OTSM S.A. OF MAINTENANCE COMPULSORY STOCKS AND TRADING OF CRUDE OIL AND PETROLEUM PRODUCTS

Financial Statements

in accordance with IFRS for the

year ended 31 December 2018

COMPANY REGISTRATION NUMBER: 117812701000

REGISTERED OFFICE: 8A CHIMARRAS STR, 15125 MAROUSSI, GREECE

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Company Information

Directors	Kenneth Howard Prince-Wright – Chairman of the Board Emmanouil Markakis – Member and legal representative Sofia Grigoriadou – Member Efstathios Poulitsis – Member (from 7/9/2018)
Other board members during the year	Vasileios Konstantinidis – Member (until 7/9/2018)
Registered Office:	8A Chimarras Str. 15125 Maroussi, Greece
Registration number:	117812701000
Auditors:	KPMG Certified Auditors AE 3, Stratigou Tombra Str, 153 42 Aghia Paraskevi, Greece AM SOEL 114

Independent Auditor's Report

To the Shareholders of
OTSM SOCIETE ANONYME OF MAINTENANCE COMPULSORY STOCKS AND TRADING OF CRUDE OIL AND PETROLEUM PRODUCTS

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying Financial Statements of OTSM SOCIETE ANONYME OF MAINTENANCE COMPULSORY STOCKS AND TRADING OF CRUDE OIL AND PETROLEUM PRODUCTS (the "Company") which comprise the Statement of Financial Position as at 31 December 2018, the Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of OTSM SOCIETE ANONYME OF MAINTENANCE COMPULSORY STOCKS AND TRADING OF CRUDE OIL AND PETROLEUM PRODUCTS as at 31 December 2018 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), which have been incorporated in Greek legislation. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the ethical requirements that are relevant to the audit of the financial statements in Greece and we have fulfilled our ethical responsibilities in accordance with the requirements of the applicable legislation and the aforementioned Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs which have been incorporated in Greek legislation will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs, which have been incorporated in Greek legislation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

— Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Board of Directors' Report

Taking into consideration that Management is responsible for the preparation of the Board of Directors' Report, pursuant to the provisions of paragraph 5 of Article 2 (part B) of Law 4336/2015, we note that:

(a) In our opinion, the Board of Directors' Report has been prepared in accordance with the applicable legal requirements of Article 43a of C.L. 2190/1920 and its contents correspond with the accompanying Financial Statements for the year ended 31 December 2018.

(b) Based on the knowledge acquired during our audit, relating to the Company and its environment, we have not identified any material inaccuracies in the Board of Directors' Report.

Athens, 12 April 2019

KPMG Certified Auditors S.A.
AM SOEL 114

Michael Kokkinos, Certified Auditor Accountant
AM SOEL 12701

(All amounts in Euro thousands unless otherwise stated)

Statement of Financial Position

	Note	2018	2017
ASSETS			
Non current assets			
Deferred income tax asset	6	1.753	9.473
Total non current assets		**1.753**	**9.473**
Current assets			
Oil stock held	5	41.157	91.429
Derivative financial instruments	12	15.411	-
Trade and other receivables	7	19.911	28.990
Cash and cash equivalents	8	7.492	42
Total current assets		83.971	120.461
Total assets		**85.724**	**129.934**
EQUITY			
Share capital	9	2.000	2.000
Retained earnings and reserves	10	1.347	111
Total equity		**3.347**	**2.111**
LIABILITIES			
Current liabilities			
Trade and other payables	11	32.374	34.127
Tax payable	14	34	107
Derivative financial instruments	12	-	13.031
Borrowings	13	49.969	80.558
Total current liabilities		**82.377**	**127.823**
Total liabilities		**82.377**	**127.823**
Total equity and liabilities		**85.724**	**129.934**

The Notes on pages 12 to 36 form an integral part of these Financial Statements.

These financial statements were approved by the board on 11 April 2019.

K. H. Prince-Wright	E.Markakis	S. Doukas Lic No OEE 0100520 A’ Class
Chairman of the Board	Member of the Board	RSM Business Advisors EPE

(All amounts in Euro thousands unless otherwise stated)

Statement of Comprehensive Income

	Note	2018	2017
Revenue from contracts with customers	15	**52.964**	**33.444**
Cost of sales	16	(40.005)	(49.588)
Gross profit / (loss)		**12.959**	**(16.144)**
General and administrative costs		(265)	(222)
Operating profit / (loss)		**12.694**	**(16.366)**
Finance income	17	134	145
Finance expense	17	(3.872)	(5.212)
Finance expenses - net		(3.738)	(5.067)
Profit /(Loss) before income tax		**8.956**	**(21.433)**
Income tax	18	(7.720)	2.397
Profit /(Loss) after tax for the year		**1.236**	**(19.036)**
Other comprehensive income			
Other comprehensive income for the year net of tax		-	-
Total comprehensive income/ (loss) for the year		**1.236**	**(19.036)**

The Notes on pages 12 to 36 form an integral part of these Financial Statements.

