HELLENIC PETROLEUM S.A.

Financial Statements

in accordance with IFRS for the

year ended 31 December 2014

GENERAL COMMERCIAL REGISTRY: 000269901000

COMPANY REGISTRATION NUMBER: 2443/06/B/86/23

REGISTERED OFFICE: 8^{A} CHIMARRAS STR, 15125 MAROUSSI, GREECE

Index to the financial statements

(All amounts in Euro thousands unless otherwise stated)

Company Information

Directors	Ioannis Papathanasiou – Chairman of the Board John Costopoulos – Chief Executive Officer, Member Theodoros-Achilleas Vardas –Member Andreas Shiamishis –Member Vassilios Nikoletopoulos –Member Panagiotis Ofthalmides –Member Theodoros Pantalakis –Member Spyridon Pantelias –Member Konstantinos Papagiannopoulos –Member Christos Razelos, Member Ioannis Raptis, Member Ioannis Sergopoulos –Member Aggelos Chatzidimitriou, Member

John Costopoulos, Theodoros-Achilleas Vardas and Andreas Shiamishis are executive members of the board

Other Board Members during the year	Christos-Alexis Komninos – Chairman of the Board (23/12/2011 - 23/2/2014)
Registered Office:	8A Chimarras Str. 15125 Maroussi, Greece
Registration number:	2443/06/B/86/23
General Commercial Registry	000269901000
Auditors:	PricewaterhouseCoopers S.A. 268 Kifissias Ave. 152 32 Halandri Athens, Greece

Independent auditor's report

To the Shareholders of Hellenic Petroleum S.A.

Report on the Financial Statements

We have audited the accompanying financial statements of Hellenic Petroleum S.A. (the "Company") which comprise the statement of financial position as of 31 December 2014 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Hellenic Petroleum S.A. as at December 31, 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Reference on Other Legal and Regulatory Matters

a) a) Included in the Board of Directors' Report is the corporate governance statement that contains the information that is required by paragraph 3d of article 43a of Codified Law 2190/1920.

b) b) We verified the conformity and consistency of the information given in the Board of Directors' report with the accompanying financial statements in accordance with the requirements of articles 43a, and 37 of Codified Law 2190/1920.

Athens, 26 February 2015

The Certified Auditor Accountant

PricewaterhouseCoopers S.A.

SOEL Reg. No. 113

Konstantinos Michalatos

SOEL Reg.No. 17701

(All amounts in Euro thousands unless otherwise stated)

Statement of Financial Position

	Note	As at 31 December 2014	31 December 2013
ASSETS			
Non-current assets			
Property, plant and equipment	**6**	2.767.874	2.804.714
Intangible assets	**7**	11.477	10.776
Investments in subsidiaries, associates and joint ventures	**8**	659.826	654.068
Deferred income tax assets	**17**	174.573	25.056
Available-for-sale financial assets		50	45
Loans, advances and long-term assets	**9**	142.980	142.742
		3.756.780	**3.637.401**
Current assets			
Inventories	**10**	543.783	882.040
Trade and other receivables	**11**	899.057	865.560
Derivative financial instruments	**21**	-	5.263
Cash, cash equivalents and restricted cash	**12**	1.593.262	739.311
		3.036.102	**2.492.174**
Total assets		**6.792.882**	**6.129.575**
EQUITY			
Share capital	**13**	1.020.081	1.020.081
Reserves	**14**	429.994	561.694
Retained Earnings		(273.388)	24.594
Total equity		**1.176.687**	**1.606.369**
LIABILITIES			
Non-current liabilities			
Borrowings	**16**	1.760.493	1.226.430
Retirement benefit obligations	**18**	74.495	72.527
Provisions for other liabilities and charges	**19**	3.000	3.000
Other long term liabilities	**20**	11.618	13.895
		1.849.606	**1.315.852**
Current liabilities			
Trade and other payables	**15**	2.614.360	2.053.275
Derivative financial instruments	**21**	60.087	-
Current income tax liabilities		16.901	6.952
Borrowings	**16**	1.010.114	1.145.820
Dividends payable		65.127	1.307
		3.766.589	**3.207.354**
Total liabilities		**5.616.195**	**4.523.206**
Total equity and liabilities		**6.792.882**	**6.129.575**

The Notes on pages 11 to 62 are an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 26 February 2015.

I. Papathanasiou	J. Costopoulos	A. Shiamishis	R. Karahannas
Chairman of the Board	Chief Executive Officer	Deputy Chief Executive Officer & Chief Financial Officer	Accounting Director

(All amounts in Euro thousands unless otherwise stated)

Statement of Comprehensive Income

	Note	For the year ended 31 December 2014	31 December 2013
Sales		**8.750.184**	**8.946.258**
Cost of sales		(8.873.491)	(8.890.437)
Gross profit		**(123.307)**	**55.821**
Selling and distribution expenses		(112.547)	(122.552)
Administrative expenses		(75.684)	(75.886)
Exploration and development expenses	**23**	(4.266)	(2.992)
Other operating income/(expenses) - net	**24**	(1.174)	(68.233)
Dividend income		68.974	17.122
Operating profit / (loss)		**(248.004)**	**(196.720)**
Finance (expenses)/income -net	**25**	(173.251)	(164.692)
Currency exchange gains/(losses)	**26**	(5.540)	1.871
Profit / (loss) before income tax		**(426.795)**	**(359.541)**
Income tax expense	**27**	113.245	65.911
Profit / (Loss) for the year		**(313.550)**	**(293.630)**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial gains / (losses) on defined benefit pension plans	**18**	(3.939)	(2.349)
		(3.939)	**(2.349)**
Items that may be reclassified subsequently to profit or loss:			
Fair value gains / (losses) on cash flow hedges	**14**	(44.773)	9.404
Derecognition of gains/(losses) on hedges through comprehensive income	**14**	(3.586)	31.465
Other Comprehensive income / (loss) for the year, net of tax		**(52.298)**	**38.520**
Total comprehensive (loss)/income for the period		**(365.848)**	**(255.110)**
Basic and diluted earnings per share (expressed in Euro per share)	**28**	**(1,03)**	**(0,96)**

The Notes on pages 11 to 62 are 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 2013		**1.020.081**	**523.400**	**363.592**	**1.907.073**
Actuarial gains/(losses) on defined benefit pension plans		-	(2.349)	-	(2.349)
Fair value gains / (losses) on cash flow hedges	**14**	-	9.404	-	9.404
Derecognition of gains/(losses) on hedges through comprehensive income	**14**	-	31.465	-	31.465
Other comprehensive income		**-**	**38.520**	**-**	**38.520**
Profit / (Loss) for the year		-	-	(293.630)	(293.630)
Total comprehensive income for the year		**-**	**38.520**	**(293.630)**	**(255.110)**
Share based payments	**13**	-	(226)	477	251
Dividends		-	-	(45.845)	(45.845)
Balance at 31 December 2013		**1.020.081**	**561.694**	**24.594**	**1.606.369**
Actuarial gains/(losses) on defined benefit pension plans	**18**	-	(3.939)	-	(3.939)
Fair value gains / (losses) on cash flow hedges	**14**	-	(44.773)	-	(44.773)
Derecognition of gains/(losses) on hedges through comprehensive income	**14**	-	(3.586)	-	(3.586)
Other comprehensive income / (loss)		**-**	**(52.298)**	**-**	**(52.298)**
Profit / (Loss) for the year		-	-	(313.550)	(313.550)
Total comprehensive income for the year		**-**	**(52.298)**	**(313.550)**	**(365.848)**
Share based payments	**13**	-	(24)	275	251
Distribution of tax free reserves	**30**	-	(64.277)	192	(64.085)
Transfer to tax on distributed tax free reserves	**30**	-	(15.101)	15.101	-
Balance at 31 December 2014		**1.020.081**	**429.994**	**(273.388)**	**1.176.687**

The Notes on pages 11 to 62 are an integral part of these financial statements.

(All amounts in Euro thousands unless otherwise stated)

Statement of Cash flows

	Note	For the year ended 31 December 2014	31 December 2013
Cash flows from operating activities			
Cash generated from operations	**31**	691.270	83.803
Income tax paid		(13.440)	-
Net cash generated from operating activities		**677.830**	**83.803**
Cash flows from investing activities			
Purchase of property, plant and equipment & intangible assets		(107.783)	(85.101)
Proceeds from disposal of property, plant and equipment & intangible assets		-	2
Dividends received		48.171	13.748
Interest received	**25**	20.589	16.116
Participation in share capital increase of associates		(13)	(3.504)
Net cash used in investing activities		**(39.036)**	**(58.739)**
Cash flows from financing activities			
Interest paid		(168.930)	(151.517)
Dividends paid		(363)	(43.706)
Loans to affiliated companies		-	(137.900)
Repayments of borrowings		(694.169)	(729.854)
Proceeds from borrowings		1.045.119	1.154.700
Net cash generated from financing activities		**181.657**	**91.723**
Net increase in cash, cash equivalents and restricted cash		**820.451**	**116.787**
Cash, cash equivalents and restricted cash at beginning of the year	**12**	**739.311**	**627.738**
Exchange gains / (losses) on cash, cash equivalents and restricted cash		33.500	(5.214)
Net increase in cash, cash equivalents and restricted cash		820.451	116.787
Cash, cash equivalents and restricted cash at end of the year	**12**	**1.593.262**	**739.311**

The Notes on pages 11 to 62 are an integral part of these financial statements.

Notes to the financial statements

1 General information

Hellenic Petroleum S.A. (the "Company") operates mainly in the oil industry with its principal activities being those of refining of crude oil and sale of oil products and the production and trading of petrochemical products. The Company is also engaged in exploration and production of hydrocarbons.

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

The same accounting policies and recognition and measurement principles are followed in these financial statements as compared with the annual consolidated financial statements of the Group for the year ended 31 December 2014. 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 financial statements of Hellenic Petroleum S.A. for year ended 31 December 2014 were approved for issue by the Board of Directors on 26 February 2015. The shareholders of the Company have the power to amend the financial statements after issue.

Users of these stand-alone financial statements should read them together with the Group's consolidated financial statements for the year ended 31 December 2014 in order to obtain full information on the financial position, results of operations and changes in financial position of the Group as a whole. These are located on the Group's website: www.helpe.gr.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The financial statements of Hellenic Petroleum S.A. for the year ended 31 December 2014 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 present the financial position, results of operations and cash flows on a going concern basis which assumes that the Company has plans in place to avoid material disruptions to its operations. In this respect Management has concluded that (a) the going concern basis of preparation of the accounts is appropriate, and (b) all assets and liabilities are appropriately presented in accordance with the Company's accounting policies.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) 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, actual results ultimately may differ from those estimates.

