

HELLENIC PETROLEUM S.A.

**INTERIM CONDENSED
FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED**

30 SEPTEMBER 2019



HELLENIC PETROLEUM S.A.
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019
(All amounts in Euro thousands unless otherwise stated)

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I. Company Information

Directors	Ioannis Papathanasiou – Chairman of the Board (from 7/8/2019) Andreas Shiamishis – Chief Executive Officer (from 7/8/2019) Georgios Alexopoulos – Member Theodoros–Achilleas Vardas – Member Michail Kefalogiannis – Member (from 7/8/2019) Alexandros Metaxas – Member (from 7/8/2019) Iordanis Aivazis– Member (from 7/8/2019) Loukas Papazoglou – Member (from 7/8/2019) Alkiviades-Konstantinos Psarras – Member (from 7/8/2019) Theodoros Pantalakis – Member Spiridon Pantelias – Member Georgios Papakonstantinou – Member Konstantinos Papagiannopoulos – Member
Other Board Members during the year	Efstathios Tsotsoros – Chairman of the Board & Chief Executive Officer (until 07/08/2019) Georgios Grigoriou – Member (until 7/8/2019) Dimitrios Kontofakas – Member (until 7/8/2019) Vasileios Kounelis – Member (until 7/8/2019) Loudovikos Kotsonopoulos – Member (until 7/8/2019) Christos Tsitsikas – Member (until 7/8/2019)
Registered Office:	8 ^A Chimarras Str. GR 15125 Maroussi, Greece
General Commercial Registry:	000296601000

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II. Interim Condensed Statement of Financial Position

	Note	As at 30 September 2019	31 December 2018
ASSETS			
Non-current assets			
Property, plant and equipment	9	2.667.587	2.684.237
Right of use assets	2,10	21.458	-
Intangible assets	11	6.291	4.799
Investments in subsidiaries, associates and joint ventures		1.048.135	1.032.372
Investment in equity instruments	3	1.053	318
Loans, advances and long-term assets		22.865	8.887
		3.767.389	3.730.613
Current assets			
Inventories	12	985.738	893.859
Trade and other receivables	13	675.129	681.555
Cash and cash equivalents	14	718.412	1.070.377
		2.379.279	2.645.791
Total assets		6.146.668	6.376.404
EQUITY			
Share capital and share premium	15	1.020.081	1.020.081
Reserves	16	262.265	262.263
Retained Earnings		858.314	864.333
Total equity		2.140.660	2.146.677
LIABILITIES			
Non-current liabilities			
Interest bearing loans and borrowings	17	1.642.845	1.657.598
Lease liabilities	2	14.952	-
Deferred income tax liabilities		176.751	151.873
Retirement benefit obligations		145.648	132.539
Provisions		24.179	37.858
Other non-current liabilities		14.416	14.810
		2.018.791	1.994.678
Current liabilities			
Trade and other payables	18	1.282.423	1.226.107
Derivative financial instruments	3	10.133	16.387
Income tax payable		40.165	76.322
Interest bearing loans and borrowings	17	646.727	915.350
Lease liabilities	2	6.679	-
Dividends payable		1.090	883
		1.987.217	2.235.049
Total liabilities		4.006.008	4.229.727
Total equity and liabilities		6.146.668	6.376.404

The notes on pages 8 to 31 are an integral part of these interim condensed financial statements.

A. Shiamishis

E. Poulitsis

S. Papadimitriou

Chief Executive Officer

Group Financial Controller

Accounting Director

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III. Interim Condensed Statement of Comprehensive Income

	Note	For the nine-month period ended		For the three-month period ended	
		30 September 2019	30 September 2018	30 September 2019	30 September 2018
Revenue from contracts with customers	4	6.172.545	6.734.332	2.085.130	2.411.682
Cost of sales		(5.814.449)	(6.068.484)	(1.987.544)	(2.191.231)
Gross profit		358.096	665.848	97.586	220.451
Selling and distribution expenses		(75.320)	(71.742)	(25.683)	(23.610)
Administrative expenses		(62.763)	(64.675)	(23.653)	(24.533)
Exploration and development expenses		(79)	(834)	(27)	(672)
Other operating income/(expenses) & other gains/(losses)-net	5	1.215	3.963	1.700	2.919
Operating profit		221.149	532.560	49.923	174.555
Finance income		8.141	7.026	2.632	2.412
Finance expense		(86.707)	(105.089)	(26.102)	(33.505)
Lease finance cost		(669)	-	(205)	-
Dividend income		38.416	35.083	30.499	-
Currency exchange gains/(losses)	6	1.175	2.721	143	(1.522)
Profit before income tax		181.505	472.301	56.890	141.940
Income tax expense	7	(34.706)	(139.575)	(6.040)	(42.941)
Profit for the period		146.799	332.726	50.850	98.999
Other comprehensive income/(loss):					
Other comprehensive income/(loss), that will not be reclassified to profit or loss (net of tax):					
Actuarial losses on defined benefit pension plans	16	(6.188)	(6.200)	(6.188)	(6.200)
Changes in the fair value of equity instruments	16	540	(565)	(111)	(97)
		(5.648)	(6.765)	(6.299)	(6.297)
Other comprehensive income/(loss), that may be reclassified subsequently to profit or loss (net of tax):					
Fair value gains / (losses) on cash flow hedges	16	4.149	(8.303)	(1.037)	(24.559)
Recycling of losses / (gains) on hedges through comprehensive income	16	1.501	14.920	-	29.840
		5.650	6.617	(1.037)	5.281
Other Comprehensive income/(loss) for the period, net of tax		2	(148)	(7.336)	(1.016)
Total comprehensive income for the period		146.801	332.578	43.514	97.983
Basic and diluted earnings per share (expressed in Euro per share)	8	0,48	1,09	0,17	0,32

The notes on pages 8 to 31 are an integral part of these interim condensed financial statements.