(All amounts in Euro thousands unless otherwise stated)

Statement of Changes in Equity

	Note	Share capital	Reserves	Retained Earnings	Total Equity
Balance at 1 January 2017		**2.000**	**667**	**18.480**	**21.147**
Other comprehensive income for the year		-	-	-	-
Loss for the year		-	-	(19.036)	(19.036)
Total comprehensive loss for the year		-	-	**(19.036)**	**(19.036)**
Balance at 31 December 2017		**2.000**	**667**	**(556)**	**2.111**
Balance at 1 January 2018		**2.000**	**667**	**(556)**	**2.111**
Other comprehensive income for the year		-	-	-	-
Profit for the year		-	-	1.236	1.236
Total comprehensive income for the year		-	-	**1.236**	**1.236**
Balance at 31 December 2018		**2.000**	**667**	**680**	**3.347**

The Notes on pages 12 to 36 form an integral part of these Financial Statements.

(All amounts in Euro thousands unless otherwise stated)

Statement of Cash flows

	Note	2018	2017
Profit/ (Loss) before tax		**8.956**	**(21.433)**
Adjustments for:			
Finance expenses-net (disclosed in investing and financing activities)	17	3.738	5.067
Change of fair value of derivative financial instruments	12	(28.442)	(3.653)
		(15.748)	**(20.019)**
Changes in working capital			
Decrease in oil stock held		50.272	27.543
Decrease in trade and other receivables		9.079	22.551
(Decrease) / increase in trade and other payables		(1.827)	13.079
		41.776	**63.173**
Cash generated from operating activities		**41.776**	**43.154**
Income Taxes paid	14	-	(14.214)
Net cash generated from operating activities		**41.776**	**28.940**
Cash flows from investing activities			
Interest received	17	134	145
Net cash generated from investing activities		**134**	**145**
Cash flows from financing activities			
Net (repayments) / proceeds of long term borrowings	13	(30.000)	(24.100)
Interest paid	13	(4.460)	(5.312)
Net cash used in financing activities		**(34.460)**	**(29.412)**
Net increase / (decrease) in cash and cash equivalents		**7.450**	**(327)**
Cash and cash equivalents on the beginning of the period		**42**	**369**
Net increase / (decrease) in cash and cash equivalents		7.450	(327)
Cash and cash equivalents at the end of the period	8	**7.492**	**42**

The Notes on pages 12 to 36 form an integral part of these Financial Statements.

Notes to the Financial Statements

1 General information

OTSM S.A. OF MAINTENANCE COMPULSORY STOCKS AND TRADING OF CRUDE OIL AND PETROLEUM PRODUCTS (the "Company") operates in the oil industry. Based on the article of incorporation the Company's activities include a) holding Compulsory Stock on behalf of third parties pursuant to a Compulsory Stock Obligations (CSO) Delegation Agreement and b) trading of crude oil and petroleum products.

The Company is incorporated in Greece and the address of its registered office is 8^{A} Chimarras Str. Maroussi, Greece.

The Company is a 100% subsidiary of DMEP UK Ltd which is in turn a 100% subsidiary of DMEP HoldCo Ltd. Both DMEP HoldCo and DMEP UK are companies incorporated in the United Kingdom. The shareholders of DMEP HoldCo Ltd are Bridge Opportunity Ltd with a stake of 52% and Hellenic Petroleum International A.G with a stake of 48%.

The Company's financial year commences on 1 January and ends on 31 December. The Company was incorporated on 27 September 2011 and thus its first financial period commenced on 27 September 2011 and ended on 31 December 2012.

The Company adopts International Financial Reporting Standards as adopted by the European Union.

The Company's functional and presentation currency is the Euro, and the financial information in these Financial Statements is expressed in thousands of Euro (unless otherwise stated).

The Company's Financial Statements are included in the consolidated financial statements of DMEP HoldCo Ltd., that is registered at United Kingdom.

The Financial Statements of OTSM S.A. for the year ended 31 December 2018, were approved for issue by the Board of Directors on 11 April 2019. The shareholders of the Company have the power to amend the Financial Statements after issue.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these Financial Statements are set out below.

2.1 Basis of preparation

The Financial Statements of OTSM S.A. have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union ("EU") and are applicable by 1 January 2018 and present the financial position, the results and cash flows of the Company on going concern basis.

These Financial Statements have been prepared under the historical cost convention, except for the derivative financial assets and liabilities which are measured at fair value through profit or loss.

The preparation of Financial Statements, in accordance with IFRS, requires the use of critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 4 "Critical accounting estimates and judgments". These estimates are based on management's best knowledge of current events and actions, while actual results ultimately may differ from those estimates.

2.1.1 Going concern

During the year ended 31 December 2018, the Company's operations resulted in net profit after tax of € 1,2 million. Furthermore, as of 31 December 2018, the Company's current assets exceeded current liabilities by € 1,6 million (2017: current liabilities exceeded current assets by € 7.4 million).

The Company's activities comprise the renting of oil tanks which are used for:

- Primarily the holding of compulsory stock obligations (CSO) on behalf of third parties pursuant to a CSO Delegation Agreement and

- Storage of petroleum products on behalf of third parties in excess tank capacity which is not utilized for CSO holdings.

Income for the year (as well as that of prior years) arose from:

- CSO fees charged to a related party for the holding of reserve stock of oil under a CSO Delegation Agreement and

- A storage fee charged to the same related party under a general service agreement which expires on 29 December 2021 ("GSA") for the storage of petroleum products owned by the related party in the existing tank capacity.