2.1.1 New standards, amendments to standards and interpretations

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning during the current reporting period and subsequent reporting periods. The Company's evaluation of the effect of new standards, amendments to standards and interpretations that are relevant to its operations is set out below.

a) The following standards, amendments to standards and interpretations to existing standards are applicable to the Company for periods on or after 1 January 2014:

- *IAS 32 (Amendment) "Financial Instruments: Presentation"* (<u>effective for annual periods beginning on or after 1 January 2014</u>). This amendment to the application guidance in IAS 32 clarifies some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The adoption of the amendment does not have a significant impact for the Company.

- *IAS 36 (Amendment) "Recoverable amount disclosures for non-financial assets" (<u>effective for annual periods beginning on or after 1 January 2014</u>).* This amendment requires: a) disclosure of the recoverable amount of an asset or cash generating unit (CGU) when an impairment loss has been recognised or reversed and b) detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognized or reversed. Also, it removes the requirement to disclose the recoverable amount when a CGU contains goodwill or indefinite lived intangible assets but there has been no impairment. The adoption of the amendment does not have a significant impact for the Company.

- *IAS 39 (Amendment) "Financial Instruments: Recognition and Measurement" (<u>effective for annual periods beginning on or after 1 January 2014</u>).* This amendment will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulations, if specific conditions are met. The adoption of the amendment does not have a significant impact for the Company.

- *IFRIC 21 "Levies"* (effective for annual periods beginning on or after 17 June 2014). This interpretation sets out the accounting for an obligation to pay a levy imposed by government that is not income tax. The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy (one of the criteria for the recognition of a liability according to IAS 37) is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation could result in recognition of a liability later than today, particularly in connection with levies that are triggered by circumstances on a specific date. The Company has adopted this amendment with no significant impact.

- Group of standards on consolidation and joint arrangements (effective for annual periods beginning on or after 1 January 2014):

  The International Accounting Standards Board ("IASB") has published five new standards on consolidation and joint arrangements: IFRS 10, IFRS 11, IFRS 12, IAS 27 (amendment) and IAS 28 (amendment). These amendments do not have a significant impact for the Company. The main provisions are as follows:

  – *IFRS 10 "Consolidated Financial Statements"*. IFRS 10 replaces all of the guidance on control and consolidation in IAS 27 and SIC 12. The new standard changes the definition of control for the purpose of determining which entities should be consolidated. This definition is supported by extensive application guidance that addresses the different ways in which a reporting entity (investor) might control another entity (investee). The revised definition of control focuses on the need to have both power (the current ability to direct the activities that significantly influence returns) and variable returns (can be positive, negative or both) before control is present. The new standard also includes guidance on participating and protective rights, as well as on agency/ principal relationships.

  – *IFRS 11 "Joint Arrangements"*. IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The types of joint arrangements are reduced to two: joint operations and joint ventures. Proportional consolidation of joint ventures is no longer allowed. Equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations today. The standard also provides guidance for parties that participate in joint arrangements but do not have joint control.

  – *IFRS 12 "Disclosure of Interests in Other Entities"*. IFRS 12 requires entities to disclose information, including significant judgments and assumptions, which enable users of financial statements to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. An entity can provide any or all of the above disclosures without having to apply IFRS 12 in its entirety, or IFRS 10 or 11, or the amended IAS 27 or 28.

  – *IFRS 10, IFRS 11 and IFRS 12 (Amendment) "Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance"*. The amendment to the transition requirements in IFRSs 10, 11 and 12 clarifies the transition guidance in IFRS 10 and limits the requirements to provide comparative information for IFRS 12 disclosures only to the period that immediately precedes the first annual period of IFRS 12 application. Comparative disclosures are not required for interests in unconsolidated structured entities.

  – *IFRS 10, IFRS 12 and IAS 27 (Amendment) "Investment entities"*. The amendment to IFRS 10 defines an investment entity and introduces an exception from consolidation. Many funds and similar entities that qualify as investment entities will be exempt from consolidating most of their subsidiaries, which will be accounted for at fair value through profit or loss, although controlled. The amendments to IFRS 12 introduce disclosures that an investment entity needs to make.

- *IAS 27 (Amendment) "Separate Financial Statements".* This Standard is issued concurrently with IFRS 10 and together, the two IFRSs supersede IAS 27 "Consolidated and Separate Financial Statements". The amended IAS 27 prescribes the accounting and disclosure requirements for investment in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. At the same time, the Board relocated to IAS 27 requirements from IAS 28 "Investments in Associates" and IAS 31 "Interests in Joint Ventures" regarding separate financial statements.

- *IAS 28 (Amendment) "Investments in Associates and Joint Ventures".* IAS 28 "Investments in Associates and Joint Ventures" replaces IAS 28 "Investments in Associates". The objective of this Standard is to prescribe the accounting for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures, following the issue of IFRS 11.

• *IAS 19R (Amendment) "Employee Benefits"* <u>*(effective for annual periods beginning on or after 1 July 2014)*</u>. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans and simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The adoption of the amendment does not have a significant impact for the Company.

• Annual Improvements to IFRSs 2012 <u>(effective for annual periods beginning on or after 1 February 2015):</u>

The amendments set out below describe the key changes to seven IFRSs following the publication of the results of the IASB's 2010-12 cycle of the annual improvements project. The Company is currently evaluating the impact the amendment will have on its financial statements.

- *IFRS 2 "Share-based payment".* The amendment clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'.

- *IFRS 3 "Business combinations".* The amendment clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32 "Financial instruments: Presentation". It also clarifies that all non-equity contingent consideration, both financial and non-financial, is measured at fair value through profit or loss.

- *IFRS 8 "Operating segments".* The amendment requires disclosure of the judgements made by management in aggregating operating segments.

- *IFRS 13 "Fair value measurement".* The amendment clarifies that the standard does not remove the ability to measure short-term receivables and payables at invoice amounts in cases where the impact of non-discounting is immaterial.

- *IAS 16 "Property, plant and equipment"* and *IAS 38 "Intangible assets".* Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

- *IAS 24 "Related party disclosures".* The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

- Annual Improvements to IFRSs 2013 (effective for annual periods beginning on or after 1 January 2015):

  The amendments set out below describe the key changes to four IFRSs following the publication of the results of the IASB's 2011-13 cycle of the annual improvements project. The Company is currently evaluating the impact the amendment will have on its financial statements.

  - *IFRS 3 "Business combinations"*. This amendment clarifies that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11 in the financial statements of the joint arrangement itself.

  - *IFRS 13 "Fair value measurement"*. The amendment clarifies that the portfolio exception in IFRS 13 applies to all contracts (including non-financial contracts) within the scope of IAS 39/IFRS 9.

  - *IAS 40 "Investment property"*. The standard is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive.

- Annual Improvements to IFRSs 2014 (effective for annual periods beginning on or after 1 January 2016):

  The amendments set out below describe the key changes to four IFRSs. The improvements have not yet been endorsed by the EU.

  - *IFRS 5 "Non-current assets held for sale and discontinued operations"*. The amendment clarifies that, when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution', or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such.

  - *IFRS 7 "Financial instruments: Disclosures"*. The amendment adds specific guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement and clarifies that the additional disclosure required by the amendments to IFRS 7, "Disclosure – Offsetting financial assets and financial liabilities" is not specifically required for all interim periods, unless required by IAS 34.

  - *IAS 19 "Employee benefits"*. The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise.

  - *IAS 34 "Interim financial reporting"*. The amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'.

- *IFRS 11 (*Amendment) "Joint Arrangements" (effective for annual periods beginning on or after 1 January 2016). This amendment requires an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business'. This amendment has not yet been endorsed by the EU.

- *IAS 16 and IAS 38 (Amendments) "Clarification of Acceptable Methods of Depreciation and Amortisation*" (effective for annual periods beginning on or after 1 January 2016)**.** This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate and it also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. These amendments have not yet been endorsed by the EU.

- *IFRS 10 and IAS 28 (Amendments) "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"* (effective for annual periods beginning on or after 1 January 2016). These amendments address an 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. The amendments have not yet been endorsed by the EU.

- *IAS 27 (Amendment) "Equity Method in Separate financial statements"* (effective for annual periods beginning on or after 1 January 2016). This amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements and clarifies the definition of separate financial statements. This amendment has not yet been endorsed by the EU.

- *IFRS 9 "Financial Instruments" and subsequent amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2018).* IFRS 9 replaces the guidance in IAS 39 which deals with the classification and measurement of financial assets and financial liabilities and it also includes an expected credit losses model that replaces the incurred loss impairment model used today. IFRS 9 Hedge Accounting establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model of IAS 39. The Company is currently investigating the impact of IFRS 9 on its financial statements. The Company cannot currently early adopt IFRS 9 as it has not been endorsed by the EU.

- *IFRS 15 "Revenue from Contracts with Customers"* (effective for annual periods beginning on or after 1 January 2017). IFRS 15 has been issued in May 2014. The objective of the standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognised. The underlying principle is that an entity will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The standard has not yet been endorsed by the EU.

- *IFRS 10, IFRS 12 and IAS 28 (Amendments) "Investment Entities: Applying the Consolidation Exception"* (effective for annual periods beginning on or after 1 January 2016). These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. The amendments have not yet been endorsed by the EU.

- *IAS 1 (Amendment)" Disclosure Initiative"* (effective for annual periods beginning on or after 1 January 2016). These amendments clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendments have not yet been endorsed by the EU

2.2 Investments in affiliated companies

Investments in affiliated companies are presented at the cost of the interest acquired in the subsidiaries, associates, and joint ventures less any provisions for impairment.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

2.4 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 the Company's primary activities are in oil refining and trading, in line with industry practices, most crude oil and oil product trading transactions 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 any 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, or valuation where items are remeasured. 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 recognised in the income statement in the financial statements' line that is relevant to the specific transaction, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences are recognized in profit or loss, and other changes in carrying amounts are recognized in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss 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.

2.5 Property, plant and equipment

Property, plant and equipment comprise mainly land, buildings, oil refineries and equipment. Property, plant and equipment is 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 recognised 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 derecognised. Repairs and maintenance are charged to the income statement as incurred. Refinery turnaround costs are capitalised and charged against income on a straight line basis until the next scheduled turnaround period, to the extent that such costs improve either the useful economic life of the equipment or its production capacity.

Assets under construction are assets (mainly related to the refinery units) that are in the process of construction or development, and are carried at cost. Cost includes cost of construction, professional fees and other direct costs. Assets under construction are not depreciated, as the corresponding assets are not yet available for use.