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IV. Interim Condensed Statement of Changes in Equity

	Note	Share Capital	Reserves	Retained Earnings	Total Equity
Balance at 1 January 2018 (as originally presented)		1.020.081	360.694	428.448	1.809.223
Change in accounting policy (IFRS 9)		-	166	(1.124)	(958)
Restated total equity as at 1 January 2018		1.020.081	360.860	427.324	1.808.265
Actuarial losses on defined benefit pension plans	16	-	(6.200)	-	(6.200)
Changes in the fair value of equity instruments	16	-	(565)	-	(565)
Fair value gains/(losses) on cash flow hedges	16	-	(8.303)	-	(8.303)
Recycling of (gains)/losses on hedges through comprehensive income	16	-	14.920	-	14.920
Other comprehensive income/(loss)		-	(148)	-	(148)
Profit for the period		-	-	332.726	332.726
Total comprehensive income for the period		-	(148)	332.726	332.578
Share based payments	15	-	(73)	(970)	(1.043)
Acquisition of Treasury Shares	16	-	(561)	-	(561)
Issue of Treasury shares to employees	16	-	1.042	-	1.042
Dividends	23	-	(76.408)	-	(76.408)
Transfers from reserves to retained earnings	16	-	(11.927)	11.927	-
Balance at 30 September 2018		1.020.081	272.785	771.007	2.063.873
Balance at 1 January 2019		1.020.081	262.263	864.333	2.146.677
Movement - 1 January 2019 to 30 September 2019					
Actuarial losses on defined benefit pension plans	16	-	(6.188)	-	(6.188)
Changes in the fair value of equity instruments	16	-	540	-	540
Fair value gains/(losses) on cash flow hedges	16	-	4.149	-	4.149
Recycling of (gains)/losses on hedges through comprehensive income	16	-	1.501	-	1.501
Other comprehensive income/(loss)		-	2	-	2
Profit for the period		-	-	146.799	146.799
Total comprehensive income for the period		-	2	146.799	146.801
Dividends	23	-	-	(152.818)	(152.818)
Balance at 30 September 2019		1.020.081	262.265	858.314	2.140.660

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V. Interim Condensed Statement of Cash Flows

		For the nine-month period ended	
	Note	30 September 2019	30 September 2018
Cash flows from operating activities			
Cash generated from operations	19	296.793	404.490
Income tax (paid)/received		(59.292)	2.224
Net cash generated from/(used in) operations		237.501	406.714
Cash flows from investing activities			
Purchase of property, plant and equipment & intangible assets	9,11	(92.176)	(63.368)
Proceeds from disposal of property, plant and equipment & intangible assets		1.074	35.083
Dividends received		38.416	-
Interest received		8.141	7.026
Settlement of consideration of acquisition of further equity interest in subsidiary		-	(16.000)
Participation in share capital increase of subsidiaries & associates		(22.702)	(21.054)
Net cash used in investing activities		(67.247)	(58.313)
Cash flows from financing activities			
Interest paid		(80.672)	(92.376)
Dividends paid		(150.078)	(74.480)
Loans to affiliated companies		-	(2.925)
Acquisition of treasury stock		-	(561)
Proceeds from borrowings		11.577	436.284
Repayments of borrowings		(306.946)	(406.857)
Payment of lease liabilities		(5.366)	-
Net cash (used in)/generated from financing activities		(531.485)	(140.915)
Net (decrease)/increase in cash and cash equivalents		(361.231)	207.486
Cash and cash equivalents at the beginning of the period	14	1.070.377	667.599
Exchange losses on cash and cash equivalents		9.266	3.815
Net (decrease)/increase in cash and cash equivalents		(361.231)	207.486
Cash and cash equivalents at end of the period	14	718.412	878.900

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VI. Notes to the Interim Condensed Financial Statements

1. GENERAL INFORMATION

Hellenic Petroleum S.A. (the “Company” or “Hellenic Petroleum”) operates in the energy sector in Greece. The Company’s activities include refining and marketing of oil products, production and marketing of petrochemical products and exploration for hydrocarbons.

The Company is incorporated in Greece and the address of its registered office is 8A Chimarras str., Maroussi 15125. The shares of the Company are listed on the Athens Stock Exchange and the London Stock Exchange through GDRs.

2. BASIS OF PREPARATION, ACCOUNTING POLICIES AND ESTIMATES

Basis of preparation of the interim condensed financial statements

These interim condensed financial statements are separate financial statements. The consolidated financial statements are available on the Company’s website and also include a list of significant investments in subsidiaries, joint ventures and associates.

The interim condensed financial statements are prepared in accordance with International Accounting Standard 34 (IAS 34) – *Interim Financial Reporting*, and present the financial position, results of operations and cash flows of the Company on a going concern basis. Management has concluded that the going concern basis of preparation of the condensed financial statements is appropriate.

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

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

Where necessary and as described in relevant notes, comparative figures have been reclassified to conform to changes in the presentation of the current period.

These interim condensed financial statements do not include all information and disclosures required for the annual financial statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which can be found on the Company’s website www.helpe.gr.

The interim condensed financial statements for the nine-month period ended 30 September 2019 have been authorised for issue by the Board of Directors on 5 November 2019.

Accounting policies and the use of estimates

The preparation of the interim condensed financial statements, in accordance with IFRS, requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the interim condensed financial statements are disclosed where considered necessary. Estimates and judgements are discussed in detail in the annual financial statements for the year ended 31 December 2018, are continuously evaluated and are based on historical experience and other factors, including expectations of future events as assessed to be reasonable under the present circumstances.

New standards, interpretations and amendments adopted by the Company:

The accounting policies and methods of computation used in the preparation of the interim condensed financial statements are consistent with those applied in the preparation of the financial statements for the year ended 31 December 2018 and have been consistently applied in all periods presented in this report, except for the following IFRSs, which have been adopted by the Company as of 1 January 2019. The Company applied IFRS 16 (Leases) for

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the first time as of 1 January 2019, and, as required by IAS 34, the nature and effect of the changes are disclosed below. Several other amendments and interpretations apply for the first time in 2019 but do not have a significant impact on the interim condensed financial statements of the Company for the nine-month period ended 30 September 2019. These are also disclosed below.

- **IFRS 16 “Leases”:** IFRS 16 supersedes 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 Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single, on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The comparative figures have not been restated. The Company applied the practical expedient to grandfather the definition of a lease on transition. This means that it applied IFRS 16 to all contracts entered into before 1 January 2019 that were identified as leases in accordance with IAS 17 and IFRIC 4. Furthermore, the Company elected to use the recognition exemptions proposed by the standard for lease contracts that, at the commencement date have a lease term of 12 months or less and do not contain a purchase option (‘short-term leases’) and lease contracts for which the underlying asset is of low value (‘low-value assets’). 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).

The effect of adoption of IFRS 16 as at 1 January 2019 (increase/(decrease)) is as follows:

	Note	1 January 2019
ASSETS		
Right of use assets	10	25.744
LIABILITIES		
Lease liabilities		25.744

a) Nature of the effect of adoption of IFRS 16

The Company has lease contracts for various items of commercial properties, plant & machinery and motor vehicles. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Company; otherwise it was classified as an operating lease. Finance leases were capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognized as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalized and the lease payments were recognized as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under Trade and other receivables and Trade and other payables, respectively.

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases, except for leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

- Leases previously classified as finance leases

The Company did not have any finance leases as at 1 January 2019.

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- Leases previously accounted for as operating leases:

The Company recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for leases of low-value assets. The right-of-use assets were recognized as equal to the lease liability, adjusted by the amount of any prepaid lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients whereby it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

For the nine-month period ended 30 September 2019 the effect of the application of IFRS 16 in the statement of comprehensive income, is a €5,4 million positive impact on the earnings before interest, depreciation and amortisation and €5,5 million negative impact on the net income before tax, after taking into account charges for depreciation of right-of-use assets and interest expense arising from the associated liabilities.

b) Summary of new accounting policies

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

- Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

- Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The result of this re-measurement is disclosed in a line of the right-of-use assets note as modifications.

