value and subsequently measured at amortized cost using the effective interest method, less impairment provisions.

For the receivables from customers, the Company performs an assessment and calculates the expected credit losses (ECL) for each customer separately.

The Company considers that non-payment of receivables for more than 90 days is a credit event. However, in certain circumstances, the Company may evaluate, for specific financial data, that there is a credit event, when there is internal or external information indicating that the amounts required under the contract are unlikely to be collected in full.

The impairment loss amount is recorded as an expense in the statement and is included in the “Cost of goods sold” account.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash, sight and time deposits, short-term investments with high liquidity and low risk investments and a maturity of up to 3 months and bank overdrafts.

2.8 Share Capital

The share capital includes the Company’s common shares. Direct expenses for the issue of shares appear, after deducting the relevant income tax, as a reduction of the issued product.

2.9 Employee benefits

(a) Obligations due to retirement

The Company has both defined-contribution and defined-benefit plans.

The defined-contribution plan is a pension plan under which the Company makes fixed payments to a separate legal entity. The Company has no legal obligation to pay further contributions if the fund does not have sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

In the case of defined-contribution plans, the company pays contributions to social insurance funds on a mandatory basis. The Company has no other obligation if they have paid its contributions. Contributions are recognized as personnel expenses when a debt is occurred. Prepaid contributions are recognized as an asset to the extent that a refund or offsetting of future payments is possible.

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

The obligation that is recorded in the statement of financial position for defined-benefit plans is the present value of the defined-benefit obligation at the date of preparation of the financial statements less the fair value of plan's assets. The defined-benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined-benefit obligation is calculated by discounting the future cash outflows. The rate used to discount estimated cash flows should be determined by reference to market yields at the balance sheet date on high-quality corporate bonds whose duration is equivalent with the pension plan.

Actuarial gains and losses arising from experiential adjustments and changes in actuarial assumptions are debited or credited to equity, to other total income in the period in which they arise.

Past service cost is immediately recognized in the income statement.

(b) Employee termination benefits

Employment termination benefits are paid when employees leave prior to retirement, or when the employee leaves voluntarily in exchange for those benefits. The Company records these benefits when it commits to these either upon termination of employment of current employees according to a detailed plan without the possibility of withdrawal or when it offers these benefits as an incentive for voluntary redundancy. Employment termination benefits due 12 months after the date of the financial statements preparation are discounted to their present value.

2.10 Provisions and Contingent Liabilities

Provisions for reorganization expenses and legal cases are made when the Company has legal contractual or other obligations arising out of past acts, or is likely to require future outflows to settle these obligations and these obligations can be estimated with relative precision. Restructuring provisions include fines due to lease termination and fees due to employee departure. Provisions may not be made for future operating losses.

Provisions are calculated based on the present value of the estimates made by Management for expenditure required to settle the present obligation at the date of the financial statements preparation. The discount rate used reflects the market conditions and the time value of money and the obligation-related increases.

Contingent liabilities are not recognized in the financial statements but are disclosed, unless the probability of an outflow of resources incorporating economic benefits is minimal.

2.11 Suppliers and other obligations

Suppliers and other payables are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method. Obligations are classified as short-term liabilities if payment is due within one year or earlier. If not, they are presented under long-term liabilities.

It is assumed that the carrying value of payable accounts approaches their fair values.

2.12 Current and deferred taxes

The income tax of the period includes the current income tax and the deferred taxes. The tax is recognized in the "Statement of Comprehensive Income", unless it is related to the amounts that have been immediately recognized in "Equity". In this case, the tax is also recognized in "Equity".

The tax/income expense for the period is the tax payable, which is calculated on the taxable result of the period based on the applicable tax rate in Greece, adjusted to changes in the deferred tax asset or liability relating to temporary differences or unused tax losses.

The income tax on profits is calculated on the basis of the tax legislation adopted at the date of the financial statements preparation in the country, where the Company's operations occur, and is recognized as an expense in the period, during which the profits arise. At intervals, the Management evaluates the cases, in which the tax legislation in force must be interpreted. Where necessary, provisions are made on the amounts that are expected to be paid to the tax authorities.