Land is also not depreciated. 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:

– Buildings	13 – 40 years
– Plant & Machinery	
▪ Specialised industrial installations and Machinery	10 – 35 years

(All amounts in Euro thousands unless otherwise stated)

▪ Other equipment	5 – 10 years
– Motor Vehicles	5 – 10 years
– Furniture and fixtures	
▪ Computer hardware	3 – 5 years
▪ Other furniture and fixtures	4 – 10 years

Included in specialised industrial installations are refinery units, petrochemical plants and tank facilities. Based on technical studies performed, the expected useful life of the new refinery units (Elefsina refinery) has been estimated to be up to 35 years. The remaining useful economic life of other refining units has been reviewed and adjusted from 1 July 2013 and in general does not exceed 25 years.

Depreciation on refinery components (included within specialised industrial installations) is charged after the commissioning phase is completed and the new upgraded refinery units are ready for start-up and commercial operation. In case of more complex projects such as a new upgraded refinery the commissioning process is a lengthier one with a number of activities for each unit separately and then for combination of units as systems. Once all units achieve start-up status with oil-in (i.e. operations with feed stocks) temperature, pressure and catalysts are applied which over a period of time bring the units to their normal state of operation and as intended to be used. After that, units need to be tested for proper capacity and yield performance at which stage the unit is made available for proper commercial operation.

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 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the statement of comprehensive income within 'Other operating income / (expenses) and other gains / (losses)'.

2.6 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are added to the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use.

Borrowing costs are capitalised to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. All other borrowing costs are expensed as incurred.

2.7 Intangible assets

(a) Licences and rights

License fees for the use of know-how relating to the polypropylene plant have been recognised at cost and capitalised in accordance with IAS 38, Intangible Assets. They have a definite useful life and are carried at cost less accumulated amortisation. Amortisation is being calculated using the straight-line method to allocate the cost of licences and rights over their estimated useful lives (15 years).

Licenses and rights include Upstream Exploration rights which are amortised over the exploration period as per the terms of the relevant licenses.

(b) Computer software

These include primarily the costs of implementing the (ERP) computer software program. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight line method over their estimated useful lives (3 to 5 years).

2.8 Exploration for and Evaluation of Mineral Resources

(a) Exploration and evaluation assets

During the exploration period and before a commercial viable discovery, oil and natural gas exploration and evaluation expenditures are expensed. Geological and geophysical costs as well as costs directly associated with an exploration are expensed as incurred. Exploration property leasehold acquisition costs are capitalized within intangible assets and amortised over the period of the licence or in relation to the progress of the activities if there is a substantial difference.

(b) Development of tangible and intangible assets

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of commercially proven development wells is capitalized within tangible and intangible assets according to their nature. When development is completed on a specific field, it is transferred to production assets. No depreciation and/or amortization is charged during the development phase.

(c) Oil and gas production assets

Oil and gas properties are aggregated exploration and evaluation tangible assets and development expenditures associated with the production of proved reserves.

(d) Depreciation/amortization

Oil and gas properties/intangible assets are depreciated/amortized using the unit-of-production method. Unit-of-production rates are based on proved developed reserves, which are oil, gas and other mineral reserves estimated to be recovered from existing facilities using current operating methods. Oil and gas volumes are considered produced once they have been measured through meters at custody transfer or sales transaction points at the outlet valve on the field storage tank.

(e) Impairment – exploration and evaluation assets

The exploration property leasehold acquisition costs are tested for impairment whenever facts and circumstances indicate impairment. For the purposes of assessing impairment, the exploration property leasehold acquisition costs subject to testing are grouped with existing cash-generating units (CGUs) of production fields that are located in the same geographical region corresponding to each licence.

(f) Impairment – proved oil and gas properties and intangible assets

Proved oil and gas properties and intangible assets are reviewed 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and, are tested annually for impairment. Assets that are subject to amortisation 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 recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (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). Prior impairments of non-financial assets, other than goodwill are reviewed for possible reversal at each reporting date.

2.10 Financial assets

2.10.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, held to maturity, loans and receivables and available-for-sale. 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.

(a) Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised in this category, as 'held for trading' unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the end of the reporting period, otherwise they are classified as non-current.

(b) Held to maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity, other than those that the entity upon initial recognition designates as at fair value through profit or loss, available for sale or loans and receivables.

(c) 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.

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

2.10.2 Recognition and measurement

Financial assets carried at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income.

Purchases and sales of financial assets are recognised on trade-date – the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised 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 and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'Financial assets at fair value through profit or loss' category are included in the statement of comprehensive income in the period in which they have arisen. Changes in the fair value of monetary and non-monetary financial assets classified as available for sale are recognized in other comprehensive income. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the income statement as "gains or loss from investment securities".

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's-length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis refined to reflect the issuer's specific circumstances.

2.10.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet, when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future event and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.10.4 Impairment of financial assets

(a) Assets carried at amortized cost

The Company assesses at each end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing for receivables is described in note 2.14.

(b) Assets classified as available for sale

In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income.

2.11 Derivative financial instruments and hedging activities

As part of its risk management policy, the Company utilizes currency and commodity derivatives to mitigate the impact of volatility in commodity prices and foreign exchange rates. Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in fair values of the derivative financial instruments are recognised at each reporting date either in the statement of comprehensive income or in equity, depending on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

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

(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 Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The instruments used for this risk management include commodity exchange traded contracts (ICE futures), full refinery margin forwards, product price forward contracts or options.

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

The 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.

2.12 Government grants

Government grants received by the Company relating to Property, Plant and Equipment are initially recorded as deferred government grants and included in "Other long term liabilities". Subsequently, they are credited to the statement of comprehensive income over the useful lives of the related assets in direct relationship to the depreciation charged on such assets.

2.13 Inventories

Inventories comprise crude oil and other raw materials, refined and semi-finished products, petrochemicals, merchandise, consumables and other spare parts.

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the monthly weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. It does not include borrowing costs. Net realisable 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. Spare parts consumed within a year are carried as inventory and recognized in profit or loss when consumed.

Under IEA and EU regulations, Greece has a policy of maintaining 90 days of strategic stock reserves (Compulsory Stock Obligations). This responsibility is passed on to all companies who import and sell in the domestic market 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.

2.14 Trade receivables

Trade receivables, which generally have 20-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Trade receivables include bills of exchange and promissory notes from customers.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the statement of comprehensive income and is included in "Selling, Distribution and Administrative expenses".

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

2.15 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.

2.16 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.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised 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 recognised 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 that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised 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.

2.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised 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 liability 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 realised or the deferred income tax liability is settled.

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

Deferred 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.

2.19 Employee benefits

(a) Pension obligations

The Company has both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Company pays contributions to publicly administered Social Security funds on a mandatory basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

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

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period, less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the income statement.

(b) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The company recognises termination benefits at the earlier of the following dates: (a) when the company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(c) Share-based compensation

The company operates a share options plan. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, at the date of granting. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each reporting period end, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2.20 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently are measured at amortised 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.

2.21 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised 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.

2.22 Environmental liabilities

Environmental expenditure that relates to current or future revenues is expensed or capitalised as appropriate. Expenditure that relates to an existing condition caused by past operations and that does not contribute to current or future earnings is expensed.

The Company has an environmental policy which complies with existing legislation and all obligations resulting from its environmental and operational licences. In order to comply with all rules and regulations, the Company has set up a monitoring mechanism in accordance with the requirements of the relevant authorities. Furthermore, investment plans are adjusted to reflect any known future environmental requirements. The above mentioned expenses are estimated based on the relevant environmental studies.

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. The amount recognised is the best estimate of the expenditure required. If the effect of the time value of money is material, the amount recognised is the present value of the estimated future expenditure.

2.23 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 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. Revenue is recognised as follows:

(a) Sales of goods – wholesale

Revenue on sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, the Company has delivered the products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

(b) Sales of services

For sales of services, revenue is recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction 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 recognised 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.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.24 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 capitalised 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 a significant portion of the risks and rewards of ownership are classified as operating leases. Payments 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.

2.25 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.

2.26 Changes in accounting policies

The Company adopted the new standards on consolidation and joint arrangements (IFRS 10, IFRS 11, IFRS 12 and the amendments in IAS 27 and IAS 28). The adoption of the standards did not result in changes in Group structure.

The Company also adopted IFRIC 21 "Levies", which sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 "Provisions". The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The adoption of the standard has resulted in additional provisions booked within Current income tax liabilities, which are however not material for the Company.

The adoption of the amendments in IAS 32 "Financial Instruments: Presentation", IAS 36 "Recoverable amount disclosures for non-financial assets", IAS 39 "Financial Instruments: Recognition and Measurement" and IAS 19 (revised 2011) "Employee Benefits" did not have significant impact for the Company.

2.27 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 are primarily centred around its Downstream Refining (including Petrochemicals) assets, 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: During the previous years the Company faced exceptional challenges and increased cost of doing business (higher cost of funding, increased supply costs) mainly as a result of the economic crisis in Greece and the political uncertainty. In 2014 these challenges remained, albeit with a less profound impact as signs of improvement appeared in certain areas (macro environment, funding and supply cost). Following six years of consecutive decline, GDP grew for the first time in 2014 by +0.8%. In line with GDP evolution, domestic fuels consumption grew for the first time since 2009, driven by heating gasoil. Motor fuels demand for 2014 remained at the same level as in 2013 since the decline in the first half of the year was offset in the second half, supported by tourism and increased economic activity. In the second quarter of 2014, Hellenic Republic, Greek banks and a number of large corporates, including Hellenic Petroleum were able to access international capital markets and raise funds, improving liquidity in the economy and driving funding costs lower. The improvement in liquidity and funding conditions had in turn a positive effect on the cost of supply, as not only the risk profile of Greece in international commodity markets improved but additional liquidity made easier to gain access to more suppliers. Notwithstanding the above and given the recent discussions between the Hellenic Republic and international institutional authorities, risks remain as regards the continued economic stability in Greece. These risks relate to the new agreement that will be reached between the Hellenic Republic and its international lenders, which could have an impact on the country's banking system, its fiscal policy and the implementation of structural reforms. These factors are beyond the Company's control, however management continually assesses the situation and its possible impact, in order to ensure that timely actions and initiatives are undertaken so as to minimize any impact on the Company's business and operations.

Currency: In terms of currency, the Company's business is naturally hedged against the risk of having a different functional currency. 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: Financial results for the period ended 31 December 2014 have been affected by a number of factors that impacted the Company's trading, working capital requirements, cost of supply and in turn funding and liquidity requirements. In the first months of 2014 political developments in Iraq, Libya and Ukraine, kept global benchmark prices at high levels ($105-115/bbl) and the availability of certain types of crude curtailed in the European and more particularly the Mediterranean market. These developments were added to the EU/US sanctions on Iranian crude imposed in 2012, as well as the reduced supply of Urals (Russian export crude) to Europe and especially the Med. The combination of these events kept the discount of Urals versus Brent (a proxy for sweet-sour differentials) at low levels for most of the first half, significantly increasing the cost of supply for sour crudes. These types of crudes typically represent a significant part of the crude feed for complex refiners such as Hellenic Petroleum. Adjusting to these challenges, the Company changed its working capital supply chain achieving uninterrupted operations and supply of the Greek market, albeit with an increase in the cost of supply. In the second half of the year, increased crude supply, driven by US shale/tight oil production, combined with increased production in Iraq and the weakening of the Euro led to a sharp drop in oil prices with global benchmarks declining by more than 50% compared to June 2014 peak (from $115/bbl to $57/bbl). These developments led to lower cost of crude, for both sweet and sour grades, improving the competitive position of Med refiners vs. their global peers and leading to higher refining margins, albeit with a significant one off inventory loss.