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- Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e., below five thousand Euros). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

- Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (as a change in business strategy).

In June 2019, the IFRS Interpretations Committee (the “Committee”) issued, among others, a summary of decisions reached in its public meetings to clarify interpretations in respect to IFRS 16 on the following topics:

- Subsurface rights

The Committee concluded that the arrangement, presented in its decision, where a pipeline operator obtains the right to place a pipeline in an underground space constitutes a lease and therefore this arrangement as presented in this decision should be in scope of IFRS 16.

- Lease Term and Useful Life of Leasehold Improvements

The Committee issued a tentative decision that in assessing the notion of no more than an insignificant penalty, when establishing the lease term, the analysis should not only capture the termination penalty payment specified in the contract, but use a broader economic consideration of penalty and thus include all kinds of possible economic outflows related to termination of the contract.

The Committee’s final position on the tentative decisions are expected to be published in the second half of 2019.

The Company as part of its operations has the right to use coastal areas next to its refineries from the Greek State. The right of use is based on subsequent approval and renewal decisions from the Greek State. In the years subsequent to the approval/renewal the Company makes an estimate of the amounts to be paid for each year of use. The estimate for the nine-month period to 30 September 2019 was €570 thousand.

Upon adoption of IFRS 16, the Company concluded that the above rights of use meet the criteria of an identified asset under IFRS 16, however, even though Hellenic Petroleum continues to use the asset before the official renewal decision of the Greek State, the extension period (lease term) cannot be reliably estimated while the fee payable is variable, although based largely on previous years’ payments.

Due to the timing of the Committee’s decisions, the Company is currently analyzing in more detail the implications of the above-mentioned decisions on the Company’s treatment of the above rights to use the coastal area, especially as regards the period of the lease, which may result in right-of-use assets and lease liabilities presented in the balance sheet to increase. At 30 September 2019, the potential impact of the Committee’s agenda decisions is not reasonably estimable.”

Furthermore, the Company has paid certain amounts in the past to secure rights of way occupied by underground pipelines operated by the Company, within the boundaries of various municipalities. As described in note 23 of these financial statements, certain municipalities have proceeded with the imposition of duties and fines relating to the rights of way. The Company has appealed against such amounts imposed as described in the note and therefore, does not consider that any of these fall within the scope of IFRS 16.

- *IFRS 9 (Amendment) “Prepayment features with negative compensation”*. The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset

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there may be ‘negative compensation’), to be measured at amortised cost or at fair value through other comprehensive income.

- *IAS 28 (Amendments) “Long-term Interests in Associates and Joint Ventures”*. The Amendments relate to whether the measurement, in particular impairment requirements, of long term interests in associates and joint ventures that, in substance, form part of the ‘net investment’ in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendments clarify that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long- term interests that arise from applying IAS 28.
- *IFRIC Interpretation 23 “Uncertainty over Income Tax Treatments”*. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances.
- *IAS 19 (Amendments) “Plan Amendment, Curtailment or Settlement”*. The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The amendments also clarify how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements.
- The IASB has issued the *Annual Improvements to IFRSs (2015 – 2017 Cycle)*, which is a collection of amendments to IFRSs.
 - *IFRS 3 “Business Combinations and IFRS 11 Joint Arrangements”*. The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
 - *IAS 12 “Income Taxes”*. The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits has been recognised.
 - *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.

Standards issued but not yet effective and not early adopted:

The Company has not early adopted any other of the following standards, interpretations or amendments that have been issued, but are not yet effective. Management is currently assessing the impact of these standards to the financial statements.

- *IFRS 10 (Amendment) “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”*. The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU.

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- “*Conceptual Framework in IFRS standards*”. The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, “*Amendments to References to the Conceptual Framework in IFRS Standards*”, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.
 - *IFRS 3 Business Combinations (Amendments)*: The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted. These Amendments have not yet been endorsed by the EU.
 - *IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of ‘material’ (Amendments)* The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied. The new definition states that, ‘Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity’. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards. These Amendments have not yet been endorsed by the EU.
 - *IFRS 9, IAS 39 and IFRS 7 (Amendments) “Interest rate benchmark reform”*: The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments have not yet been endorsed by the EU.

3. FINANCIAL RISK MANAGEMENT

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

Greek Macros: The upward trend of the Greek economy continued in the second quarter of 2019, with GDP growing by a 0,8%, compared to the corresponding period of 2018 (GDP increase in the first half of 2019 was 1,9%), mainly driven by higher exports of goods and services, private sector investments, as well as increased private consumption. On the other hand, an increase in imports of goods and services, limited a further upward performance.

Total domestic fuels consumption in the first nine months of 2019 increased by 4,1% compared to the previous year, mainly supported by significantly higher demand for heating gasoil, which is attributed to lower temperatures during the first quarter of the year. Net demand for motor fuels marginally increased by 0,6%, driven by higher auto diesel consumption (+1,8%) and lower gasoline demand (-0,7%).

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However, the Greek economy still faces a number of significant challenges, such as the relatively low growth rates and the lower than the investment class Greek government's credit rating. At the same time, there are significant risks and uncertainties coming from the external environment, such as slowdown in global economic activity due to growing trade protectionism and geopolitical tensions. Management continually assesses the situation and its possible future impact to ensure that all necessary actions and measures are taken in order to minimize the impact on the Company's operations.

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

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

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

Securing continuous crude oil supplies: During the last 2 years crude oil reference prices started recovering, following a 3-year period of contraction (June 2014 – June 2017), averaging \$65/bbl in the nine months of 2019. Nonetheless, the cost of crude, for both sweet and especially sour grades, which represent the key source of feedstock for complex refiners like Hellenic Petroleum, remains at reasonable levels, maintaining the competitive position of Med refiners vs. their global peers. Concerning the USA's decision for the re-imposition of the nuclear-related sanctions against Iran, Hellenic Petroleum has successfully managed to replace the Iranian oil supply with other alternatives in the region, without any significant effect in the continuity and cost of its operations (Note 18).

Financing of operations: Given financial market developments since 2011, the key priorities of the Company have been the management of the 'Assets and Liabilities' maturity profile, funding in accordance with its strategic investment plan and liquidity risk for operations. As a result of these key priority initiatives and in line with its medium term financing plan, Hellenic Petroleum has maintained a mix of long term, medium term and short term credit facilities by taking into consideration bank and debt capital markets' credit capacity as well as cash flow planning and commercial requirements. Approximately 74% of total debt is financed by medium to long-term committed credit lines while the remaining debt is being financed by short term working capital credit facilities. Further details of the relevant loans and refinancing are provided in Note 17 "Interest-bearing loans and borrowings".