Deferred income tax is determined using the liability method in respect of temporary differences between the book value and the tax bases of assets and liabilities shown in the Financial Statements. Deferred income tax is not accounted for if it arises from initial asset or liability recognition in a transaction, other than a business combination, which did not affect the accounting or the taxable profit or loss when it was incurred. Deferred tax is determined using tax rates and laws in effect at the date of the financial statements preparation and are expected to apply when the deferred tax asset is realized or the deferred tax liability is paid.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available to use the temporary difference that generates the deferred tax asset.

Deferred tax assets are assessed at each financial position date and are reduced, if it is no longer probable that future taxable profit will be expected to be used for all or part of them.

Deferred tax assets and liabilities are offset only if the offsetting of tax assets and liabilities is legally permitted and if the deferred tax assets and liabilities arise from the same tax authority on the entity taxed and/or on different entities and there is an intention for the settlement to be done via offsetting.

2.13 Revenue recognition

Revenue from contracts with customers

Revenue comprises the fair value from the provision of services, and are net of Value Added Tax, customs fees, discounts and returns. Revenue from customers is recognized, when control of the services provided has been transferred to the customer. The transfer of control to the customer is carried out at the time of service provision respectively. The amount of revenue recognized is the amount that the company is expected to receive in return for providing these goods or services. Payment terms usually vary based on the type of sale and depend primarily on the nature of the services, the distribution channels and the features of the customer.

The Company also assesses whether it has a principal or agent role in any relevant agreement. The Company's assessment is that, in all of its sales transactions, it has a principal role.

The revenue are recognized as follows:

Provision of Services

Revenue from the provision of services is recognized at the time that the service is provided, when the service is provided to the customer, always in relation to the degree of completion of the service as a percentage of the total services agreed.

Interest income

Interest income is proportionately recognized on the basis of time and the use of the effective interest rate. When receivables are impaired, their carrying value is reduced to their recoverable amount which is the present value of expected future cash flows discounted by the original effective interest rate and the discount is allocated as interest income.

2.14 Leases

Determining whether or not a transaction involves a lease is based on the substance of the transaction at the date of the relevant contract, that is, whether there is an agreement in which the lessor transfers to the lessee, for consideration, the right to use an asset for a agreed period.

Leases of fixed assets, where the Company essentially retains all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower amount between the fair value of the fixed asset or the present value of the minimum lease payments. Each lease payment is allocated between the liability and financial charges, so as to achieve a constant interest rate on the outstanding financial obligation. The corresponding obligations from leases, net of financial charges, are included in the "Loans". The portion of the cost of the lease financing that corresponds to interest is recognized in the income statement during the lease so as to produce a constant interest rate on the balance of the obligation in each period. Fixed assets acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

The Company has no finance leases.

Leases where all the risks and rewards of ownership are essentially retained by the lessor are classified as operating leases. Payments made for operating leases (net of any incentives received from the lessor) are proportionately recognized in the income statement during the lease term.

Leases in which the Company is the lessor.

The leases received by the Company are proportionately recognized as income during the lease. The corresponding leased assets are included in the statement of financial position based on their nature.

3 Financial Risk Management

Financial risk factors

The Company's activities are carried out almost throughout the Greek market, while a large part is carried out with the parent company HELLENIC PETROLEUM SA. Therefore the Company has limited exposure to market risks (such as foreign currency, cash flow and fair value interest rate risk) and credit risk. Potential exposure to liquidity risk is covered by the parent company HELLENIC PETROLEUM SA.

(a) Market risk

i) Foreign currency risk

The Company's functional currency is the Euro. The Company's foreign currency risk is considered limited because the Company carries out transactions in the functional currency.

ii) Cash flow and fair value interest rate risk.

The Company is not exposed to the risk of changes in fair value due to interest rate fluctuations, since in the years 2016 and 2017 the Company has not borrowed, but covered the necessary cash flows in cooperation with the Parent Company.

(b) Credit risk

Credit Solvency

The Company has no significant accumulation of credit risk since the majority of its receivables originate from the HELLENIC PETROLEUM SA Group of companies. Non-Group customers are companies for which management assesses creditworthiness in view of their financial condition, previous transactions, and other parameters. For banking institutions, deposits are mostly in financial institutions that have a credit rating of Caa3 (Moody's).