As such, the business model of the Company as well as its cash flows are largely dependent on the full utilization of tank capacity (either in the form of holding compulsory stocks or in the form of storage of products).

During 2017, the Company incurred significant losses mainly as a result of not being able to fully rent out excess tank capacity. During 2018, management successfully reduced its tank capacity to a more suitable level which was fully utilized. Furthermore the GSA was amended in 2018 and based on the amended GSA the related company has committed to utilize all excess tank capacity in 2018. This amendment has resulted in the generation of additional cash flows and in increased profitability. The increased cash flows have been utilized to settle part of the payables to the related party. Management has reasonable expectation that during 2019 the amendment will be extended with the same terms. Furthermore CSO volumes were reduced significantly during the last quarter of 2018 and are expected to remain at the same levels during 2019. As a result, management reduced the total leased tank capacity by cancelling further tank leases, at no cost, to a level which it expects will be utilized by the related party.

Based on this, cash flow projections in the foreseeable future continue to show a positive cash generative position. The Company's business activities, together with the factors likely to affect its future development, performance and position have been set out in its business plan.

The bond loan is fully collateralized by the holding levels of stocks, which is fully hedged for oil price risk. In the event that the bond loan is required to be repaid, the Company would sell the oil and settle the swap. The related party has committed to continue to co-operate in a mutually beneficial manner with the Company and will not seek a full repayment of their receivable from the Company until the Company's working capital position is positive and it has sufficient liquidity to meet its outstanding obligations.

Based on the above, the Company's management have concluded that the going concern is the appropriate basis of preparation of the current year's financial statements and there are no material uncertainties that would lead to significant doubt on the entity's ability to continue operating on a going concern basis.

2.1.2 New standards, amendments to standards and interpretations

New and amended standards adopted by the Company.

The accounting principles and calculations used in the preparation of the financial statements are consistent with those applied in the preparation of the financial statements for the year ended 31 December 2017 and have been consistently applied in all periods presented in this report except for the following IFRS's which have been adopted by the Company as of 1 January 2018. The Company applies for the first time, IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. As required by IAS 8, the nature and effect of these changes are disclosed below. Several other amendments and interpretations apply for the first time in 2018 but do not have an impact on the financial statements of the Company for the year ended 31 December 2018.

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

  The Company adopted the new standard as of 1 January 2018 without restating comparative information.

(a) Classification and measurement

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

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

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

(b) Impairment

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

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

There was no effect on the statement of financial position as at 1 January 2018.

(c) Hedge accounting

At the date of the initial application, the Company had entered into two derivative transactions of commodity price swaps which have not been designated as hedging instruments, and as such, the adoption of the hedge accounting requirements of the new standard had no impact on the Company's financial statements.

- *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 in the Company's ordinary activities (e.g. sales of property, plant and equipment or intangible).

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

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

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

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

Standards issued but not yet effective and not early adopted

The Company has not early adopted any other of the following standard, interpretation or amendment that has been issued but is not yet effective.

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

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

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

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

  The actual impacts of adopting the standard on 1 January 2019 may change because the new accounting policies and estimates are subject to change until the Company presents its first financial statements that include the date of initial application.

  Transition

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

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

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

  Leases in which the Company is a lessee

  The Company will recognize new rights of use assets and liabilities, mainly for its existing oil tank operating leases. Subsequent to initial recognition, the Company will a) measure the right-of-use asset by applying the cost model and depreciate it on a straight line basis up to the end of the lease term and b) measure the lease liability by increasing and reducing the carrying amount to reflect interest on the lease liability and lease payments made, respectively.

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

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

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

€ 73 million as at 1 January 2019 and additional right-of-use assets in the range of € 73 million. The estimated impact on the EBITDA of the Company is an increase in the range of € 26 million because the rental expenses will be replaced by rights of use of assets' amortization and finance cost.

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

- *IFRS 9 (Amendment) Prepayment features with negative compensation:* The Amendment is effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value through other comprehensive income.

- *IFRIC Interpretation 23: Uncertainty over Income Tax Treatments:* The Interpretation is effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances.

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

- *IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material' (Amendments)* The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards. These Amendments have not yet been endorsed by the EU.

- The IASB has issued the *Annual Improvements to IFRSs 2015 – 2017 Cycle*, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. These annual improvements have not yet been endorsed by the EU.

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

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

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Financial Statements are presented in Euro, which is the Company's functional and presentation currency. Given that certain of the Company's activities involve oil transactions, in line with industry practices, most crude oil and oil products are based on the international reference prices of crude oil and oil products in US Dollars. The Company translates this value to Euro at the time of each transaction.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income in the Financial Statements' line that is relevant to the specific transaction, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

2.3 Property, plant and equipment

Motor vehicles represent tanker trucks. Motor vehicles are shown at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized.

Repairs and maintenance are charged to the statement of comprehensive income as incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, as shown on the table below for the main classes of assets:

– Motor vehicles	5 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer to Note 2.4).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount.