Debt and Refinancing 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 with respect to the completion of its strategic investment plan and liquidity risk for operations. As a result of these key priority initiatives and in line with the medium term financing plan, Hellenic Petroleum S.A. and its subsidiaries (together the "Group") have maintained a mixture 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. As a result, approximately 60% of total debt is financed by medium to long term committed credit lines while the rest is financed by short term working capital credit facilities. During 2014, the Group has issued two new Eurobonds, a $400 million two year Eurobond maturing in May 2016 and a €325 million five year Eurobond in July 2019. The cost of the two issues was significantly lower compared to the marginal long term cost of funding one year ago, reflecting improvements in both country risk and company fundamentals. Furthermore, during 2014 the Group renegotiated term and other credit facilities in excess of €2 billion with core relationship banks and achieved improved terms regarding cost, maturity profile and general terms and conditions. Thus, in 2014 the Group continued to diversify its funding sources, optimise its debt liability portfolio, extend the debt maturity profile and reduce financing costs. Additional information is disclosed in paragraph c) Liquidity risk below and Note 16.

Capital management: The second key priority of the Group has been the management of Assets. Overall the Group has c. €2,9 billion of capital employed, which is driven from working capital, investment in fixed assets and the Group's investment in DEPA Group. Current assets have been reduced mainly as a result of the significant decline in oil prices in the second half of 2014, despite the increased refined products volumes produced and sold. These are mainly funded with current liabilities (incl. short term bank debt), which is used to finance working capital (inventories and receivables). As a result of the Group's investment plan, during the period 2007-2012, debt level has increased to 40-50% of total capital employed while the rest is financed through shareholders equity. The Group has started reducing its net debt levels through utilization of the incremental operating cashflows, post completion and operation of the new Elefsina refinery, and plans to reduce these even further with the expected sale proceeds of its stake in DESFA, which is expected to lead to lower Debt to Equity ratio, better matched Asset and Liability maturity profiles as well as lower financing costs.

(a) Market risk

(i) Foreign exchange risk

As explained in note 2.4, 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 three types of exposure:

- **Financial position translation risk:** Most of the inventory 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 realisable value of inventory included in the statement of financial position. In order to manage this risk, a significant part of the Company's payables (sourcing of crude oil on credit) as well as borrowings is denominated in USD providing an opposite effect to the one described above. It should be noted however, that while in the case of USD devaluation the impact on the statement of financial position is mitigated, in cases of USD appreciation the mark-to-market valuation of USD-denominated debt liabilities leads to a reported foreign exchange loss with no compensating benefit as stocks continue to be included in the statement of financial position at cost. It is estimated, that at 31 December 2014 if the Euro had weakened against the US dollar by 5% with all other variables held constant, pre-tax results would have been €38 million lower, as a result of foreign exchange losses on translation of USD-denominated payables and borrowings.

- **Gross Margin transactions and translation risk:** The fact that most of the transactions in crude oil and oil products are based on international Platt's USD prices leads to exposure in terms of the Gross Margin translated in Euro. Market volatility has impacted adversely on the cost of mitigating this exposure; as a result the Company did not actively hedge material amounts of the Gross margin exposure. This exposure is linearly related to the Gross margin of the Company in that the appreciation/ depreciation of Euro vs. USD leads to a respective translation loss/ (gain) on the period results.

- **Local subsidiaries exposure:** Where the Company operates in non-Euro markets there is an additional exposure in terms of cross currency translation between USD (price base), Euro reporting currency and local currency. Where possible the Company seeks to manage this exposure by transferring the exposure for pooling at Group levels. Although material for local subsidiaries' operations, the overall exposure is not considered material for the Company.

(ii) Commodity price risk

The Company's primary activity as a refiner involves exposure to commodity prices. Changes in current or forward absolute price levels vs acquisition costs affect the value of inventory while exposure to refining margins (combination of crude oil and product prices) affect the future cash flows of the business.

In the case of price risk, the level of exposure is determined by the amount of priced inventory carried at the end of the reporting period. In periods of sharp price decline, as Company policy is to report its inventory at the lower of historical cost and net realisable value, results are affected by the reduction in the carrying value of the inventory. The extent of the exposure relates directly to the level of stocks and rate of price decrease. This exposure is partly hedged with paper derivatives to the extent that the cost of such instruments is considered attractive, from a risk-return point of view and subject to the structure of the market (contango vs. backwardation) as well as credit capacity for long dated transactions.

Refining margin exposure relates to the absolute level of margin generated by the operation of the refineries. This is determined by Platt's prices and varies on a daily basis; as an indication of the impact to the Company financial results, a change in the refinery margins has a proportionate impact on the Company's profitability. Where possible, the Company aims to hedge the part of its production which will be sold in the future and hence will be exposed to forward pricing, thus generating higher price risk upon completion of the sale. This, however, is not possible to do in all market conditions, such as a backwardated market structure, where future prices are below their spot levels, or when there is no credit capacity for derivatives transactions.

iii) Cash flow and fair value interest rate risk

The Company's operating income and cash flows are not materially affected by changes in market interest rates, given the low level of prevailing reference 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 majority of the Company's borrowings are at 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 2014, if interest rates on Euro denominated borrowings had been 0,5% higher with all other variables held constant, the Company would have incurred c. €10 million losses.

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale customers, including outstanding receivables and committed transactions. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

Due to market conditions, the approval of credit risk is subject to a more strict process involving all levels of senior management. A Group credit committee monitors material credit exposures on a Group wide basis. See note 11 for further disclosure on credit risk.

(c) Liquidity risk

Prudent liquidity risk management entails maintaining sufficient cash reserves and financial headroom, through committed credit facilities. Due to the dynamic nature of the underlying businesses, the Company aims to maintain flexibility in its funding operations through the use of cash and committed credit facilities.

Where deemed beneficial to the Company, and in order to achieve better commercial terms (eg. better pricing, higher credit limits, longer payment terms), the Company provides short term letters of credit or guarantee for the payment of liabilities arising from trade creditors. These instruments are issued using the Company's existing credit lines with local and international Banks, and are subject to the approved terms and conditions of each Bank, regarding the amount, currency, maximum tenor, collateral etc. To the extent the liabilities covered materialise before the balance sheet date, they are included in the balance sheet under trade creditors

In 2013, the Company and its subsidiaries (together the "Group") refinanced a significant portion of the Group's maturing credit facilities and also issued a €500 million four- year Eurobond with an annual coupon of 8% maturing in May 2017. During 2014, the Group took advantage of the improved conditions in the international debt capital markets and the Greek banking market following the successful recapitalisation of the Greek banks, in order to reduce its interest cost, diversify its funding mix and extend its debt maturity profile. The key pillars of the Group's liquidity risk management strategy in 2014 were the following:

(i) In July 2014 the Group proceeded with the early voluntary prepayment and partial refinancing of its syndicated €605 million term credit facility maturing in January 2016 (balance outstanding as of July 2014: €552million) with similar type facilities (€400 million), which were more reflective of recent market and Group financial conditions.

(All amounts in Euro thousands unless otherwise stated)

(ii) The Group issued two additional unrated Eurobonds as follows:
- A $400 million two-year Eurobond was issued in May 2014 with an annual coupon of 4,625%.
- A €325 million five-year Eurobond was issued in July 2014 with an annual coupon of 5,25% at 99,5% of par value.

Further details of the relevant loans and refinancing plans are provided in note 16.

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 statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
31 December 2014				
Borrowings	1.131.334	456.913	1.391.022	120.655
Derivative financial instruments	60.087	-	-	-
Trade and other payables	2.614.360	-	-	-
31 December 2013				
Borrowings	1.227.376	204.538	1.000.086	168.897
Derivative financial instruments	-	-	-	-
Trade and other payables	2.053.275	-	-	-

The amounts included in the table are the contractual undiscounted cash flows.

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.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry convention, the Company monitors capital structure and indebtedness levels 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 and cash equivalents" and "Available for sale financial assets". Total capital employed is calculated as "Total Equity" as shown in the statement of financial position plus net debt.

(All amounts in Euro thousands unless otherwise stated)

The gearing ratios at 31 December 2014 and 2013 were as follows:

	As at 31 December 2014	31 December 2013
Total Borrowings (Note 16)	2.770.607	2.372.250
Less: Cash, Cash Equivalents and restricted cash (Note 12)	(1.593.262)	(739.311)
Less: Available for sale financial assets	(50)	(45)
Net debt	**1.177.295**	**1.632.894**
Total Equity	1.176.687	1.606.369
Total Capital Employed	**2.353.982**	**3.239.263**
Gearing ratio	50%	50%

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 and liabilities that are measured at fair value at 31 December 2014:

	Level 1	Level 2	Level 3	Total balance
Assets				
Derivatives held for trading	-	-	-	-
Derivatives used for hedging	-	-	-	-
Available for sale financial assets	50	-	-	50
	50	**-**	**-**	**50**
Liabilities				
Derivatives held for trading	-	-	-	-
Derivatives used for hedging	-	60.087	-	60.087
	-	**60.087**	**-**	**60.087**

(All amounts in Euro thousands unless otherwise stated)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2013:

	Level 1	Level 2	Level 3	Total balance
Assets				
Derivatives held for trading	-	-	-	-
Derivatives used for hedging	-	5.263	-	5.263
Available for sale financial assets	45	-	-	45
	45	**5.263**	**-**	**5.308**
Liabilities				
Derivatives held for trading	-	-	-	-
Derivatives used for hedging	-	-	-	-
	-	**-**	**-**	**-**

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 and those prices represent actual and regularly occurring market transactions on an arm's length basis. These 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 is not based on observable market data, the instrument is included in level 3.

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.

For the years ended 31 December 2014 and 31 December 2013, there were no transfers between levels.

The fair value of the following financial assets and liabilities approximate their carrying amount:

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

4 Critical accounting estimates and judgements

Estimates and judgements are continuously 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.

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.