The following table shows the distribution of receivables from the clients:

	31 December 2018	31 December 2017
Total receivables from customers	1,549	1,803
Of which:		
Impaired balance	227	201

Provisions for doubtful debts

The maximum exposure to credit risk is the fair value of each receivable category as mentioned above. Provisions are formed for receivables whose recovery is doubtful and it is has been estimated that they will result in a loss.

Also here is the aging analysis of impaired receivables from customers:

	31 December 2018	31 December 2017
Up to 30 days	-	-
30-90 days	-	-
Over 90 days	227	201
Total	**227**	**201**

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when required.

Liquidity risk is addressed by the Company's finance department in cooperation with the parent company by securing sufficient cash resources. The Company's liquidity depends on cash management at Group level, since the Company has a large number of obligations in HELLENIC PETROLEUM SA.

Given the market developments in 2016, the liquidity risk is greater and cash flow management has become more urgent. Its liabilities as at 31 December 2018 to suppliers amounted to EUR 2,054 thousand (31 December 2017: EUR 954 thousand) expire within one year, are equal to their current balances and the effect of discounting is not significant.

(d) Capital risk management

With respect to capital management, the Company's objectives are to ensure continuity in the future in order to provide satisfactory returns to shareholders and to maintain an optimal capital structure by reducing the cost of capital in this way.

The Company has no existing loans in the reporting periods and presents cash and cash equivalents.

4 Significant accounting estimates and assumptions

Estimates and assumptions are continually evaluated and are based on historical experience and are adjusted according to current market conditions and other factors, including expectations of future events, which are considered reasonable in the present circumstances.

The Company makes estimates and assumptions concerning the future. Thus, these estimates will, by definition, seldom be identical with the actual facts. Estimates and assumptions involving significant risk adjustment to the carrying value of assets and liabilities within the next financial year are addressed below.

(a) Income tax

The Company is subject to periodic audits by local tax authorities. The process of determining income tax and deferred taxation is complex and requires, to a great extent, to make estimates and exercise judgment. There are many transactions and calculations for which the final tax determination is uncertain. In the event that tax matters have not been settled with local authorities, the Company's management takes into account past experience and the advice of tax and legal experts in order to analyse specific events and circumstances, to interpret relevant tax legislation, to assess the position of the tax authorities in related cases and to decide whether to recognize such provisions or to disclose contingent liabilities. When the Company has to make payments, in order to appeal to the tax authorities, and estimates that it is more likely to win this appeal than to lose it, the related payments are recorded as receivables.

If the final result of the audit is different from the one initially recognized, the difference will affect the income tax and the deferred taxation.

(b) Recovery of deferred tax assets

The Company makes assumptions about whether deferred tax assets can be recovered using estimated future taxable income according to the Company's approved business plan and budget.

(c) Estimation of impairment of receivables. Provisions for expected credit losses on receivables.

For the receivables from customers, the Company performs an assessment and calculates the expected credit losses (ECL) for each customer separately.

(d) Pension plans

The present value of pension benefits depends on a number of factors that are determined using actuarial methods and assumptions. Such an actuarial assumption is the discount rate used to calculate the cost of the benefit. Changes in these assumptions will change the present value of the related liabilities in the statement of financial position.

The Company determines the appropriate discount rate at the end of each year. This is defined as the rate that should be used to determine the present value of future cash flows, which are expected to be required to meet pension plan obligations. In determining the appropriate discount rate, the Company uses the rate of low-risk corporate bonds, which are converted into the currency in which the benefits will be paid, and whose expiry date approaches that of the relative pension obligation.

Other key assumptions for pension benefit obligations are based, in part, on current market conditions. Additional information is disclosed in Note 12 herein.

(e) Provisions for litigation

The Company has pending court cases. Management evaluates the outcome of the assumptions taken into account the available information of the Company's legal service and, if there is the possibility of a negative outcome, the Company proceeds to the formation of the necessary provisions. Provisions, where required, are calculated based on the present value of the estimates made by Management for expenditure required to settle the expected obligation at the date of preparation of the financial statements.

(f) Depreciation rates:

The Company periodically controls the useful lives of its tangible fixed assets in order to assess the appropriateness of the initial estimates. In determining the useful life, which may vary due to various factors such as technological developments, the Company may obtain technical studies and use external sources.