2.4 Impairment of non-financial assets

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

2.5 Financial assets

The Company classifies its financial assets in the following categories: Financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. As at 31 December 2018 all financial assets represent derivative financial instruments for hedging purposes and loans and receivables as classified below:

2.5.1 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables include "Trade and other receivables" and "Cash and cash equivalents" in the statement of financial position.

2.5.2 Recognition and measurement

Purchases and sales of financial assets are recognized on trade-date –which is the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Loans and receivables are carried at amortized cost using the effective interest method.

2.5.3 Impairment of financial assets

For trade receivables, the Company applies a simplified approach in calculating Expected Credit Losses (ECLs). Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Impairment testing is described in Note 2.8.

2.5.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet, when there is a legally enforceable right to offset the recognized amounts and there is a decision to settle on a net basis or realize the asset and settle the liability simultaneously, otherwise assets and liabilities are presented separately in the financial statements. The clearance of the balances can be done at a net basis if respecting agreement with the counterparty exists.

2.6 Derivative financial instruments and hedging activities

As part of its risk management policy, the Company utilizes financial and commodity derivatives to mitigate the impact of future price volatility of crude oil and petroleum products. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Depending on the characteristics of each transaction, the respective derivative may be designated as a hedging instrument. In cases where it is designated, the Company designates these derivatives as either:

(a) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge) or;

(b) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Company documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions.

The documentation also includes both at hedge inception and on an ongoing basis how it will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedges

The effective portion of changes in the fair value of these derivatives is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the statement of comprehensive income within "Other operating income / (expenses) and other gains / (losses)". Amounts accumulated in equity are recycled in the statement of comprehensive income in the periods when the hedged item affects profit or loss (i.e. when the forecast transaction being hedged takes place) within cost of sales.

When a hedging instrument expires or is sold, or a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the statement of comprehensive income. When a forecast transaction is no longer expected to occur, the derivative is de-designated and the cumulative gain or loss that was reported in equity is immediately transferred to the statement of comprehensive income within "Other operating income / (expenses) and other gains / (losses)".

Derivatives held for trading

Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for at fair value through profit or loss. Changes in the fair value of the derivative instruments that do not qualify for hedge accounting are recognized immediately in the statement of comprehensive income.

2.7 Oil Stock held

Oil stocks are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

The cost of oil stock is determined using the costing formula of weighted average. Goods exchanged or swapped for goods of a similar nature and value were not regarded as purchases.

2.8 Trade receivables

Trade receivables, which generally are settled within one month, are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

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

2.9 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments such as marketable securities and time deposits with original maturities of three months or less. Cash deposited in special accounts for the settlement of derivatives are classified under other receivables.

2.10 Share capital

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

2.11 Borrowings

Borrowings essentially represent the major part of the Company's financial liabilities.

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

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

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. At the end of the reporting period payable amounts of bank overdrafts are included within borrowings in current liabilities on the statement of financial position. In the statement of cash flows, bank overdrafts are shown within financing activities.

2.12 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of comprehensive income, except to the extent that it relates to items recognized directly in equity. In this case, the tax is also recognized in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

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

2.13 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently are measured at amortized cost and using the effective interest method. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

2.14 Provisions

Provisions for environmental restoration and legal claims are recognized when: The Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value reflects current market assessments of the time value of money and the increases specific to the liability.

2.15 Environmental liabilities

Liabilities for environmental remediation costs are recognised when environmental assessments or clean-ups are probable and the associated costs can be reasonably estimated. Generally, the timing of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites.

2.16 Revenue recognition

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

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

Revenue is recognised as follows:

(a) Sales of goods – Oil stock transactions

Revenue on sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales of goods are recognized when the Company has delivered the products to the customer; the customer has accepted the products; and collectability of the related receivables is reasonably assured. Sales of goods undertaken in the course of ordinary activities that are incidental to the main revenue-generating activities are not regarded as sales. These incidental activities relate to the regular semi-annual renewal of safety stock. When goods are exchanged or swapped for goods which are of a similar nature and value the exchange is not regarded as a transaction which generates revenue.

(b) Sales of services

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

(c) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

2.17 Leases

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

The Company does not presently have any leases that are classified as finance leases.

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

2.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's Financial Statements in the period in which the dividends are approved, by the Company's Shareholders' General Meeting.

2.19 Comparative figures

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

3 Financial risk management

3.1 Financial risk factors

The Company's activities include oil transactions which involve crude oil, diesel and unleaded gasoline as well as holding CSO's on behalf of third parties. 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 fair value 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.

Commodity price risk management is supervised by Management following approval of the Company's Board of Directors.

(a) Market risk

(i) Foreign exchange risk

As explained in note 2.2 "Foreign currency translation", the functional and presentation currency of the Company is the Euro. However, in line with industry practice in all international crude oil and oil trading transactions, underlying commodity prices are based on international reference prices quoted in US dollars.

Foreign currency exchange risk arises on two types of exposure:

- **Financial Position translation risk:** All of the oil stock held by the Company is reported in Euro while its underlying value is determined in USD. Thus, a possible devaluation of the USD against the Euro leads to a reduction in the realizable value of oil stock included in the Statement of Financial Position. In order to manage this risk, the Company has entered into derivative transactions involving cash flow hedges. There are no financial assets or liabilities in foreign currency.