Capital management: Another key priority of the Company has been the management of its Assets. Overall the Company has around €3,7 billion of capital employed which is driven from working capital, investment in fixed assets and its investment in the DEPA Group. Current assets are mainly funded with current liabilities (incl. short-term bank debt) which are used to finance working capital (inventories and receivables). As a result of the implementation of the Company's investment plan, during the period 2007-2012, net debt level has increased as of 30 September 2019 to 43% of total capital employed, while the remaining is financed through shareholders equity. The Company has started reducing its net debt levels through utilisation of the incremental operating cash flows, post completion and operation of the new Elefsina refinery. This has led to lower Debt to Equity ratio, better matched Asset and Liability maturity profiles as well as lower financing costs.

The interim condensed financial statements do not include all financial risk management information and disclosures that are required in the annual financial statements and should be read in conjunction with the annual financial statements as at 31 December 2018.

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There have been no changes in the risk management or in any risk management policies since 31 December 2018.

Fair value estimation

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

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

The following table presents the Company's assets and liabilities that are measured at fair value at 30 September 2019:

	Level 1	Level 2	Level 3	Total balance
Assets				
Investment in equity instruments	1.053	-	-	1.053
	1.053	-	-	1.053
Liabilities				
Derivatives used for trading	-	1.659	-	1.659
Derivatives used for hedging	-	8.474	-	8.474
	-	10.133	-	10.133

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

	Level 1	Level 2	Level 3	Total balance
Assets				
Investment in equity instruments	318	-	-	318
	318	-	-	318
Liabilities				
Derivatives used for trading	-	66	-	66
Derivatives used for hedging	-	16.321	-	16.321
	-	16.387	-	16.387

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

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

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

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Specific valuation techniques used to value financial instruments include:

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

There were no changes in valuation techniques during the period. There were no transfers between levels during the period.

The fair value of the following financial assets and liabilities approximate their carrying amount, due to their short-term nature:

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

4. ANALYSIS BY OPERATING SEGMENT

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

Financial information regarding the Company's operating segments for the nine-month period ended 30 September 2019 is presented below:

For the nine-month period ended 30 September 2019

	Note	Refining	Petro-chemicals	Exploration & Production	Other	Total
Revenue from contracts with customers		5.947.069	225.476	-	-	6.172.545
EBITDA		275.359	64.525	846	(7.660)	333.070
Depreciation and amortisation	9,10,11	(108.941)	(2.880)	(93)	(7)	(111.921)
Operating profit / (loss)		166.418	61.645	753	(7.667)	221.149
Finance (expenses)/income - net		(37.846)	(1.358)	(1)	(40.030)	(79.235)
Dividend income		-	-	-	38.416	38.416
Currency exchange gains/(losses)	6	1.175	-	-	-	1.175
Profit / (Loss) before income tax		129.747	60.287	752	(9.281)	181.505
Income tax expense	7					(34.706)
Profit for the year						146.799

EBITDA is calculated as Operating profit/(loss) per the statement of comprehensive income plus depreciation and amortisation

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Financial information regarding the Company's operating segments for the nine-month period ended 30 September 2018 is presented below:

For the nine-month period ended 30 September 2018

	Note	Refining	Petro-chemicals	Exploration & Production	Other	Total
Revenue from contracts with customers		6.503.293	231.039	-	-	6.734.332
EBITDA		574.774	70.261	(4.110)	(4.183)	636.742
Depreciation and amortisation	9,10,11	(100.900)	(2.702)	(563)	(17)	(104.182)
Operating profit / (loss)		473.874	67.559	(4.673)	(4.200)	532.560
Finance (expenses)/income - net		(72.310)	(1.373)	-	(24.380)	(98.063)
Dividend income		-	-	-	35.083	35.083
Currency exchange gains/(losses)	6	2.721	-	-	-	2.721
Profit / (Loss) before income tax		404.285	66.186	(4.673)	6.503	472.301
Income tax expense	7					(139.575)
Profit for the year						332.726

EBITDA is calculated as Operating profit/(loss) per the statement of comprehensive income plus depreciation and amortisation

As mentioned in Note 2, comparability to figures as of 30 September 2018, is affected by the adoption of IFRS 16, as of 1 January 2019.

There were no changes in the basis of segmentation or in the basis of measurement of segment profit or loss, as compared to the annual financial statements for the year ended 31 December 2018. There has been no material change in the definition of segments or the segmental analysis of total assets or total liabilities from the amounts disclosed in the annual financial statements for the year ended 31 December 2018.

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

For the nine-month period ended 30 September 2019

	Refining	Petro-chemicals	Exploration & Production	Other	Total
Domestic	1.876.976	77.445	-	-	1.954.421
Aviation & Bunkering	971.295	-	-	-	971.295
Exports	3.098.798	148.031	-	-	3.246.829
Revenue from contracts with customers	5.947.069	225.476	-	-	6.172.545

For the nine-month period ended 30 September 2018

	Refining	Petro-chemicals	Exploration & Production	Other	Total
Domestic	1.898.067	83.104	-	-	1.981.171
Aviation & Bunkering	973.331	-	-	-	973.331
Exports	3.631.895	147.935	-	-	3.779.830
Revenue from contracts with customers	6.503.293	231.039	-	-	6.734.332

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5. OTHER OPERATING INCOME / (EXPENSES) AND OTHER GAINS / (LOSSES)

	For the nine-month period ended		For the three-month period ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
Income from grants	469	490	156	175
Services to third parties	4.074	3.270	1.177	1.025
Rental income	1.123	1.063	384	348
Income from sale of exploration and production rights	1.070	1.161	-	1.161
Insurance compensation	480	1.350	211	201
Total other operating income	7.216	7.334	1.928	2.910
Amortization of long-term contracts costs	(1.649)	(2.097)	(241)	666
Other operating income/(expenses) - net	2.562	2.026	13	(657)
Other gains/(losses) - net	8.129	7.263	1.700	2.919
Impairment of investments in subsidiaries and associates	(6.914)	(3.300)	-	-
Total other operating income/(expenses) and other gains/(losses) - net	1.215	3.963	1.700	2.919

Other operating income / (expenses) – net, include income or expenses, which do not relate to the trading activities of the Company.

In July 2019, Asprofos S.A., a wholly-owned subsidiary, proceeded to net cumulative losses carried forward against its paid-up share capital (Note 20) and, accordingly, the Company recorded an additional impairment loss of €6,9 million in the statement of comprehensive income, fully impairing its investment.