5 Tangible assets

	Plots	Buildings	Furniture & accessories	Total
Cost				
Balance 1 January 2017	**1,283**	**7,604**	**1,207**	**10,094**
Additions	-	-	9	9
Sales/write-offs	-	-	-16	-16
Balance 31 December 2017	**1,283**	**7,604**	**1,200**	**10,087**
Accumulated depreciation				
Balance 1 January 2017	**-**	**6,552**	**1,117**	**7,669**
Period depreciations	-	342	36	378
Sales/write-offs	-	-	-14	-14
Balance 31 December 2017	**-**	**6,894**	**1,139**	**8,033**
Undepreciated value as at 31 December 2017	**1,283**	**710**	**61**	**2,054**
Cost				
Balance 1 January 2018	**1,283**	**7,604**	**1,200**	**10,087**
Additions	-	-	52	52
Balance 31 December 2018	**1,283**	**7,604**	**1,252**	**10,139**
Accumulated depreciation				
Balance 1 January 2018	**-**	**6,894**	**1,139**	**8,033**
Period depreciations	-	342	38	380
Balance 31 December 2018	**-**	**7,236**	**1,177**	**8,413**
Undepreciated value as at 31 December 2018	**1,283**	**368**	**75**	**1,726**

There are no mortgages on the Company’s tangible assets.

6 Intangible assets

	Software	Total
Cost		
Balance 1 January 2017	**757**	**757**
Additions	3	3
Sales/write-offs	-14	-14
Balance 31 December 2017	**746**	**746**
Accumulated depreciation		
Balance 1 January 2017	**647**	**647**
Period depreciations	59	59
Sales/write-offs	-9	-9
Balance 31 December 2017	**697**	**697**
Undepreciated value as at 31 December 2017	**49**	**49**
Cost		
Balance 1 January 2018	**746**	**746**
Additions	36	36
Balance 31 December 2018	**782**	**782**
Accumulated depreciation		
Balance 1 January 2018	**697**	**697**
Period depreciations	43	43
Balance 31 December 2018	**740**	**740**
Undepreciated value as at 31 December 2018	**42**	**42**

The intangible assets regard exclusive software programmes and are amortized based on the straight-line method and within a period of 3 years.

7 Deferred tax assets

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

	Year ended	
	31 December 2018	**31 December 2017**
Beginning Balance - receivable	**763**	**314**
Credit of the profit and loss account	75	445
Credit of the remaining total profit and loss account	42	4
Closing Balance - receivable	**880**	**763**

The analysis of deferred tax assets and liabilities is as follows:

	31 December 2018	**31 December 2017**
Tangible fixed and intangible assets	(332)	(477)
Provisions for staff benefits	949	959
Provisions for impaired exposures	38	53
Other provisions	225	228
Closing Balance - receivable	**880**	**763**
Deferred tax assets	**1,212**	**1,240**
Deferred tax liabilities	**(332)**	**(477)**

8 Customers and other receivables

		31 December 2018	31 December 2017
Customers - Related parties	22	408	871
Customers - Other customers		1,141	932
Less: Provisions for impairment		(227)	(201)
Net customer receivables		**1,322**	**1,602**
Accrued income of the fiscal year		276	-
Other receivables		339	316
Total		**1,937**	**1,918**

The carrying values of these receivables represent their fair value.

There are no mortgages on the Company's receivables.

The receivables from customers are usually settled in 30-60 days.

Other receivables include receivables from personnel, withheld tax and deferred expenses.

Movements on the provision for impairment of trade receivables are as follows:

	31 December 2018	31 December 2017
Balance 1 January 2018	201	118
Addition	52	83
Receivables write-offs	(26)	-
Balance 31 December 2018	**227**	**201**

9 Cash and cash equivalents

	31 December 2018	31 December 2017
Fund	1	11
Cash at banks	71	375
Total	**72**	**386**

Cash at banks regard current accounts in EUR and are remunerated with variable interest rates depending on the amount of the deposit and based on the monthly deposit rates of the banks. The present value of these current accounts approaches their carrying value due to the variable interest rates and their short-term maturities.

The weighted average effective interest rate was:

	31 December 2018	31 December 2017
Euro	0.24%	0.26%

10 Share Capital

	Number of Shares	Share Capital
31 December 2017	**409,900**	**12,030**
31 December 2018	**409,900**	**12,030**

The share capital includes the Company's common shares. According to the decision of the Ordinary General Meeting of Shareholders dated 20/05/2016, the share capital of the company increased by EUR 7,002,910.00 through the issue of 238,600 new shares of nominal value 29,35 euro each. Thus, the share capital of the company already amounts to € 12,030,565,000 and is divided into 409,900 registered shares, each having a nominal value of € 29.35, and is fully paid.