- **Gross Margin transactions and translation risk:** Transactions in crude oil and oil products are based on international Platt's USD prices. This leads to exposure in terms of the Gross Margin translated in Euro. This exposure is linearly related to the Gross margin of the Company in that the appreciation of Euro vs. USD leads to a respective translation loss on the period results. USD denominated transactions are cash settled in Euro by applying market USD to Euro exchange rates.

(ii) Commodity price risk

The Company's primary activity as an entity which has undertaken part of a third's party compulsory stock obligation results into exposure to commodity price risk. Changes in current or forward absolute price levels vs acquisition costs affect the value of oil stock. Essentially commodity price risk is driven from crude oil price fluctuations between the date that it acquires oil stock and the one that it sells the oil stock.

In the case of price risk, the level of exposure is determined by the amount of priced oil stock carried at the end of the reporting period. In periods of sharp price decline, as Company's policy is to report its oil stock at the lower of historical cost and net realizable value, results are affected by the reduction in the carrying value of the oil stock. The extent of the exposure relates directly to the level of oil stocks and rate of price decrease. This exposure is hedged with derivatives to the extent that the cost of such instruments is considered positive, from a risk – return point of view and subject to the structure of the market (contango vs. backwardation).

The sensitivity of the fair value of the open derivatives contracts affecting the Company's total comprehensive income to an immediate 5% increase or decrease in all reference prices, would have been € 2m as at 31 December 2018 (2017: € 5m). This figure is offset with the respective gains / losses arising from the Company's oil stocks.

(iii) Cash flow and fair value interest rate risk

(All amounts in Euro thousands unless otherwise stated)

The Company's income and operating cash flows are substantially independent of changes in market interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk, while borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's borrowings are all of variable rates of interest. Depending on the levels of net debt at any given period of time, any change in the base interest rates (EURIBOR or LIBOR), has a proportionate impact on the Company results. At 31 December 2018, if interest rates on Euro denominated borrowings had been 0,5% higher with all other variables held constant, post-tax losses for the year would have been € 250 thousand greater (2017: € 400 thousand).

(b) Credit risk

Credit risk is managed by the Company's Management. Credit risk arises from cash and cash equivalents, derivative financial instruments, as well as credit exposures to customers, including outstanding receivables and committed transactions. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the credit quality of the customer is assessed, taking into account its financial position, past experience and other factors. The utilization of credit limits and indication of impairment are regularly monitored.

The counterparties of derivative financial instruments are local Greek Banks with credit rating Caa2 from Moody's.

The Financial instruments that have the major credit exposure are as follows:

	2018	2017
Derivative financial instruments	15.411	-
Trade and other receivables	19.911	28.990
Cash and cash equivalents	7.492	42
Total	**42.814**	**29.032**

(c) Liquidity risk

Prudent liquidity risk management entails maintaining sufficient cash, the availability of funding through the issued bond loan and the credit terms of the fee agreements entered into with third parties which fully meet the Company's working capital needs.

Further details of the bond loan are provided in note 13, "Borrowings".

The table below analyses the Company's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual cash flows. Trade and other payables equal their carrying balance as the impact of discounting is not significant.

Less than a year	2018	2017
Borrowings (including interest to maturity)	50.993	81.808
Derivative financial instruments	-	13.031
Trade and other payables	32.374	34.127
Total	**83.367**	**128.965**

(All amounts in Euro thousands unless otherwise stated)

3.2 Capital risk management

The Company's objective with respect to capital structure, which includes both equity and debt funding, is to safeguard its ability to continue as a going concern and to have in place an optimal capital structure from a cost perspective.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the Statement of Financial Position) less "Cash & Cash equivalents". Total capital employed is calculated as "Total Equity" as shown in the Statement of Financial Position plus net debt.

Due to the nature of the Company's operations the gearing ratio is high.

The gearing ratio as at 31 December 2018 and 2017 was as follows:

	2018	2017
Total Borrowings (Note 13)	49.969	80.558
Less: Cash and equivalents (Note 8)	(7.492)	(42)
Net Debt	**42.477**	**80.516**
Total Equity	3.347	2.111
Total capital employed	**45.824**	**82.627**
Gearing ratio	92,6%	97%

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. 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 that are measured at fair value at 31 December 2018 and 2017:

As at 31 December 2017	**Level 1**	**Level 2**	**Level 3**
Liabilities	-	13.031	-
Derivatives financial instruments	-	**13.031**	-

As at 31 December 2018	**Level 1**	**Level 2**	**Level 3**
Assets	-	15.411	-
Derivatives financial instruments	-	**15.411**	-

The valuation prices for Company's derivatives are provided by financial institutions and are based on marketable data (traded futures).

The fair value of financial instruments traded in active markets (such as publicly traded derivatives) 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, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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 maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

3.4 Reporting variance on valuation

For risk management purposes the Company aims to maintain a fully hedged position through derivatives, which however are not designated as hedges and thus no hedge accounting is applied. The valuation of its oil stocks at the balance sheet date is done on the basis of the lower of cost and NRV (10 days average after the balance sheet date on a consistent basis) whereas the valuation of the derivative contracts is done on the basis of the forward prices prevailing at the balance sheet date and refer to the future date of closing the hedged position. The different basis of valuation creates a mismatch which may impact either positively or negatively the results of the Company. As of 31 December 2018, if the stock was sold and the derivative contract closed then the Company's loss before tax would be € 1.8 lower (2017: € 11.2m lower losses).