6. CURRENCY EXCHANGE GAINS / (LOSSES)

Foreign currency exchange gains of €1,2 million, reported for the nine-month period ended 30 September 2019, mainly relate to unrealized gains arising from the valuation of bank accounts denominated in foreign currency (mostly US\$), as well as unrealised exchange losses arising from the valuation of borrowings denominated in US\$. The corresponding amount for the nine-month period ended 30 September 2018 was a gain of €2,7 million.

7. INCOME TAX

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

	For the nine-month period ended		For the three-month period ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
Current year tax	(15.082)	(90.877)	1.714	(51.358)
Prior year tax	4.908	4.963	(5)	(463)
Tax on Reserves	-	(11.927)	-	-
Deferred tax	(24.532)	(41.734)	(7.749)	8.880
Income tax expense	(34.706)	(139.575)	(6.040)	(42.941)

The corporate income tax rate is 28% for 2019 (2018: 29%). According to article 23 of Law 4579/2018, the corporate income tax rate, currently 28%, is to be reduced as follows: 27% in FY 2020, 26% in FY 2021 and 25% in FY 2022 onwards.

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

Audits by Certified Auditors – Tax Compliance Report

Effective from fiscal years ending 31 December 2011 onwards, Greek companies meeting certain criteria can obtain an “Annual Tax Compliance Report” as provided for by par.5, article 82 of L.2238/1994 and article 65A of L.4174/2013, as of 2014 from their statutory auditor in respect of compliance with tax law. The issuance of a Tax Compliance Report,

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under certain conditions, substitutes the full tax audit by the tax authorities; however the tax authorities reserve the right of future tax audit. The Company has received unqualified Tax Compliance Reports, for fiscal years up to 2018 (inclusive).

Audits by Tax Authorities

The Company has undergone full tax audits for the financial years ended up to and including 31 December 2011.

As explained in Note 22 and notwithstanding the possibility of future tax audits, Management believes that no additional material liability will arise as a result of unaudited tax years over and above the tax liabilities and provisions recognised in the condensed financial statements as of 30 September 2019.

8. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding the weighted average number of treasury shares (Note 16). As of 31 December 2018 and 30 September 2019, all share options had either been exercised or lapsed and there were no treasury shares. Diluted earnings per share equal basic earnings per share.

	For the nine-month period ended		For the three-month period ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
Earnings per share attributable to the Company Shareholders (expressed in Euro per share):	0,47	1,09	0,15	0,32
Net income attributable to ordinary shares (Euro in thousands)	142.970	332.726	47.021	98.999
Weighted average number of ordinary shares	305.635.185	305.626.333	305.635.185	305.635.030

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9. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant & Machinery	Motor vehicles	Furniture and fixtures	Assets Under Cons- truction	Total
Cost							
As at 1 January 2018	142.850	534.559	3.900.635	15.453	89.474	83.287	4.766.258
Additions	-	73	2.121	17	730	56.562	59.503
Capitalised projects	-	4.069	59.363	54	347	(63.833)	-
Disposals	-	-	(28)	-	(49)	-	(77)
Impairment / Write-off	-	-	-	-	-	(840)	(840)
Transfers and other movements	-	-	3.772	-	-	(941)	2.831
As at 30 September 2018	142.850	538.701	3.965.863	15.524	90.502	74.235	4.827.675
Accumulated Depreciation							
As at 1 January 2018	-	216.487	1.741.434	10.814	78.351	-	2.047.086
Charge for the period	-	11.730	87.127	313	1.748	-	100.918
Disposals	-	-	(28)	-	(49)	-	(77)
As at 30 September 2018	-	228.217	1.828.533	11.127	80.050	-	2.147.927
Net Book Value at 30 September 2018	142.850	310.484	2.137.330	4.397	10.452	74.235	2.679.748
Cost							
As at 1 January 2019	142.850	541.928	3.992.671	15.583	91.296	82.288	4.866.616
Additions	-	18	750	12	1.036	88.797	90.613
Capitalised projects	-	2.880	36.968	124	382	(40.354)	-
Disposals	-	-	-	(20)	(8)	-	(28)
Impairment / Write-off	-	-	-	-	-	(692)	(692)
Transfers and other movements	-	-	409	-	-	(2.898)	(2.489)
As at 30 September 2019	142.850	544.826	4.030.798	15.699	92.706	127.141	4.954.020
Accumulated Depreciation							
As at 1 January 2019	-	232.169	1.858.332	11.226	80.652	-	2.182.379
Charge for the period	-	11.491	90.489	305	1.797	-	104.082
Disposals	-	-	-	(20)	(8)	-	(28)
As at 30 September 2019	-	243.660	1.948.821	11.511	82.441	-	2.286.433
Net Book Value at 30 September 2019	142.850	301.166	2.081.977	4.188	10.265	127.141	2.667.587

‘Transfers and other movements’ include the transfer of computer software development costs to intangible assets and the transfer of spare parts for the refinery units between inventories and fixed assets.

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10. RIGHT OF USE ASSETS

	Commercial Properties	Plant & Machinery	Motor vehicles	Total
Cost				
As at 1 January 2019	17.054	6.285	2.405	25.744
Additions	25	144	863	1.032
Modification	(5)	13	(456)	(448)
As at 30 September 2019	17.074	6.442	2.812	26.328
Accumulated Depreciation				
As at 1 January 2019	-	-	-	-
Charge for the period	3.520	836	514	4.870
As at 30 September 2019	3.520	836	514	4.870
Net Book Value at 30 September 2019	13.554	5.606	2.298	21.458

11. INTANGIBLE ASSETS

	Computer software	Licences & Rights	Total
Cost			
As at 1 January 2018	95.205	24.299	119.504
Additions	1.325	2.540	3.865
Disposals	-	(2.540)	(2.540)
Transfers & other movements	940	-	940
As at 30 September 2018	97.470	24.299	121.769
Accumulated Amortisation			
As at 1 January 2018	88.175	24.287	112.462
Charge for the period	2.853	411	3.264
Disposals	-	(404)	(404)
As at 30 September 2018	91.028	24.294	115.322
Net Book Value at 30 September 2018	6.442	5	6.447
Cost			
As at 1 January 2019	97.902	24.299	122.201
Additions	1.563	-	1.563
Transfers & other movements	2.898	-	2.898
As at 30 September 2019	102.363	24.299	126.662
Accumulated Amortisation			
As at 1 January 2019	93.107	24.295	117.402
Charge for the period	2.969	-	2.969
As at 30 September 2019	96.076	24.295	120.371
Net Book Value at 30 September 2019	6.287	4	6.291

‘Licences and Rights’ additions for the nine-month period ended 30 September 2018 included net exploration license costs relating to exploration & production of hydrocarbons’ concessions in Western Greece, which were transferred to other group entities in September 2018. ‘Transfers and other movements’ in computer software include the transfer of computer software development costs from assets under construction to intangible assets (Note 9).