11 Reserves

	Statutory reserves	Untaxed reserves	Other reserves	Total
Balance as at 1 January 2017	**206**	**1,012**	**(351)**	**867**
Net actuarial Gains/Losses on defined-benefit pension plans	-	-	(11)	(11)
Balance as at 31 December 2017	**206**	**1,012**	**(362)**	**856**
Net actuarial Gains/Losses on defined-benefit pension plans	-	-	(205)	(205)
Balance as at 31 December 2018	**206**	**1,012**	**(567)**	**651**

Statutory reserves

According to Greek legislation, companies are required to transfer a minimum of 5% of their annual net profits, according to their accounting books, to a statutory reserve until such reserve is equal to one third of their share capital. This reserve may not be distributed, but can be used to write off losses.

Untaxed reserves

Untaxed reserves concern:

- Profits that have not been taxed, under the applicable fiscal and institutional framework. In the case of their distribution, profits will be taxed based on the tax rate applicable at the time of their distribution to shareholders or conversion to share capital.
- Partially taxed reserves which are taxed at a tax rate which is lower than the applicable current rate. In the case of their distribution, profits will be taxed based on the tax rate applicable at the time of their distribution to shareholders or conversion to share capital.

Other reserves

Other reserves include actuarial profits and losses

12 Liabilities for personnel benefits due to termination of the service

	31 December 2018	31 December 2017
Statement of financial position obligations:		
Pension benefits	3,797	3,309
Total	**3,797**	**3,309**

	31 December 2018	31 December 2017
Charges to the income statement:		
Pension benefits	253	242
Total	**253**	**242**

	31 December 2018	31 December 2017
Charges to the other total income statement:		
Pension benefits	(247)	(15)
Total	**(247)**	**(15)**

The amounts entered in the Statement of financial position are as follows:

	31 December 2018	31 December 2017
Present value of unfunded obligations	3,797	3,309
Total	**3,797**	**3,309**

The amounts entered in the Statement of Comprehensive Income are as follows:

	31 December 2018	31 December 2017
Current service cost	182	166
Interest rate cost	71	76
Total	**253**	**242**
Additional costs of staff retirement settlement	-	-
Total included in employee benefits	**253**	**242**

The change of the obligation that has been entered in the statement of financial position is as follows:

	31 December 2018	31 December 2017
Opening balance	3,309	3,052
Total debits to results	253	242
Paid contributions	(12)	-
Actuarial loss	247	15
Closing Balance	**3,797**	**3,309**

The main actuarial assumptions used are as follows:

	31 December 2018	31 December 2017
Discount Rate	1.8%	2.0%
Future salary increases	1.1%	0.5%
Average weighted program duration	11.44 years	12.16 years

The sensitivity analysis of the defined-benefit obligation to employees due to retirement to changes in the main weighted assumptions are the following:

	Effect on obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount Rate	0.5%	-4%	4%
Future salary increases	0.5%	4%	4%

13 Suppliers and other obligations

		31 December 2018	31 December 2017
Suppliers - Related parties	22	625	537
Suppliers - Others		1.429	417
Value added tax		173	326
Insurance organizations and other taxes		808	747
Accrued expenses		936	883
Other obligations		84	66
Deferred income		50	-
Total		**4,105**	**2,976**

The obligations to suppliers are not interest-bearing accounts and are usually settled in 60 days, except for balances with related parties that may exceed 60 days.

The increase in the Suppliers – Others line is due to the increase in the expense for services provided by subcontractors to the Company (Note 16).

Other obligations include obligations to other creditors.

14 Employee Benefits

	Year ended	
	31 December 2018	31 December 2017
Payroll	6,326	5,868
Social Security expenses	1,573	1,467
Cost of pension schemes	253	242
Cost of group insurance schemes	186	190
Other employee benefits	147	132
Total	**8,485**	**7,899**

Other benefits include mainly benefits and aids to the Company's staff under the Collective Agreements, and training allowances.