4 Critical accounting estimates and judgements

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

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

(a) Income taxes

Estimates are required in determining the provision for income taxes that the Company is subjected to. This requires significant judgment. There are some transactions and calculations for which the ultimate tax determination is uncertain.

The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(b) Fair value of derivatives and other financial instruments

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. The Company selects methods that are based on market conditions existing at the end of each reporting period. To this effect the Company uses valuations received from the specialised departments of Financial Institutions.

(All amounts in Euro thousands unless otherwise stated)

(c) Estimated impairment of non-financial asset

The Company tests annually whether investments and non-financial assets have suffered any impairment in accordance with its accounting policies. Significant judgement is involved in management’s determination of these estimates.

(d) NRV test

The Company uses its judgement based on the experience in the industry to select the best estimate for future selling prices, on a consistent basis an average of spot prices during a period shortly after the Financial Position date is selected to be the basis for this estimate unless there is commitment or certainty that stock at the balance sheet date will be disposed in predetermined dates which alternatively form the basis of the NRV estimate.

(e) Hedging effectiveness testing

The Company uses the “dollar offset method” for the retrospective on-going assessment of hedge effectiveness. The hedging instrument’s reference index is a future index at the ICE Future Exchange. However, the testing is performed not using future prices but with outright prices from Platt’s market Crudewire since forecast values is expected to be priced with the Brent quotation from the Platt’s platform. The correlation of the two indices is high.

From 2015 onwards the Company has decided to not apply hedge accounting for derivatives used to hedge exposure in crude oil commodity prices. Derivatives are accounted for as held for trading with charges in the profit and loss thereby creating fluctuations in the Income Statement at year end.

5 Oil Stock held

	2018	2017
Crude oil	40.666	76.936
Unleaded gasoline	491	9.670
Diesel	-	4.823
Total	**41.157**	**91.429**

Write-down of oil stock to net realisable value, included in ‘Cost of Sales’ in the statement of comprehensive income, as at 31 December 2018 amounted to € 15mil (2017: € nil).

Oil Stock represent compulsory stock obligation (CSO) delegated by Hellenic Petroleum S.A. to the Company under a CSO Delegation Agreement in line with the legal framework.

(All amounts in Euro thousands unless otherwise stated)

6 Deferred income tax asset/ (liability)

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

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

	2018	2017
Opening balance	**9.473**	**7.076**
Income statement (charge) / recovery	(7.720)	2.397
	-	-
End of period	**1.753**	**9.473**

Deferred tax relates to the following types of deductible (taxable) temporary differences:

	2018	2017
Unamortised up front loan fees	(63)	(14)
Valuation of derivative financial instruments	(4.315)	3.779
Temp difference on deferred income	1.730	1.938
Tax losses	4.400	3.770
Net deferred income tax asset/(liability)	**1.753**	**9.473**
Deferred income tax assets	**1.753**	**9.473**

The company has proceeded in partial recognition of Deferred Tax Asset in relation to the accumulated tax losses for the year 2018 which are estimated to € 37 million of which an amount of €15,9 million are considered recoverable throughout the next five years according to management business plan. All the above amounts except for the Deferred Tax Asset on Tax losses which is expected to be utilized in the next 5-year period, are utilized within the next twelve months.

7 Accounts receivable and other receivables

	2018	2017
Trade receivables - related parties	11.797	3.094
Other receivables	8.114	25.896
Total	**19.911**	**28.990**

Trade receivables represent fee income receivable from related parties.

Other receivables in 2018 represent mainly: a) margin accounts of € 5.000 (2017: € 5.000) maintained at financial institutions which serve as collateral against outstanding derivative transactions b) amounts receivable from Greek State € 788 (2017: € 768), c) vat receivable € 1.526 (2017: € 12.198) and d) income tax advance payment € 747 (2017: € 7.925) (Note 14).

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

As at 31 December 2018 there are no past due, doubtful or impaired receivables.

(All amounts in Euro thousands unless otherwise stated)

8 Cash and cash equivalents

	2018	2017
Cash at bank and in hand	7.492	42
Total cash and cash equivalents	**7.492**	**42**

The weighted average effective interest rate as on cash and cash equivalents as at 31 December 2018 and 2017 was 0,3% and 0,3% respectively. All cash and cash equivalents are denominated in Euro.

9 Share capital

	Number of shares (authorised and issued)	Nominal Value	Total Share Capital
As at 31 December 2018 and 2017	**666.667**	**3**	**2.000.001**

The amounts in the above table are stated in Euro.

All ordinary shares were authorized, issued and fully paid. The nominal value of each ordinary share is € 3,00 (2017: € 3,00).

The bond loan restricts the issue of any shares, payment of dividends or any other distribution to shareholders unless the Company obtains bondholders consent.