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12. INVENTORIES

	As at	
	30 September 2019	31 December 2018
Crude oil	349.482	328.010
Refined products and semi-finished products	553.921	486.792
Petrochemicals	26.778	24.400
Consumable materials, spare parts and other	86.267	83.903
- Less: Impairment provision for consumables and spare parts	(30.710)	(29.246)
Total	985.738	893.859

The cost of inventories recognised as an expense and included in “Cost of sales” amounted to €5,4 billion (30 September 2018: €5,7 billion). As at 30 September 2019, the Company wrote down inventories to their net realisable value, recording a loss of €2 million (30 September 2018: loss of €3 thousand), included in ‘Cost of Sales’ in the statement of comprehensive income.

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

13. TRADE AND OTHER RECEIVABLES

	As at	
	30 September 2019	31 December 2018
Trade receivables	436.461	435.505
- Less: Provision for impairment of receivables	(100.779)	(103.080)
Trade receivables net	335.682	332.425
Other receivables	332.752	350.769
- Less: Provision for impairment of receivables	(14.043)	(14.272)
Other receivables net	318.709	336.497
Deferred charges and prepayments	20.738	12.633
Total	675.129	681.555

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

‘Other receivables’ include balances in respect of advances to suppliers, advances to personnel, VAT claimed, income taxes withheld and taxes paid as a result of taxes assessed by the tax authorities, following tax audits of previous years and for which the Company has started legal proceedings and disputed the relevant amounts. The Company expects to recover these amounts, but the timing of the finalisation of these disputes cannot be estimated and the Company has classified the amounts as current assets.

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Other receivables as at 30 September 2019 also include the following:

- a) €54m of VAT approved refunds (31 December 2018: €54 million), which has been withheld by the customs office due to a dispute relating to stock shortages. The Company has filed a specific legal objection and claim against this action and expects to fully recover this amount, following the conclusion of the relevant legal proceedings (see Note 22).
- b) A one-year bond loan of €138 million (31 December 2018: €138 million) to EKO ABEE, a Group company (Note 20).

The Company recognised impairment losses on trade and other receivables, included in the statement of comprehensive income, amounting to €0,5 million and €1,6 million for the nine months ended 30 September 2019 and 2018, respectively.

14. CASH AND CASH EQUIVALENTS

	As at	
	30 September 2019	31 December 2018
Cash at Bank and in Hand	718.412	1.070.377
Cash and cash equivalents	718.412	1.070.377

Restatement

During the year, the Company reconsidered the presentation of restricted cash balances of €1,2 million, previously included in “Cash, cash equivalents and restricted cash” and now includes this balance in “Trade and other receivables”. Following the reconsideration, an adjustment was applied retrospectively to the 2018 figures, by reclassifying an amount of €1,2 million from “Cash, cash equivalents and restricted cash” to “Trade and other receivables”.

The balance of US Dollars included in Cash at bank as at 30 September 2019 was US\$639 million (Euro equivalent €587 million). The respective amount for the year ended 31 December 2018 was US\$ 889 million (Euro equivalent €777 million).

15. SHARE CAPITAL AND SHARE PREMIUM

	Number of Shares (authorised and issued)	Share Capital	Share premium	Total
As at 1 January 2018 & 31 December 2018	305.635.185	666.285	353.796	1.020.081
As at 30 September 2019	305.635.185	666.285	353.796	1.020.081

All ordinary shares were authorised, issued and fully paid. The nominal value of each ordinary share is €2,18 (31 December 2018: €2,18).

Share options

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

As of 31 December 2018, all share options were either exercised or lapsed.

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	As at			
	30 June 2019		31 December 2018	
	Average Exercise Price in € per share	Options	Average Exercise Price in € per share	Options
Balance at beginning of period (1 January)	-	-	4,52	185.633
Exercised	-	-	4,52	(172.383)
Lapsed	-	-	4,52	(13.250)
Balance at end of period	-	-	-	-

16. RESERVES

Note	Statutory reserve	Special reserves	Tax & Incentive law reserves	Hedging reserve	Actuarial gains/ (losses)	Equity instrum. FVOCI gains/ (losses)	Share- based payment reserve	Treasury shares	Total
Balance at 1 January 2018 (as originally presented)	118.668	86.495	164.981	8.175	(17.187)	-	93	(531)	360.694
Change in accounting policy (IFRS 9)	-	-	-	-	-	166	-	-	166
Restated total equity as at 1 January 2018	118.668	86.495	164.981	8.175	(17.187)	166	93	(531)	360.860
Cash flow hedges:									
- Fair value gains/(losses) on cash flow hedges	-	-	-	(8.303)	-	-	-	-	(8.303)
- Recycling of (gains)/losses on hedges through comprehensive income	-	-	-	14.920	-	-	-	-	14.920
Actuarial losses on defined benefit pension plans	-	-	-	-	(6.200)	-	-	-	(6.200)
Changes in the fair value of equity instruments	-	-	-	-	-	(565)	-	-	(565)
Share-based payments	-	-	-	-	-	-	(73)	-	(73)
Acquisition of Treasury Shares	-	-	-	-	-	-	-	(561)	(561)
Issue of Treasury shares to employees	-	-	-	-	-	-	-	1.042	1.042
Dividends	23	-	(76.408)	-	-	-	-	-	(76.408)
Transfers of tax on distributed reserves to retained earnings	-	-	(11.927)	-	-	-	-	-	(11.927)
Balance at 30 September 2018	118.668	86.495	76.646	14.792	(23.387)	(399)	20	(50)	272.785
Balance at 1 January 2019	144.838	86.495	71.255	(11.751)	(28.065)	(509)	-	-	262.263
Cash flow hedges:									
- Fair value gains/(losses) on cash flow hedges	-	-	-	4.149	-	-	-	-	4.149
- Recycling of (gains)/losses on hedges through comprehensive income	-	-	-	1.501	-	-	-	-	1.501
Actuarial losses on defined benefit pension plans	-	-	-	-	(6.188)	-	-	-	(6.188)
Changes in the fair value of equity instruments	-	-	-	-	-	540	-	-	540
Balance at 30 September 2019	144.838	86.495	71.255	(6.101)	(34.253)	31	-	-	262.265

Statutory reserves

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

Special reserves

Special reserves primarily relate to reserves arising from tax revaluations in accordance with the relevant legislation in prior years.

Tax and incentive law reserves

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

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Hedging reserve

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

Other reserves

Other reserves include:

- (i) Actuarial gains / (losses) on defined benefit plans resulting from a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and b) the effects of changes in actuarial assumptions.
- (ii) Changes in the fair value of investments that are classified as investments in equity instruments.

Treasury Shares

Treasury shares were held regarding the Share Option Plan. Treasury shares are recognised on a first-in first-out method.