(a) Income taxes

Estimates are required in determining the provision for income taxes that the Company is subjected to in different jurisdictions. This requires significant judgement. There are some transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises 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) Provision for environmental restoration

The Company operates in the oil industry with its principal activities being that of exploration and production of hydrocarbons, refining of crude oil and sale of oil products, and the production and trading of petrochemical products. Environmental damage caused by such substances may require the Company to incur restoration costs to comply with the regulations in the various jurisdictions in which the Company operates, and to settle any legal or constructive obligation. Analysis and estimates are performed by the Company together with its technical and legal advisers, in order to determine the probability, timing and amount involved with probable required outflow of resources. Estimated restoration costs, for which disbursements are determined to be probable, are recognised as a provision in the Company's financial statements. When the final determination of such obligation amounts differs from the recognised provisions, the Company's statement of comprehensive income is impacted.

(c) Estimated impairment of investments and non-financial assets

The Company tests annually whether investments and non-financial assets have suffered any impairment in accordance with its accounting policies (See note 2.9). The recoverable amounts of cash generating units are determined based on value-in-use calculations. Significant judgement is involved in management's determination of these estimates.

(d) 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 uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(e) Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/ (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency and jurisdiction in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 18.

(f) Provisions for legal claims

The Company has a number of legal claims pending against it. Management uses its judgment to assess the likely outcome of these claims and if it is more likely than not that the Company will lose a claim, then a provision is made. Provisions for legal claims, if required, 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.

(g) Change in accounting estimates

Due to the start-up of the upgraded Elefsina refinery, the Company conducted during 2013 a review of the useful lives of its refining units (included in specialised industrial installations). Based on technical specifications for the new units, maintenance schedules and appraisals performed and experience since the beginning of the refineries start up (1970s) for older units, the expected useful life of the refining units of the upgraded Elefsina refinery is estimated up to 35 years. Also based on these technical appraisals the remaining useful lives of other refining units of the Company have been adjusted from 1 July 2013 and in general do not exceed 25 years. The Company will conduct such reviews on periodic basis in line with industry practices.

	Years of Useful life	
	Prior to change in estimate	After change in estimate
Specialised industrial installations	10 – 25	10 – 35

(All amounts in Euro thousands unless otherwise stated)

5 Segment information

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 considers the business from 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.

Information on the revenue and profit regarding the Company's operating segments is as follows:

Year ended 31 December 2014	**Note**	**Refining**	**Petro-chemicals**	**Exploration & Production**	**Other**	**Total**
Sales		8.454.269	295.775	186	(46)	8.750.184
Operating profit / (loss)		**(364.398)**	**54.542**	**(5.792)**	**67.644**	**(248.004)**
Finance costs - net	**25**					(173.251)
Currency exchange gains / (losses)						(5.540)
Profit / (Loss) before income tax						**(426.795)**
Income tax (expense)/credit	**27**					113.245
Profit / (Loss) for the year						**(313.550)**

Year ended 31 December 2013		**Refining**	**Petro-chemicals**	**Exploration & Production**	**Other**	**Total**
Sales		8.645.788	299.497	848	125	8.946.258
Operating profit / (loss)		**(230.563)**	**23.016**	**(5.058)**	**15.885**	**(196.720)**
Finance costs - net	**25**					(164.692)
Currency exchange gains / (losses)						1.871
Profit / (Loss) before income tax						**(359.541)**
Income tax (expense)/credit	**27**					65.911
Profit / (Loss) for the year						**(293.630)**

The segment assets and liabilities at 31 December 2014 and 2013 are as follows:

	Refining	**Petro-chemicals**	**Exploration & Production**	**Other**	**Total**
Total Assets	5.970.347	154.380	8.268	659.887	**6.792.882**
Total Liabilities	4.799.265	47.488	11.351	758.089	**5.616.193**

	Refining	**Petro-chemicals**	**Exploration & Production**	**Other**	**Total**
Total Assets	5.955.880	166.278	7.361	56	**6.129.575**
Total Liabilities	4.415.993	99.747	6.158	1.308	**4.523.206**

(All amounts in Euro thousands unless otherwise stated)

6 Property, plant and equipment

	Land	Buildings	Plant & Machinery	Motor vehicles	Furniture and fixtures	Assets Under Cons-truction	Total
Cost							
As at 1 January 2013	**115.396**	**492.721**	**3.399.176**	**14.628**	**77.344**	**147.286**	**4.246.551**
Additions	-	20	725	19	2.029	81.657	84.450
Capitalised projects	-	19.666	71.383	39	815	(91.903)	-
Disposals	-	(121)	(11.972)	(396)	(260)	(40)	(12.789)
Transfers & other movements	-	-	7.008			(13.180)	(6.172)
As at 31 December 2013	**115.396**	**512.286**	**3.466.320**	**14.290**	**79.928**	**123.820**	**4.312.040**
Accumulated Depreciation							
As at 1 January 2013	**-**	**128.828**	**1.169.185**	**9.332**	**60.355**	**-**	**1.367.700**
Charge for the year	-	18.403	126.480	473	5.853	-	151.209
Disposals	-	(5)	(10.956)	(380)	(242)	-	(11.583)
As at 31 December 2013	**-**	**147.226**	**1.284.709**	**9.425**	**65.966**	**-**	**1.507.326**
Net Book Value at 31 December 2013	**115.396**	**365.060**	**2.181.611**	**4.865**	**13.962**	**123.820**	**2.804.714**
Cost							
As at 1 January 2014	**115.396**	**512.286**	**3.466.320**	**14.290**	**79.928**	**123.820**	**4.312.040**
Additions	-	4	6.518	48	1.876	98.584	107.030
Capitalised projects	-	5.593	106.380	21	379	(112.373)	-
Disposals	-	-	(228)	(52)	(47)	(275)	(602)
Transfers & other movements	-	-	943			(13.311)	(12.368)
As at 31 December 2014	**115.396**	**517.883**	**3.579.933**	**14.307**	**82.136**	**96.445**	**4.406.100**
Accumulated Depreciation							
As at 1 January 2014	**-**	**147.226**	**1.284.709**	**9.425**	**65.966**	**-**	**1.507.326**
Charge for the year	-	17.871	107.023	436	4.954	-	130.284
Disposals	-	-	(228)	(52)	(47)	-	(327)
Transfers & other movements	-	-	943	-	-	-	943
As at 31 December 2014	**-**	**165.097**	**1.392.447**	**9.809**	**70.873**	**-**	**1.638.226**
Net Book Value at 31 December 2014	**115.396**	**352.786**	**2.187.486**	**4.498**	**11.263**	**96.445**	**2.767.874**

(1) The Company has not pledged any property, plant and equipment as security for borrowings.

(2) During 2014 an amount of €2 million (2013: €3 million) in respect of interest has been capitalized in relation to Assets under construction relating to the refining segment, at an average borrowing rate of 6.19% (2013: 7,25%).

(3) ‘Transfers and other movements’ in assets under construction include transfer of spare parts for the upgraded Elefsina units within inventories, in accordance with the amended IAS 16, as they concern consumables. Transfers of completed IT projects of €10 million to intangible assets are also included therein.

(All amounts in Euro thousands unless otherwise stated)

7 Intangible assets

	Computer software	Licences & Rights	Total
Cost			
As at 1 January 2013	**69.389**	**23.909**	**93.298**
Additions	642	9	651
Transfers, acquisitions & other movements	3.417	-	3.417
As at 31 December 2013	**73.448**	**23.918**	**97.366**
Accumulated Amortisation			
As at 1 January 2013	**63.074**	**19.111**	**82.185**
Charge for the year	3.202	1.203	4.405
As at 31 December 2013	**66.276**	**20.314**	**86.590**
Net Book Value 31 December 2013	**7.172**	**3.604**	**10.776**
Cost			
As at 1 January 2014	**73.448**	**23.918**	**97.366**
Additions	362	391	753
Transfers, acquisitions & other movements	9.196	358	9.554
As at 31 December 2014	**83.006**	**24.667**	**107.673**
Accumulated Amortisation			
As at 1 January 2014	**66.276**	**20.314**	**86.590**
Charge for the year	8.010	1.596	9.606
As at 31 December 2014	**74.286**	**21.910**	**96.196**
Net Book Value 31 December 2014	**8.720**	**2.757**	**11.477**

(1) 'Transfers and other movements' relate to completed IT software projects capitalised during 2014 and 2013 and thus transferred from in assets under construction.

(2) 'Licenses & Rights' include net exploration license costs relating to the Patraikos Gulf area (Note 23).

(All amounts in Euro thousands unless otherwise stated)

8 Investment in subsidiaries, associates and joint ventures

	As at	
	31 December 2014	**31 December 2013**
Beginning of the year	**654.068**	**660.389**
(Decrease) / Increase in share capital of subsidiaries	5.758	4.664
Impairment of investments	-	(10.985)
End of the year	**659.826**	**654.068**

Name	**Participating interest**	**Country of Incorporation**
Asprofos SA	100,0%	Greece
Diaxon ABEE	100,0%	Greece
EKO ABEE	100,0%	Greece
ELPET Valkaniki SA	63,0%	Greece
HELPE - Apollon Shipping Co	100,0%	Greece
HELPE International AG	100,0%	Austria
HELPE - Poseidon Shipping Co	100,0%	Greece
HELPE Finance Plc	100,0%	United Kingdom
Helpe Renewable Energy Sources S.A.	100,0%	Greece
Global Albania SA	99,9%	Albania
Public Gas Corporation of Greece S.A. (DEPA)	35,0%	Greece
ARTENIUS S.A.	35,0%	Greece
Athens Airport Fuel Pipeline Company S.A. (EAKAA)	50,0%	Greece
ELPEDISON B.V.	5,0%	Netherlands
Thraki SA	25,0%	Greece
VANCO	100,0%	Greece
EANT	9,0%	Greece
STPC	16,7%	Greece
NAPC	16,7%	Greece
Greek Association of Independent Energy Producers	16,7%	Greece

a) During 2013 the shareholders of Artenius Hellas S.A., a 35% associate of the Company, approved the liquidation plan of the company’s net assets. As a result the Company has written off its investment of €11 million in other operating expenses (see note 24).

b) The Company participates in the following jointly controlled operations with other third parties relating to exploration and production of hydrocarbons in Greece and abroad:

- Vegas West Obayed Limited (Egypt, West Obayed)
- Edison International – Petroceltic Resources (Greece, Patraikos Gulf)
- Calfrac well services (Greece, Sea of Thrace concession)
- Gas Monte (Montenegro, Blocks 1 & 2)

c) Sale of DESFA

On the 16 February 2012, HELPE and the HRADF (jointly the “Sellers”) agreed to launch a joint sale process of their shareholding in DEPA Group aiming to sell in total 100% of the supply and trading activities and the shareholding of regional supply companies (DEPA S.A. and EPAs) and 66% of the high pressure transmission network (DESFA). This agreement was approved by HELPE’s EGM, dated on the 30 January 2012 and the decision specifically requires that any such transaction will be subject to the approval of a new EGM.