15 Revenue from customer contracts

		Year ended 31 December 2018	31 December 2017
Sale of services to related parties	**22**	9,983	8,720
Sale of services to other customers		2,345	959
Total		**12,328**	**9,679**

16 Expenses by category

	Year ended 31 December 2018	31 December 2017
Personnel salaries and expenses	8,233	7,657
Provision for staff compensation	252	242
Provision for doubtful debts	52	83
Holiday pay provisions	-	786
Depreciation of tangible assets	380	378
Repair and maintenance cost of tangible assets	85	125
Technical support of software	267	248
Amortization of intangible assets	42	59
Insurance premiums	77	72
Rent from operating leases	91	81
Travel / transportation expenses	230	230
Stationery / Forms	24	15
Conference and advertising expenses	17	33
Other Professional Fees	2,561	2,173
Subcontractors	1,630	316
Travel expenses, recoverable by the customer	19	19
Other taxes-duties	126	127
Other Expenses	35	15
Other	203	184
Total	**14,324**	**12,843**
Attributable to:		
Cost of good sold	11,436	10,125
Administrative expenses	1,957	1,919
Selling expenses	931	799
Total	**14,324**	**12,843**

The "Other" category includes the administration costs of the branch of Albania. For the year 2018, the amount is 25 thousand euro while for the year 2017 the amount is 28 thousand euro in the administration cost.

17 Other income

	Year ended 31 December 2018	31 December 2017
Income from grants	33	6
Income from leases	11	18
Other extraordinary and non-operating income	19	5
Total	**63**	**29**

18 Income tax

	Year ended 31 December 2018	31 December 2017
Income tax	-	-
Deferred tax	75	445
Total	**75**	**445**

The tax on the profit before tax of the Company differs from the theoretical amount that would have been obtained if we had used the weighted average tax rate of the company as follows:

	Year ended 31 December 2018	31 December 2017
Loss before taxes	**(1,992)**	**(3,173)**
Tax calculated on the basis of applicable rates	578	920
Non-deductible expenses	(390)	(475)
Adjustment of deferred tax due to change in tax rate	(113)	-
Total	**75**	**445**

The basic tax rate for Sociétés Anonymes in Greece for the financial year ended 31 December 2018 is 29% (2017: 29%). According to Article 23 of the recent Law 4579, adopted in December 2018, the tax rates on profits from the business activity of legal persons are gradually reduced by 1% per year, as follows: 28% for the fiscal year 2019, 27% for the fiscal year 2020, 26% for the fiscal year 2021 and 25% for the fiscal year 2022 and thereafter.

According to the tax provisions, the audits to the companies are carried out as follows:

a. Audit by Certified Auditors – Report of Tax Compliance

For the 2011 fiscal period and onwards, Greek companies are subject to an annual tax audit by their ordinary certified auditors, in terms of compliance with the provisions of the applicable tax law, the timely and accurate submission of tax returns as well as provisions for unrecognized tax obligations. The result of this audit leads to the issuance of a tax certificate, which provided the relevant conditions are met replaces the audit by the public authority and allows the Company to close its tax obligations for the relevant fiscal year. The Company was audited until the fiscal year 2017 and received a tax compliance certificate with an unqualified opinion. For fiscal year 2018, the tax audit is ongoing and the relevant Tax Compliance Report is expected to be issued within the 4th quarter of 2019.

If additional tax liabilities arise until the completion of the tax audit, we estimate that they will not have a material effect on the annual financial statements.

b. Audits by the tax authorities

The Company has been tax audited up until the 2004 fiscal period. As also explained in Note 20 and regardless of the likelihood of future tax audits, the Company’s Management estimates that no significant additional tax burden will arise from the audit of the unaudited tax years.

19 Net cash outflows for operating activities

	Note	Year ended 31 December 2018	31 December 2017
Loss before taxes		**(1,992)**	**(3,173)**
Depreciation of tangible and intangible assets	**5.6**	423	437
Financial expenses		59	38
Provisions		304	1,111
		(1,206)	**(1,587)**
Changes in working capital			
(Increase)/decrease of receivables		(40)	1,279
(Decrease)/increase of obligations		1,079	30
		1,039	**1,309**
Net cash outflows from operating activities		**(167)**	**(278)**