10 Retained earnings and reserves

	Retained Earnings	Statutory reserve	Total
Opening balance at 1 January 2017	**18.480**	**667**	**19.147**
Loss after tax for the period	(19.036)	-	(19.036)
Balance at 31 December 2017	**(556)**	**667**	**111**
Opening balance at 1 January 2018	**(556)**	**667**	**111**
Profit after tax for the period	1.236	-	1.236
Balance at 31 December 2018	**680**	**667**	**1.347**

Statutory reserves

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

Profit appropriation has to be approved by the Shareholder's General assembly.

11 Trade and other payables

	2018	2017
Trade payables - related parties	32.330	34.120
Accrued expenses	24	-
Other payables	20	7
Total	**32.374**	**34.127**

The fair value of trade and other payables approximate their carrying amount as they relate to short term and interest free liabilities.

12 Derivative financial instruments

	2018			2017		
Commodity Derivative type	**Notional**	**Amount**	**Assets**	**Notional**	**Amount**	**Liabilities**
	MT'000	**Bbls´000**	**Euro**	**MT'000**	**Bbls´000**	**Euro**
Commodity Swaps	116	846	15.411	253	1.848	(13.031)
			15.411			**(13.031)**
Total			**15.411**			**(13.031)**

The Company uses derivative financial instruments to manage certain exposures to fluctuations in commodity prices and foreign currency exchange rates on a highly probable forecast transaction. In this framework, on 26 October 2018, the Company has entered into two derivative transactions of commodity price swaps which have not been designated by the Company as hedging instruments and any changes in their fair value is recorded in the statement of comprehensive income within "Cost of Sales" (Note 16) for the year ended 31 December 2018.

The maximum exposure to credit risk at the reporting date is the fair value of potential derivative liabilities in the statement of financial position.

13 Borrowings

Borrowings currently amount to € 50.000. In October 2018 the Company repaid the open bond loan balance of 31 December 2017 of € 80.000 and raised a new bond loan of € 50.000.

The bond loan is guaranteed by the parent companies DMEP UK Ltd and DMEP Holdco Ltd. In addition the bond holders have pledges on the parent companies' shares and liens on the Company's insurance contracts, other agreements and bank accounts.

The effective interest, as at 31 December 2018 and 31 December 2017 amounted to 2,55% and 4,85% respectively.

Pricing for the year ended 31 December 2018, was Euribor plus 4,85% margin up to 25 October 2018 and Euribor plus 2,55% margin thereafter.

The carrying amounts of the Company's borrowings which approximate their fair value are denominated in Euro.

(All amounts in Euro thousands unless otherwise stated)

Below is a table listing notional amount, accrued interest and unamortized fees composing borrowings:

	2018	2017
Notional amount	50.000	80.000
Accrued interest expenses	193	605
Unamortized upfront fees	(224)	(47)
Total	**49.969**	**80.558**

The movement has as follows:

	2018	2017
Opening balance	80.558	104.757
Capital repayment	(80.000)	(24.100)
Proceeds from new bond loan	50.000	-
Interest and other charges payable	3.695	5.131
Interest and other charges paid	(4.460)	(5.312)
Change in up-front fees	176	82
Closing balance	**49.969**	**80.558**

14 Taxes payable

	2018	2017
Withheld taxes on Bond loan interest	34	107
Total	**34**	**107**

Movement of income tax advances (Note 7) was as follows:

	2018	2017
Opening balance	(7.925)	**6.300**
Income tax advance	-	(7.925)
Taxes paid	-	(6.289)
Taxes refunded	7.029	-
Other	178	(11)
Closing balance	**(747)**	**(7.925)**

(All amounts in Euro thousands unless otherwise stated)

15 Revenue from contracts with customers

	2018	**2017**
Sale of services - CSO Fees	13.485	14.856
Sale of services - Storage fees	39.479	18.588
Total	**52.964**	**33.444**

All sales are provided exclusively in Greece to related parties. Sales represent fees charged to Hellenic Petroleum S.A in accordance with a CSO Delegation agreement and a Storage Agreement that have been put in place. The delegation fee is calculated based upon the requirements of the legal framework which stipulate that it should be based upon the operating costs of storing safety stocks and a reasonable return for capital employed in the storage operations. In December 2015 the delegation fee was revised from € 11,40 /M.T to € 4,90 / M.T During 2018 it was further revised to € 5,00 / M.T. in March 2018 and in € 11,00 / M.T. in October 2018. Furthermore the Storage Agreement was amended in April 2018, in order to incorporate a clause about the maximum and minimum quantities of oil stock that will be stored.

16 Cost of sales

	2018	**2017**
Cost of services rendered	46.249	57.527
(Gains) arising from goods sold incidental to main revenue generating activity	(18.766)	(6.740)
(Gains)/ losses in derivative financial instruments	12.522	(1.199)
Total	**40.005**	**49.588**

The analysis of (gains) / losses of derivatives financial instruments are as follows:

	2018	**2017**
Realized (gains)/ losses of the year	40.963	2.456
Unrealized losses at year end	(15.410)	13.030
Recycling of prior year Unrealized (gains)/ losses at year end	(13.031)	(16.685)
Total	**12.522**	**(1.199)**

(All amounts in Euro thousands unless otherwise stated)

17 Finance expenses - net

	2018	2017
Finance income		
Interest income	134	145
Total finance income	**134**	**145**
Finance expense		
Accrued Interest	193	605
Interest expense and similar charges	3.679	4.607
Total finance expense	**3.872**	**5.212**
Finance expense-net	**3.738**	**5.067**