(All amounts in Euro thousands unless otherwise stated)

The sales process resulted in three non-binding offers received on 5 November 2012 and at the final stage, one binding offer for the purchase of 66% of DESFA shares by SOCAR (Azerbaijan's Oil and Gas National Company). SOCAR's final offer is for €400 million for 66% of DESFA; i.e. €212,1 million for HELPE's 35% effective shareholding. Given that at present DESFA SA is a 100% subsidiary of DEPA, in order to complete the transaction, DESFA will be "unbundled" through a share distribution (treated as capital reduction of DEPA S.A.), to the two existing shareholders/sellers (i.e. HELPE 35% and HRADF 65%). Thus, once all approvals from the competent authorities are received, SOCAR will buy 35% directly from HELPE and 31% from HRADF.

On 2 August 2013 the Board of Directors of HELPE considered the offer for the sale of its 35% effective interest in DESFA as acceptable, and called for an Extraordinary General Meeting of the shareholders of the Company to approve the transaction. The EGM of the shareholders of the Company held on 2 September 2013 approved the transaction.

Prior to the Board of Director's meeting, the previous day, on 1 August 2013 the board of directors of HRADF had unanimously accepted the final offer of SOCAR.

The Share Purchase Agreement for the sale of 66% of DESFA's share capital was signed by HRADF, HELPE and SOCAR on 21 December 2013. According to this SPA the rights and obligations of the parties are conditional upon the occurrence of certain events (Conditions) such as the merger clearance of the transaction by the EU or national competition authorities (as applicable) and the certification of DESFA by the Regulatory Authority for Energy of the Hellenic Republic ("RAE") in accordance with article 65 of L. 4001/2011 ("Energy Law"). RAE issued its final certification decision on 29 September 2014. Notification of the transaction to DG for Competition of the European Commission took place on 1 October 2014. On 5 November 2014, the European Commission opened an in depth investigation. The extent of commitments which may be required to be undertaken by SOCAR and the exact time required for the European Commission to issue a clearance decision cannot be controlled by the parties.

Although the parties undertake valid commitments upon signing of the SPA, the effectiveness of the totality of the provisions of the SPA (including the transfer of shares and the payment of the consideration) remains subject to conditions, some of which lie beyond the control or diligent behavior of the parties and, consequently, the completion of the transaction remains suspended and depends on the satisfaction of such conditions.

The Group consolidates DEPA on an equity basis and the carrying value of the investment in the consolidated financial statements reflects HELPE's 35% share of the net asset value of the DEPA group which as at 31 December 2014 is €590 million. Furthermore the carrying value in HELPE S.A financial statements for the DEPA group is €237 million.

Given that the transaction can only be completed upon receiving the approval of the relevant competent authorities, and given the timing of such approvals and the unbundling process that is still to be concluded, management considers it appropriate to maintain the policy of including DEPA Group as an associate at the date of this financial information.

9 Loans, Advances and Long term assets

	As at	
	31 December 2014	**31 December 2013**
Loans and advances	137.900	137.900
Other long term assets	5.080	4.842
Total	**142.980**	**142.742**

Loans and advances relate to a three-year bond loan of €138 million extended in 2013 to EKO S.A., 100% subsidiary of Hellenic Petroleum S.A.

The balances included in the above categories as of 31 December 2014 are discounted at a rate of 7,30% (2013: 7,27%).

(All amounts in Euro thousands unless otherwise stated)

10 Inventories

	As at	
	31 December 2014	**31 December 2013**
Crude oil	118.519	223.571
Refined products and semi-finished products	339.185	578.310
Petrochemicals	27.104	25.500
Consumable materials and other	69.245	62.959
- Less: Provision for Consumables and spare parts	(10.270)	(8.300)
Total	**543.783**	**882.040**

The cost of inventories recognised as an expense and included in "Cost of sales" for 2014 is equal to €8 billion (2013: €8 billion). It should be highlighted that due to the decrease of crude oil and oil products prices during the last part of 2014 and subsequently after the year-end, the Company has reported a material loss arising from inventory valuation during the year which is also reflected in a write-down of the year end values as well. This effect reverses in subsequent periods as crude oil prices increase and stock held at the lower of cost or NRV are sold at higher prices.

The Company is obliged to keep crude oil and refined products stocks in order to fulfill the EU requirement for compulsory Stock obligations (90 days stock directive), as legislated by Greek Law 3054/2002.

11 Trade and other receivables

	As at	
	31 December 2014	**31 December 2013**
Trade receivables	394.399	461.082
- Less: Provision for impairment of receivables	(95.902)	(93.926)
Trade receivables net	**298.497**	**367.156**
Other receivables	603.636	496.041
- Less: Provision for impairment of receivables	(10.871)	(10.283)
Other receivables net	**592.765**	**485.758**
Deferred charges and prepayments	7.795	12.646
Total	**899.057**	**865.560**

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.

Other receivables include balances in respect of VAT, income tax prepayment, advances to suppliers and advances to personnel. This balance includes advances of €327 million extended to Hellenic Petroleum International A.G. (a Group company) for the transfer of 100% of the share capital of Hellenic Fuels S.A. (currently a direct subsidiary of Hellenic Petroleum International A.G.) at book value. The conclusion of the transfer is subject to final contract signing.

Other receivables also include an amount of €54 million (31 December 2013: €54 million) of VAT approved refunds, which has been withheld by the customs office in respect of a dispute about stock shortages (see note 32). Against this action the Company has filed a specific legal objection claim and expects to fully recover this amount following the conclusion of the relevant legal proceedings.

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

(All amounts in Euro thousands unless otherwise stated)

The table below shows the segregation of trade receivables:

	As at	
	31 December 2014	**31 December 2013**
Total trade receivables	394.399	461.082
Amounts included above, which are past due, doubtful and impaired:		
Past due, not impaired receivables balance	125.814	124.761
Past due, doubtful & impaired receivables balance	95.902	87.149
	221.716	**211.910**
Allowance for bad debts	**95.902**	**93.926**

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. Allowance is made for receivables that are doubtful of collection and have been assessed that they will result in a loss, net of any respective securities or collaterals obtained.

As of 31 December 2014, the overdue days of trade receivables that were past due but not impaired are as follows:

	As at	
	31 December 2014	**31 December 2013**
Up to 30 days	98.806	89.685
30 - 90 days	3.520	6.103
Over 90 days	23.488	28.973
Total	**125.814**	**124.761**

As of 31 December 2014 and 2013, the overdue days of doubtful receivables are as follows:

	As at	
	31 December 2014	**31 December 2013**
Up to 30 days	-	-
30 - 90 days	-	-
Over 90 days	95.902	87.149
Total	**95.902**	**87.149**

It was assessed that a portion of the receivables could be recovered, through settlements, legal actions and securing of additional collaterals.

The movement in the provision for impairment of trade receivables is set out below:

	As at	
	31 December 2014	**31 December 2013**
Balance at 1 January	93.926	92.515
Charged / (credited) to the income statement:		
- Additional provisions	1.976	1.411
Balance at 31 December	**95.902**	**93.926**

The movement in the provision for impairment has been included in selling and distribution expenses in the statement of comprehensive income.

(All amounts in Euro thousands unless otherwise stated)

12 Cash, cash equivalents and restricted cash

	As at	
	31 December 2014	**31 December 2013**
Cash at Bank and in Hand	697.600	217.849
Short term bank deposits	695.662	321.462
Cash and cash equivalents	**1.393.262**	**539.311**
Restricted Cash	200.000	200.000
Total cash, cash equivalents and restricted cash	**1.593.262**	**739.311**

Restricted cash pertains to a cash collateral arrangement to secure a €200 million loan concluded with Pireaus Bank, in relation to the Company's €200 million Facility Agreement with the European Investment Bank, for which Pireaus Bank has provided a guarantee. This guarantee matured on 15 June 2014 and has been renewed for one additional year (note 16). The effect of the loan and the deposit is a grossing up of the statement of financial position but with no effect to the Net Debt position.

The weighted average effective interest rate as at the reporting date on cash and cash equivalents was:

	As at	
	31 December 2014	**31 December 2013**
Euro	1,00%	0,51%
USD	0,80%	0,50%

13 Share capital

	Number of Shares (authorised and issued)	**Share Capital**	**Share premium**	**Total**
As at 1 January & 31 December 2013	**305.635.185**	**666.285**	**353.796**	**1.020.081**
As at 31 December 2014	**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 2013: €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 to link 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. The vesting period is 1 November to 5 December of the years 2014 – 2018. At the 2014 AGM, the shareholders approved several changes to the share option program which incorporated more recent legal and tax changes without altering the net effect in terms of impact on results or the benefit to the participants.

(All amounts in Euro thousands unless otherwise stated)

Share options outstanding at the year-end have the following expiry date and exercise prices:

Grant Date	**Vesting Date**	**Expiry Date 5 December**	**Exercise Price in € per share**	**No. of share options as at 31 December 2014**	**31 December 2013**
2008	2010-14	2014	11,01	-	339.561
2009	2011-15	2015	7,62	1.616.054	1.616.054
2012	2014-18	2018	4,52	1.479.933	1.479.933
			Total	**3.095.987**	**3.435.548**

No stock options have been exercised during 2014 or during the previous year, due to the negative relationship between the exercise price and the share market price during the respective vesting periods.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	As at 31 December 2014		**31 December 2013**	
	Average Exercise Price in € per share	Options	Average Exercise Price in € per share	Options
At 1 January	**6,62**	**3.435.548**	**7,08**	**3.932.225**
Granted	-	-	-	-
Exercised	-	-	-	-
Lapsed	11,01	(339.561)	10,30	(496.677)
At 31 December	**6,14**	**3.095.987**	**6,62**	**3.435.548**

The value of lapsed stock options that were transferred to retained earnings in 2014 is €0,3 million. The total expense recognised during 2014 in the statement of comprehensive income for share based compensation is €0,3 million (2013: €0,3 million).