20 Contingent liabilities and legal cases

a) The Company is involved in various legal cases and has various outstanding obligations related to the ordinary course of business. Based on currently available information, Management believes that the outcome of these cases will not significantly impact the Company's results or its financial position, and for this reason, a provision for the year has not been formed other than the existing provision.

b) ASPROFOS SA has been tax audited up until the 2004 fiscal period. ASPROFOS SA has not been audited by tax authorities for the 2005-2010 fiscal periods. In accordance with the provisions of article 36, paragraph 1 of Law 4174/2013, the Tax Administration can proceed to the adoption of an act on administrative, estimated or corrective tax assessment within five (5) years from the end of the year, within which the deadline for the submission of declaration expires. On the basis of the decision of the plenary meeting of the Council of State (Symvoulio tis Epikrateias) 1738/2017 and having regard to the provisions of article 84, paragraph 1-4, article 68, paragraph 2 of Law 2238/1994 and article 36 of Law 4174/2013 and the decision No. (DEL B) 1136035 (EX) 2017/15.09.2017, the limitation periods shall be set at five (5) years from the end of the year, within which the deadline for the submission of declaration expires, apart from the cases of additional assets, in accordance with article 84, paragraph 1-4, and article 68, paragraph 2 of Law 2238/1994 (previous Income Tax Code/KFE), in which the State's right to the initial or supplementary registration for the tax imposition is time-barred after a period of ten years, as soon as new data have been received by the Head of the Tax Office (DOY) after the main limitation deadline. Furthermore, it was assumed, with the same decision, that any extension of the use limitation period does not comply with the principles of the Constitution, unless it has been voted by law in the next year from the year that it regards.

Pursuant to the aforementioned legislation, the Management regards that the 2005-2011 fiscal periods have been written off and no additional tax obligations are expected to arise.

c) As at 31 December 2018, the Company, for projects that it has undertaken, has open Good Performance Letters of Guarantee amounting to € 1,464 thousand (31 December 2017: € 1,444 thousand)

21 Commitments and other contractual obligations

The Company's only contractual obligation is the operating lease of 14 passenger cars, and the lease of 8 photocopiers.

The total lease payments that are payable under the operating leases are as follows:

	31 December 2018	31 December 2017
Up to 1 year	85	95
From 1-5 years	102	202
Total	**187**	**297**

The lease expense that was entered in the income statement during the fiscal period amounts to € 46 thousand (€ 47 thousand in 2017).

22 Transactions with related parties

i. Sales of goods and services

	Year ended	
	31 December 2018	31 December 2017
Sale of services		
HELLENIC PETROLEUM SA	8,273	7,785
Other Group Companies	1,035	265
Other associated companies	675	670
	9,983	**8,720**

	Year ended	
	31 December 2018	31 December 2017
Purchase of services		
HELLENIC PETROLEUM SA	1	8
Other associated companies	30	23

	31	**31**

ii. Fiscal period balances arising from sales/purchases of products/services

	31 December 2018	**31 December 2017**
Receivables from related parties:		
Group companies		
HELLENIC PETROLEUM SA	-	462
Other Group Companies	71	115
Other associated companies		
- Balance from related parties	337	294
	408	**871**
Obligations to related parties :		
Group companies		
-Balance from advances		
HELLENIC PETROLEUM SA	86	-
-Balances of suppliers and advances		
HELLENIC PETROLEUM SA	539	537
	625	**537**

Transactions with related parties have been conducted under normal commercial terms that the Company abides by for transactions with third parties.

Transactions and balances with associated companies relate to:

a) The parent company HELLENIC PETROLEUM SA and its subsidiaries.

b) The Group's Associated Companies, which are consolidated in the Group with the equity method:

- Public Gas Corporation (DEPA) SA
- Elpedison Energy
- Hellenic Gas Transmission System Operator (DESFA) SA

iii. Remuneration of the members of the Board of Directors

The total remuneration of the members of the Board of Directors in the fiscal period 2018 amounted to € 361 thousand. Respectively, in the fiscal period 2017 it amounted to € 267 thousand. The increase in total remuneration is mainly due to an increase in the number of the members of the Board of Directors.

23 Subsequent events

The Board of Directors of the Company convened an extraordinary general meeting. On 05/07/2019, the Extraordinary General Meeting of the Company decided to reduce the share capital of the Company by € 12 million with a netting of losses and an increase of the Company's share capital by € 6.7 million.