17. INTEREST-BEARING LOANS AND BORROWINGS

	As at	
	30 September 2019	31 December 2018
Non-current interest bearing loans and borrowings		
Bank borrowings	121.889	144.112
Bond loans	1.520.956	1.513.486
Non-current borrowings	1.642.845	1.657.598
Current interest bearing loans and borrowings		
Short-term bank borrowings	602.283	870.906
Current portion of long-term bank borrowings	44.444	44.444
Total current borrowings	646.727	915.350
Total borrowings	2.289.572	2.572.948

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

Borrowings by maturity as at 30 September 2019 and 31 December 2018 are summarised in the table below (amounts in € million):

		30 September 2019	31 December 2018
	Maturity	(millions)	(millions)
Bond loan €400 million	Jun 2023	393	392
Bond loan €400 million	Nov 2020	224	223
Bond loan €300 million	Feb 2021	298	297
Bond loan \$250 million	Jun 2021	164	155
European Investment Bank ("EIB") Term loan	Jun 2022	133	156
HPF Loan €317,6m	Jul 2019	-	280
HPF Loan €367m	Oct 2021	442	447
Bilateral lines	Various	636	623
Total		2.290	2.573

No loans were in default as at 30 September 2019 (none as at 31 December 2018).

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Significant movements in borrowings for the nine-month period ended 30 September 2019 are as follows:

EIB Term loans

Total repayments on both loans up to 30 September 2019 amounted to €267 million (€22 million paid during 2019).

HPF Loan €317,6m (Eurobond €325m)

In July 2014, HPF issued a €325 million five-year Eurobond, with a 5,25% annual coupon, maturing in July 2019. The notes are guaranteed by Hellenic Petroleum S.A., and are listed on the Luxembourg Stock Exchange. Subsequently the Company concluded a €317,6 million loan agreement with HPF and the proceeds were used for general corporate purposes. In June 2019, the Company repaid the outstanding amount of €280 million.

Bilateral lines

The Company has credit facilities with various banks, to finance general corporate needs, which are being renewed in accordance with the Company's finance needs. The facilities are mainly comprised of short-term loans. During the first quarter of 2019, the Company achieved significant improvements in cost, which further improved in the second and third quarters of the year.

No other significant movements occurred in borrowings during the nine-month period ended 30 September 2019.

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

18. TRADE AND OTHER PAYABLES

	As at	
	30 September 2019	31 December 2018
Trade payables	1.155.685	1.075.569
Accrued Expenses	114.623	114.656
Other payables	12.115	35.882
Total	1.282.423	1.226.107

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

Trade payables, as at 30 September 2019 and 31 December 2018, include amounts in respect of crude oil imports from Iran, which were received between December 2011 and March 2012 as part of a long-term contract with NIOC. Despite repeated attempts to settle the payment for these cargoes through the international banking system between January and June 2012, it was not possible to do so. In the period from 16 January 2016 up to 8 May 2018, when sanctions were suspended, the Company successfully made several payments against a significant part of these amounts. Following the re-imposition of relevant sanctions by the United States, no deliveries of Iranian crude oil or payments have taken place since 8 May 2018.

Accrued expenses mainly relate to accrued interest, payroll-related accruals and accruals for operating expenses not yet invoiced.

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

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19. CASH GENERATED FROM OPERATIONS

		For the nine-month period ended	
	Note	30 September 2019	30 September 2018
Profit before tax		181.505	472.301
Adjustments for:			
Depreciation and impairment of property, plant and equipment and right of use assets	9,10	109.644	101.758
Amortisation and impairment of intangible assets	11	2.969	3.264
Amortisation of grants	5	(469)	(490)
Finance costs - net		79.235	98.063
Provisions for expenses and valuation changes		34.212	58.188
Foreign exchange (gains) / losses	6	(1.175)	(2.721)
Dividend income		(38.416)	(35.083)
Amortization of long-term contracts costs	5	1.649	(2.097)
Gains on disposal of property, plant and equipment		(1.074)	(1.161)
		368.080	692.022
Changes in working capital			
Increase in inventories		(95.264)	(147.887)
(Increase) / Decrease in trade and other receivables		(10.391)	42.204
Increase / (Decrease) in trade and other payables		34.368	(181.849)
		(71.287)	(287.532)
Net cash generated from operating activities		296.793	404.490

20. RELATED PARTY TRANSACTIONS

The interim condensed statement of comprehensive income includes transactions between the Company and related parties. Such transactions mainly comprise sales and purchases of goods and services in the ordinary course of business.

	For the nine-month period ended	
	30 September 2019	30 September 2018
Sales of goods and services to related parties		
Group entities	2.178.567	2.216.513
Associates	263.587	504.628
Joint ventures	392	422
Total	2.442.546	2.721.563
Purchases of goods and services from related parties		
Group entities	41.015	45.218
Associates	315.104	590.740
Joint ventures	24.387	12.149
Total	380.506	648.107

Other operating income/(expenses) & other gains/(losses)-net for the nine-month period to 30 September 2019 include income from subsidiaries, amounting to €5,4 million (30 September 2018: €3,7 million).

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

	As at	
	30 September 2019	31 December 2018
Balances due to related parties (Trade and other creditors)		
Group entities	19.592	27.107
Associates	11.003	11.797
Joint ventures	0	1.316
Total	30.595	40.220
Balances due from related parties (Trade and other debtors)		
Group entities	84.405	100.380
Associates	19.318	32.381
Joint ventures	2.486	141
Total	106.209	132.902

Transactions have been carried out with the following related parties:

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

The Company has provided letters of comfort and guarantees in favour of banks as security for loans granted by them to Elpedison B.V. The outstanding amount of these as at 30 September 2019 was €109 million (31 December 2018: €83 million). See also Note 22.

- c) Government related entities which are under common control with the Company due to the shareholding and control rights of the Hellenic State and with which the Company has material transactions or balances:
 - Public Power Corporation Hellas S.A.
 - Hellenic Armed Forces
 - Hellenic Gas Transmission System Operator S.A.

During the nine-month period ended 30 September 2019, transactions and balances with the above government related entities are as follows:

- Sales of goods and services amounted to €89 million (30 September 2018: €89 million);
- Purchases of goods and services amounted to €52 million (30 September 2018: €37 million);
- Receivable balances of €29 million (31 December 2018: €7 million);
- Payable balances of €15 million (31 December 2018: €10 million).