(All amounts in Euro thousands unless otherwise stated)

14 Reserves

		Statutory reserve	Special reserves	Hedging reserve	Share-based payment reserve	Tax reserves	Other reserves	Total
Balance at 1 January 2013		**118.668**	**86.495**	**(36.974)**	**3.889**	**351.322**	**-**	**523.400**
Cash flow hedges:	**21**							
- Fair value gains/(losses) on cash flow hedges		-	-	9.404	-	-	-	9.404
- De-recognition of gains/(losses) on hedges through comprehensive income		-	-	31.465	-	-	-	31.465
Actuarial gains/(losses) on defined benefit pension plans							(2.349)	(2.349)
Share-based payments	**13**	-	-	-	(226)	-	-	(226)
Balance at 31 December 2013		**118.668**	**86.495**	**3.895**	**3.663**	**351.322**	**(2.349)**	**561.694**
Cash flow hedges:	**21**							
- Fair value gains/(losses) on cash flow hedges		-	-	(44.773)	-	-	-	(44.773)
- De-recognition of gains/(losses) on hedges through comprehensive income		-	-	(3.586)	-	-	-	(3.586)
Actuarial gains/(losses) on defined benefit pension plans		-	-	-	-	-	(3.939)	(3.939)
Share-based payments	**13**	-	-	-	(24)	-	-	(24)
Distribution of tax free reserves	**30**	-	-	-	-	(64.277)	-	(64.277)
Transfer of tax on distributed reserves		-	-	-	-	(15.101)	-	(15.101)
Balance at 31 December 2014		**118.668**	**86.495**	**(44.464)**	**3.639**	**271.944**	**(6.288)**	**429.994**

The movement in the year-end hedging reserve is shown net of tax of €16.991 (2013: €10.611) – refer to Note 27.

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, but can be used to offset accumulated losses.

Special reserves

Special reserves primarily relate to reserves arising from tax revaluations which have been included in the company accounts in accordance with the relevant legislation in prior years. Where considered appropriate deferred tax provisions are booked in respect of these reserves.

Tax free reserves

Tax free reserves include:

(i) Tax deferred reserves are retained earnings which have not been taxed with the prevailing corporate income tax rate as allowed by Greek law under various statutes. Certain of these retained earnings will become liable to tax at the rate prevailing at the time of distribution to shareholders or conversion to share capital.

(ii) Partially taxed reserves are retained earnings, which have been taxed at a rate less than the corporate tax rate as allowed by Greek law. Certain of these retained earnings will be subject to the remaining tax up to the corporate tax rate prevailing at the time of distribution to shareholders or conversion to share capital. During 2014 part of these reserves was distributed to the shareholders, in line with law 4172/2013. Further information is disclosed in note 30.

(All amounts in Euro thousands unless otherwise stated)

15 Trade and other payables

	As at 31 December 2014	31 December 2013
Trade payables	2.519.287	1.978.166
Accrued Expenses	58.182	39.831
Other payables	36.891	35.278
Total	**2.614.360**	**2.053.275**

Trade creditors include overdue amounts in respect of crude oil imports from Iran which were received during the period 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 during the early part of 2012, through the international banking system, it was not possible to do so. This is due to the fact that payments to Iranian banks and state entities are not accepted for processing by the International banking system due to EU sanctions (Council Regulation (EU) No. 267/2012 of 23 March 2012). The Company has duly notified its supplier of this restriction on payments and the inability to accept further crude oil cargoes under the contract, which is due to the EU sanctions posing legal constraints outside its control. As a result no deliveries of Iranian crude oil or payments have taken place post 30 June 2012, which was the EU imposed deadline.

In line with standard industry practice the Company may issue letters of credit or letters of guarantee to suppliers in order to be able to obtain better credit or commercial terms.

Other payables include amounts in respect of payroll and other staff related costs, social security obligations and sundry taxes.

Accrued expenses and deferred income include the estimated cost of the CO_2 emission rights required under the corresponding environmental legislation amounting to €5 million (2013: €4 million).

16 Borrowings

	As at 31 December 2014	31 December 2013
Non-current borrowings		
Bank borrowings	321.890	366.334
Bond loan	1.438.603	860.096
Non-current borrowings	**1.760.493**	**1.226.430**
Current borrowings		
Short term bank borrowings	965.670	1.022.446
Current portion of long-term bank borrowings	44.444	123.374
Total current borrowings	**1.010.114**	**1.145.820**
Total borrowings	**2.770.607**	**2.372.250**

The maturity of non-current borrowings is as follows:

	As at 31 December 2014	31 December 2013
Between 1 and 2 years	371.930	123.374
Between 2 and 5 years	1.244.452	870.056
Over 5 years	144.111	233.000
	1.760.493	**1.226.430**

Gross borrowings of the Company by maturity as at 31 December 2014 and 31 December 2013 are summarised on the table below:

		Balance as at	
		31 December 2014	**31 December 2013**
	Maturity	**(€ million)**	**(€ million)**
HPF Syndicated credit facility €140 million	Jan 2016	-	-
Syndicated Bond loan €465 million	Jan 2016	-	451
HPF Syndicated credit facility €40 million	Jul 2016	-	-
HPF Syndicated credit facility €10 million	Jul 2018	-	-
Syndicated Bond loan €350 million	Jul 2018	338	-
Bond loan €400 million	Dec 2015	225	225
European Investment Bank ("EIB") Term loan	Jun 2022	333	378
HPF Bond Loan €488m	May 2017	456	488
HPF Bond Loan US$ 397,6m	May 2016	327	-
HPF Bond Loan €317,6m	Jul 2019	318	-
Bilateral lines	Various	774	830
Total		**2.771**	**2.372**

Hellenic Petroleum and its subsidiaries (the “Group”) maintains a central treasury which coordinates and controls all subsidiaries’ funding and cash management activities. To this extent, 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.

1. & 2. Term Loans

In January 2013, the Group concluded two 3-year credit facilities with identical terms and conditions with a Group of Greek and international banks for a total amount of €605 million (HPF €140 million and Hellenic Petroleum SA €465 million) with gradual amortization. In July 2014, the Group proceeded with the early voluntary prepayment and partial refinancing of the facilities. As a result, the Group voluntarily repaid a notional loan amount of €152 million and concluded two new credit facilities with similar terms and conditions as follows:

a) and b) A €50 million syndicated credit facility concluded by Hellenic Petroleum Finance plc with the guarantee of Hellenic Petroleum S.A., which is comprised of two tranches, one of €40 million maturing in July 2016 and one of €10 million maturing in July 2018. Both tranches are redeemable at maturity.

c) A €350 million syndicated bond loan concluded by Hellenic Petroleum S.A. with the guarantee of Hellenic Petroleum Finance plc maturing in July 2018. The outstanding balance of the bond loan at 31 December 2014 was €338 million.

3. Bond Loan of €400 million

In April 2012, Hellenic Petroleum S.A. concluded a €400 million syndicated bond loan agreement maturing on 30 June 2013, with the aim to finance general corporate purposes. The Company has exercised the extension options provided by the agreement, with the consent of all participating banks and the current maturity date is 30 December 2015, with a six-month extension option. The total amount outstanding under the facility at 31 December 2014 was €225 million (31 December 2013: €225 million).

4. EIB Term Loans

On 26 May 2010, Hellenic Petroleum S.A. signed two loan agreements (Facilities A and B) with the European Investment Bank for a total amount of €400 million (€200 million each). The purpose of the loans was to finance part of the investment program relating to the upgrade of the Elefsina Refinery. Both loans have a maturity of 12 years with amortization that commenced in December 2013 and similar terms and conditions. Facility B is credit enhanced by a commercial bank guarantee (see note 12). This is normal practice for EIB lending particularly during the construction phase of large projects. An amount of €22 million was repaid in December 2013 and a total amount of €45 million was repaid during 2014. As at 31 December 2014, the outstanding loan balance amounted to €333 million. (31 December 2013: €378 million).

(All amounts in Euro thousands unless otherwise stated)

5. *HPF Bond Loan €488m (Eurobond €500m)*

In May 2013 HPF issued a €500 million four-year Eurobond with an 8% annual coupon, maturing in May 2017. The notes are guaranteed by Hellenic Petroleum S.A., are redeemable at maturity and are listed on the Luxembourg Stock Exchange. Subsequently the Company concluded a €488 million syndicated bond loan agreement with HPF and the proceeds were used to prepay existing indebtedness of €225 million and for general corporate purposes. As at 31 December 2014 the outstanding loan balance amounted to €456 million (31 December 2013: €488 million).

6. *HPF Bond Loan $397,6m (Eurobond $400m)*

In May 2014, HPF issued a two-year $400 million Eurobond with a 4,625% annual coupon, maturing in May 2016. The notes are guaranteed by Hellenic Petroleum S.A., are redeemable at maturity and are listed on the Luxembourg Stock Exchange. Subsequently the Company concluded a $397,6 million syndicated bond loan agreement with HPF and the proceeds were used for general corporate purposes. As at 31 December 2014 the euro equivalent outstanding loan balance amounted to €327 million.

7. *HPF Bond Loan €317,6 m (Eurobond €325 m)*

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., are redeemable at the option of the issuer in July 2017 and are listed on the Luxembourg Stock Exchange. Subsequently the Company concluded a €317,6 million syndicated bond loan agreement with HPF and the proceeds were used to prepay existing indebtedness and for general corporate purposes. As at 31 December 2014 the outstanding loan balance amounted to €318 million.

8. *Bilateral lines*

The Company also has in place credit facilities with various banks to predominantly finance its working capital needs. As at 31 December 2014, the outstanding balance of such loans amounted to €774 million (31 December 2013: €830 million).

Certain debt agreements that the Company enters into, include financial covenants, the most significant of which are the maintenance of certain ratios at Group level as follows: "Net Debt/EBITDA", "EBITDA/Net Interest" and "Net Debt/Net Worth". Management monitors the performance of the Group to ensure compliance with the above covenants.

The loan analysis is as follows:

	As at	
	31 December 2014	**31 December 2013**
Revolving Credit Facilities	2.029.938	1.574.481
Term loans	740.669	797.769
Total borrowings	**2.770.607**	**2.372.250**

(All amounts in Euro thousands unless otherwise stated)

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

	As at 31 December 2014	
	€	**US$**
Bank Borrowings (short-term)		
- Floating Euribor + margin	5,37%	
Bank Borrowings (long-term)		
- Floating Euribor + margin	7,94%	-
- Floating Libor + margin	-	5,62%

	As at 31 December 2013	
	€	**US$**
Bank Borrowings (short-term)		
- Floating Euribor + margin	6,77%	-
Bank Borrowings (long-term)		
- Floating Euribor + margin	4,46%	-

The carrying amounts of the Company's borrowings which approximate their fair value are denominated in the following currencies:

	As at	
	31 December 2014	**31 December 2013**
Euro	2.443.122	2.372.250
US dollar	327.485	-
Total borrowings	**2.770.607**	**2.372.250**

17 Deferred income tax

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

	As at	
	31 December 2014	**31 December 2013**
Beginning of the year	25.056	(40.872)
Income statement recovery / (charge)	116.043	75.712
Charged / (released) to equity	18.373	(9.784)
Transfer of tax on distributed reserves to Current tax	15.101	-
End of year	**174.573**	**25.056**

(All amounts in Euro thousands unless otherwise stated)

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

	As at	
	31 December 2014	**31 December 2013**
Intangible and tangible fixed assets	(127.553)	(107.748)
Inventory valuation	2.670	2.158
Environmental provision	1.405	1.086
Unrealised exchange gains	-	(1.426)
Employee benefits provision	19.939	19.449
Derivative financial instruments at fair value	16.534	(474)
Net operating losses carried forward	219.677	125.622
Net interest cost carried forward (thin capitalisation)	41.152	-
Tax free reserves (law 4172/2013)	-	(15.101)
Other temporary differences	749	1.490
Net deferred income tax asset/(liability)	**174.573**	**25.056**
Deferred income tax liabilities	**(138.261)**	**(138.184)**
Deferred income tax assets	**312.834**	**163.240**

Other temporary differences include mostly temporary differences on various receivables provisions as well as the provisions for unaudited tax years.