18 Income tax expense

	2018	2017
Effect of change in tax rate to deferred tax	130	-
Deferred tax (current year)	7.590	(2.397)
Total	**7.720**	**(2.397)**

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

Reconciliation between income tax expense and the product of accounting profit multiplied by the applicable tax rate for the period ended 31 December 2018 and 31 December 2017 is as follows:

	2018	2017
(Loss)/ profit before income tax	**8.956**	**(21.433)**
Tax credit /(expense) at corporate tax rate of 29%	(2.597)	6.215
Effect of tax rate change on deferred tax	(130)	-
Non-deductible expenses	(1)	(8)
Tax losses for which no deferred income tax was recognised	(4.031)	(2.434)
Net interest cost for which no deferred income tax was recognized (thin capitalization)	(961)	(1.376)
Income tax expense	**(7.720)**	**2.397**

In 2014, thin capitalization rules as per art. 49 of law 4172/2013 were applied for the first time, whereby the net interest expense is deductible up to a certain percentage of tax EBITDA (60% for 2014, 50% for 2015, 40% for 2016 and 30% thereafter).The net interest expense that exceeds the EBITDA threshold in any year can be offset against future taxable profits without any time constraints.

(All amounts in Euro thousands unless otherwise stated)

For financial years ending 31 December 2011 onwards, Greek companies meeting certain criteria were subject to annual tax audits from their statutory auditors. This audit results in the issuance of a Tax Certificate, however the tax authorities reserve the right of future tax audit. The Company has been audited by its respective statutory auditor and has obtained unqualified tax audit certificates for the financial years ended 31 December 2011-2017.

According to recent legislation, the tax audit and the issuance of tax certificates is also valid from 2016 onwards but on an optional basis. The tax compliance examination for the tax year ended 31 December 2018 is currently in progress. Management believes that no additional material liabilities will arise, over those already recognized in the Financial Statements, as a result of the tax compliance audit which is on open tax years.

19 Related party transactions

i) Sales and exchange of goods and services - HELPE	**2018**	**2017**
Sales of goods incidental to main revenue generating activity	217.614	244.684
Exchange of goods	402.090	511.939
Sales of services	52.964	33.444
Total	**672.668**	**790.067**

ii) Purchases and exchange of goods and services	**2018**	**2017**
Purchases of goods incidental to main revenue generating activity - HELPE	148.576	210.400
Exchange of goods - HELPE	402.091	511.939
Purchases of services - HELPE	46.249	57.527
Purchases of services - Basil Capital Limited	16	8
Total	**596.932**	**779.874**

iii) Balances arising from sales/purchases of goods /services - HELPE	**2018**	**2017**
Receivables from related parties (Note 7)	11.797	3.094
	11.797	**3.094**
Payables to related parties (Note 11)	32.330	34.120
	32.330	**34.120**
Net balances from related parties	**(20.533)**	**(31.026)**

Included in the statement of financial position are balances which have arisen from sales/purchases of goods and services in the ordinary course of business on an arm's length basis.

Sale of services represent co-storage rentals and delegation fees for the stockholding of compulsory stocks while purchase of services represent tank operation and tank rental fees.

The delegation fee is calculated based upon the requirements of the legal framework which stipulate that it should be based upon the operating costs of storing safety stocks and a reasonable return for capital employed in the storage operations.

All transactions with related parties in accordance with IAS 24 are effected under normal trading and commercial terms.

The majority of the above related parties' transactions were entered into with Hellenic Petroleum S.A.

Hellenic Petroleum S.A. has a 48% stake in the Company through its subsidiary Hellenic Petroleum International A.G.

The natural directors did not receive any remuneration from their employer related to the services rendered as a director of the Company (2017 – nil). Personal Director services were provided by Basil Capital Limited ("Basil") who appoints a physical director. Total management fees charged to OTSM during the year amounted to € 16 (2017- € 8).

20 Commitments and contingencies

(a) Litigation

The Company is not involved in any pending litigation.

(b) Leases as lessee

At the end of the reporting period the Company does not hold any material non-cancelable operating leases. However, the Company leases a number of oil tanks from Hellenic Petroleum S.A. under an operating lease which is cancelable by the Company at any time without penalty. The duration of the lease agreement is 10 years (24.11.2011 – 23.11.2021) and the annual rental expense, after the last amendment, is approximately € 40 million. Consequently, the minimum lease payments until the maturity of the agreement are € 117 million.

(c) Put and call option

The Company is counterparty to an outstanding put and call option agreement with Hellenic Petroleum S.A. to sell oil stock to Hellenic Petroleum S.A. on 23 April 2019. The put and call option may be exercised by either counterparty at any time before this date under certain conditions. The value of these two options (put and call) is immaterial due to the fact that the terms of the agreement are such that the transaction will be market priced resulting in zero payoff at any time of exercise.

(*d) Open tax years*

The Company estimates, due to the nature of the operations and the accumulated tax losses, that any audit by the tax authorities for the open years (2013-2018) will not have a material effect on the Company's Financial Position (note 18).

21 Events after the end of the reporting period

There were no material events after the end of the reporting period and up to the date of publication of the financial statements.