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- d) Key management includes directors (Executive and non-Executive Members of the Board of Hellenic Petroleum S.A.) and General Managers. The compensation paid or payable for the nine-month period ended 30 September 2019 to the aforementioned key management was as follows:

	For the nine-month period ended	
	30 September 2019	30 September 2018
Short-term employee benefits	3.500	3.361
Post-employment benefits	122	116
Termination benefits	280	920
Total	3.902	4.397

- e) The Company participates in the following jointly controlled operations with other third parties relating to exploration and production of hydrocarbons in Greece, either directly or indirectly, through its subsidiaries:
- Edison International SpA – HELPE Patraikos, 100% subsidiary of the Group (Greece, Patraikos Gulf)
 - Calfrac Well Services Ltd – HELPE Sea of Thrace, 100% subsidiary of the Group (Greece, Sea of Thrace concession)
 - Total E&P Greece B.V., Edison International SpA – HELPE West Kerkyra, 100% subsidiary of the Group (Greece, Block 2 – West of Corfu island)
- f) In July 2019, Asprofos S.A. proceeded to net cumulative losses carried forward against its paid-up share capital (Note 5) and, accordingly, the Company recorded an additional impairment loss of €6,9 million in the statement of comprehensive income, fully impairing its investment. Asprofos then issued new shares of a total value of €6,7 million.
- g) In July 2019, Elpedison BV, where the Company holds 5%, acquired the non-controlling interests in Elpedison SA of 24,22% and currently owns the entire share capital of Elpedison SA. The total aggregate consideration for the ordinary share capital acquired amounted to €20 million. The acquisition was financed through a share capital increase in Elpedison BV with cash injected by the shareholders (Company's share was 1 million).
- h) The Company has extended loans to its subsidiaries. The outstanding balance of these loans as at 30 September 2019 was €141 million (31 December 2018: €141 million). Interest income for the nine-month period ended 30 September 2019 was €5 million (30 September 2018: €5,5 million). All loans are at variable interest rates. The average interest rate on inter-company loans due was 4,66%.

The Company has also received loans from its subsidiaries. The outstanding balance of these loans as at 30 September 2019 was €475 million (31 December 2018: €760 million). Interest expense for the nine-month period ended 30 September 2019 was €26,6 million (30 September 2018: €31,6 million). All loans are at variable interest rates. The average interest rate on inter-company loans during the nine-month period ended 30 September 2019 was 5,35%.

21. COMMITMENTS

Significant contractual commitments of the Company, mainly relate to improvements in refining assets and amount to €35 million as at 30 September 2019 (31 December 2018: €22 million).

22. CONTINGENCIES AND LITIGATION

The Company has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business, the most significant of which are disclosed below:

Business issues

- (i) *Unresolved legal claims:*

The Company is involved in a number of legal proceedings and has various unresolved claims pending arising in the ordinary course of business. Based on currently available information and the opinion of legal counsel, management

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believes the final outcome will not have a significant effect on the Company's operating results or financial position, over and above provisions already reflected in the interim condensed financial statements.

During the two preceding years, a number of Municipalities proceeded with the imposition of duties and fines relating to the rights of way occupied by underground pipelines operated by the Company within the boundaries of each respective municipality. As at 30 September 2019, the total amounts imposed amount to €26,5 million. In order to appeal against these, and in accordance with legislation, the Company has paid an amount of €14 million which is included in "Trade and other receivables" (31 December 2018: €6,4 million).

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

(ii) *Guarantees:*

The Company has provided letters of comfort and guarantees in favour of banks as security for loans granted by them to subsidiaries and associates of the Group, the outstanding amount of which as at 30 September 2019 was the equivalent of €665 million (31 December 2018: €969 million).

Taxation and customs

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

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

(i) *Open tax years – Litigation tax cases:*

As disclosed in Note 7, tax audits have been completed by the Tax Authorities up to and including the financial year ended 31 December 2011. The Tax audit reports for years ended 31 December 2010 and 2011 were received in December 2017 and they are subject to legal dispute by the Company. In summary, the reports assess additional taxes of €22,5 million and penalties of €23,5 million for items relating to stamp duty, various non-deductible expenses and other income tax adjustments. Following a detailed review of the Tax Audit Report, the Company has disputed the additional taxes imposed (which are over and above the amounts already included in the Company's normal tax returns) and proceeded with all possible legal means and actions to appeal against these additional taxes and surcharges imposed. Even though the Company disputed the additional taxes and surcharges imposed, it was obliged to pay 50% of the assessed amounts (taxes and surcharges) to the Tax Authorities, in order to appeal the results of the tax audits. This was paid within the applicable deadline, while the remaining amounts have been fully offset by the Authorities, with tax and other State receivables of the Company, within 2018. These amounts are included in 'Trade and Other Receivables', as the Company assesses that it will succeed in its appeals (Note 13).

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

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

Management believes that no additional material liability will arise either as a result of open tax years or from the outcome of current litigation cases over and above the tax liabilities and provisions already recognised in the financial statements as at 30 September 2019. The Company has recorded down payments made for taxes and penalties assessed

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in previous disputes with the tax authorities in other receivables (Note 13), to the extent that the Company has assessed that the amounts will be ultimately recoverable.

It is noted that for financial years ending 31 December 2011 up to and including 31 December 2018, the Company obtained unqualified “Annual Tax Compliance Reports” from their Statutory Auditors, as provided for by par. 5, article 82 of L.2238/1994 and article 65A of L. 4174/2013.

(ii) *Assessments of customs and fines:*

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

Notwithstanding the filing of the above contestations, the Customs office withheld an amount of €54 million (full payment plus surcharges) of established VAT refunds (Note 13), an action against which the Company filed two Contestations before the Administrative Courts of Athens and Piraeus. The Administrative Court of Athens ruled that the withholding effected by the Tax Office was unlawful.

The Company considers that the above amounts will be recovered.

23. DIVIDENDS

On 28 February 2019, the BoD proposed to the AGM the distribution of a final dividend of €0,50 per share for the year 2018, which was approved by the AGM on 7 June 2019. The above dividend includes a special dividend of €0,25 per share relating to distribution of part of the proceeds from the sale of the Group’s share in DESFA. The total final dividend for 2018 amounts to €152,8 million and is included in the interim condensed financial statements for the nine-month period ended 30 September 2019. The whole amount was paid in July 2019.

At its meeting held on 5 November 2019, the Board of Directors decided to distribute an interim dividend of €0,25 per share for the financial year 2019. The dividend amounts to a total of €76,4 million.

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

24. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 4 October 2019, Hellenic Petroleum Finance plc (“HPF”), a wholly owned subsidiary of the Company, successfully priced the issue (the “Issue”) of a new 5-year, €500 million Eurobond, fully guaranteed by the Company, with an annual fixed coupon of 2% and an offering price of 99.41 (the “New Notes”), which are listed in the Luxembourg Stock Exchange. At the same time, HPF successfully completed a tender offer process for the €450 million, 4,875% October 2021 bond (the “2021 bond”). Specifically, HPF purchased back in cash an aggregate nominal amount of Notes equal to €248 million at price of 109,25 per cent, excluding any interest accrued to the date of the tender and the bond holders acquired an equal nominal amount of the new bond. As a result, a significant part of the demand for the Issue (€248 million) came from existing bondholders of the 2021 bond, who participated in the tender offer process. No other events took place after the end of the reporting period and up to the date of the publication of the consolidated financial statements.