Deferred tax assets relating to unused tax loss carry-forwards are recognised if it is probable that they can be offset against future taxable profits. As of 31 December 2014 a deferred tax asset on tax loss carry-forwards amounting to €220 million (2013: €126 million) was recognized, since, on the basis of the approved business plan, Management considers it probable that these can be offset against future taxable profits.

Deferred tax in relation to special or tax free reserves is calculated to the extent that the Company believes it is more likely than not to be incurred and is entered in the related accounts.

In December 2013 Law 4172/2013 was enacted that imposed a tax of 15% upon the distribution or capitalization of specific tax free reserves until 31/12/2013. Distribution or capitalization of these reserves in 2014 would result in a tax of 19% and if not distributed or capitalised in 2014, these reserves would have to be set off against accumulated tax losses. From 1st January 2015, companies are no longer allowed to maintain tax-free reserves. In this respect, the Company raised a possible deferred tax liability provision of €15m as at 31 December 2013, via a charge to the income statement. An EGM held on 15 December 2014 approved the distribution of these tax free reserves. Accordingly the 19% payable tax, amounting to €15 million was transferred from deferred tax to current tax liabilities and will be paid within the deadlines prescribed by the relevant law provisions.

In 2014, thin capitalization rules as per art. 49 of law 4172/2013 were applied for the first time, whereby the net interest expenses in 2014 are deductible up to 60% of EBITDA. This resulted in deferred tax assets of €41 million that can be offset against future taxable profits.

(All amounts in Euro thousands unless otherwise stated)

18 Retirement benefit obligations

The table below outlines where the Company's retirement benefit amounts and activity are included in the financial statements.

	As at	
	31 December 2014	**31 December 2013**
Statement of Financial Position obligations for:		
Pension benefits	74.495	72.527
Total as per Statement of Financial Position	**74.495**	**72.527**

	For the year ended	
	31 December 2014	**31 December 2013**
Statement of Comprehensive Income charge for:		
Pension benefits	13.628	27.390
Total as per Statement of Comprehensive Income	**13.628**	**27.390**

	For the year ended	
	31 December 2014	**31 December 2013**
Remeasurements for:		
Pension benefits	5.323	3.175
Total as per Statement of Other Comprehensive Income	**5.323**	**3.175**

The amounts recognised in the statement of financial position are as follows:

	As at	
	31 December 2014	**31 December 2013**
Present value of funded obligations	5.003	6.402
Fair value of plan assets	(203)	(180)
Deficit of funded plans	**4.800**	**6.222**
Present value of unfunded obligations	69.695	66.305
Liability in the Statement of Financial Position	**74.495**	**72.527**

The plans are final salary pension plans. The level of benefits provided depends on members' length of service and remuneration.

(All amounts in Euro thousands unless otherwise stated)

The movement in the defined benefit obligation over 2013 and 2014 is as follows:

	Present Value of Obligation	Fair Value of Plan Assets	Total
As at 1 January 2013	**81.783**	**(660)**	**81.123**
Current service cost	4.151	-	4.151
Interest expense/(income)	3.136	(19)	3.117
Past service costs and (gains)/losses on settlements	20.122	-	20.122
Statement of comprehensive income charge	**27.409**	**(19)**	**27.390**
Remeasurements:			
- Return on plan assets, excluding amounts included in Interest expense/(income)	-	14	14
- (Gain)/loss from change in demographic assumptions	0	-	0
- (Gain)/loss from change in financial assumptions	1.821	-	1.821
- Experience (gains)/losses	1.340	-	1.340
	3.161	**14**	**3.175**
Benefits paid directly by the Company/Contributions paid by the Company	(38.840)	(321)	(39.161)
Benefit payments from the plan	(806)	806	-
As at 31 December 2013	**72.707**	**(180)**	**72.527**
Current service cost	3.825	-	3.825
Interest expense/(income)	2.670	(53)	2.617
Past service costs and (gains)/losses on settlements	7.186	-	7.186
Statement of comprehensive income charge	**13.681**	**(53)**	**13.628**
Remeasurements:			
- Return on plan assets, excluding amounts included in Interest expense/(income)	-	63	63
- (Gain)/loss from change in financial assumptions	3.844	-	3.844
- Experience (gains)/losses	1.416	-	1.416
	5.260	**63**	**5.323**
Benefits paid directly by the Company/Contributions paid by the Company	(14.332)	(2.651)	(16.983)
Benefit payments from the plan	(2.618)	2.618	-
As at 31 December 2014	**74.698**	**(203)**	**74.495**

(All amounts in Euro thousands unless otherwise stated)

The expected maturity analysis of undiscounted pension benefits is as follows:

Balance at 31 December 2014	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Pension Benefits	3.238	1.906	6.317	90.184	**101.645**

Balance at 31 December 2013	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Pension Benefits	2.988	2.484	11.082	92.757	**109.311**

Plan assets comprise the following:

	31 December 2014				31 December 2013			
	Quoted	Unquot	Total	%	Quoted	Unquot	Total	%
Equity Instruments	10	-	10	5%	7	-	7	4%
Debt Instruments:								
- Government bonds	90	-	90	44%	79	-	79	44%
- Corporate bonds	18	-	18	9%	16	-	16	9%
Investment funds	85	-	85	42%	78	-	78	43%
Total	**203**	**-**	**203**		**180**	**-**	**180**	

The principal actuarial assumptions used were:

	As at 31 December 2014	31 December 2013
Discount Rate	3,25%	3,75%
Future Salary Increases	0,50%	0,50%
Inflation	0,50%	0,50%

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on Defined Benefit Obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount Rate	0,5%	-5,15%	5,58%
Future Salary Increases	0,5%	5,67%	-5,28%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the statement of financial position.

Expected contributions to defined benefit plans for the following year are €0,9 million. The weighted average duration of the defined benefit obligation is 11 years.

19 Provisions for other liabilities and charges

Included therein are provisions for legal cases whereby the likely outcome will not be in favour of the Company. Litigation provisions amounted to €3 million as of 31 December 2014 and 2013.

20 Other long term liabilities

	As at	
	31 December 2014	**31 December 2013**
Government grants	11.090	13.367
Other long term liabilities	528	528
Total	**11.618**	**13.895**

Government grants

Advances by the Government to the Company's entities relate to property, plant and equipment. Amortization for 2014 amounted to €2,3 million (2013: €1,4 million).

Other long term liabilities

Other long term liabilities relate to sundry operating items and risks arising from the Company's ordinary activities.

21 Derivative financial instruments

Derivatives designated as Cash Flow Hedges

	31 December 2014				31 December 2013			
Commodity Derivative type	**Notional Amount**		**Assets**	**Liabilities**	**Notional Amount**		**Assets**	**Liabilities**
	MT'000	**Bbls'000**	**€**	**€**	**MT'000**	**Bbls'000**	**€**	**€**
Commodity Swaps	-	2.916	-	60.087	-	2.521	5.263	-
	-	**2.916**	**-**	**60.087**	**-**	**2.521**	**5.263**	**-**
Total			**-**	**60.087**			**5.263**	**-**

	31 December 2014		31 December 2013	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Non-current portion				
Commodity swaps	-	-	-	-
	-	-	-	-
Current portion				
Commodity swaps	-	60.087	5.263	-
	-	**60.087**	**5.263**	**-**
Total	**-**	**60.087**	**5.263**	**-**

Derivatives designated as cash flow hedges

During the year ended 31 December 2014 losses transferred to the statement of comprehensive income, relating to contracts that were settled during the year, amounted to €3.586 (2013: €1.806 loss).

During the year ended 31 December 2013 amounts transferred to the statement of comprehensive income for de-designated hedges were losses of €29.659, net of tax, which related to commodity price swaps for the Elefsina refinery upgrade settled during the period.

The remaining cash flow hedges are highly effective and the movement in their fair value, amounting to a loss of €44.773 net of tax (31 December 2013: €9.402 gain, net of tax), is included in the hedging reserve (see Note 14).

(All amounts in Euro thousands unless otherwise stated)

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

22 Employee Costs

	For the year ended	
	31 December 2014	**31 December 2013**
Wages and salaries	116.027	130.379
Social security costs	29.969	36.018
Pension costs	6.903	7.880
Other employment benefits	16.636	36.990
Total	**169.535**	**211.267**

Other employment benefits include medical insurance, catering and transportation expenses. They also include expenses paid to employees as part of the voluntary retirement scheme (VRS) which are approximately €7 million (2013: €20 million), included in 'Other operating income/ (expenses) and other gains / (losses)' (see Note 24). The value of shared – based compensation of €0,3 million (2013: €0,3 million) is also included therein (see Note 13).

23 Exploration and development expenses

Capital expenditures on exploration and development activities are expensed as incurred and relate mainly to the following Concessions:

(i) Exploration operations in West Obayed Block, Western Desert, Egypt under a Production and Sharing Agreement with EGPC in a joint operation between Hellenic Petroleum (30%) and Vegas West Obayed Limited (70%, Operator)

(ii) Exploration operations in the Gulf of Patraikos Lease-Area, offshore Greece in a joint operation between Hellenic Petroleum (33,3%, Operator), Edison International SpA (33,3%) and Petroceltic Resources Plc (33,3%). The Lease Agreement for the offshore area of the Gulf of Patraikos has been ratified by the Greek Parliament and has been published in the Greek Government Gazette as Law No. 4299 – Vol.A, 221-3/10/2014. In 2014 net exploration license costs relating to the Patraikos Gulf area of €0.4 million were capitalised in intangible assets (Note 7).

(All amounts in Euro thousands unless otherwise stated)

24 Other operating income / (expenses) and other operating gains / (losses)

Other operating income/(expenses) and other gains / (losses) are analysed as follows:

	For the year ended	
	31 December 2014	**31 December 2013**
Income from grants' amortisation	2.277	1.360
Services to third parties	1.876	1.452
Rental income	1.593	2.608
Voluntary retirement scheme cost	(6.925)	(20.225)
Reversal of unused provisions	747	1.302
Impairment losses from associates	-	(10.985)
Other income / (expense)	(742)	(3.665)
Other operating income / (expenses) - net	**(1.174)**	**(28.153)**
Losses on derivative financial instruments reclassified from cash flow hedges	-	(40.080)
Other operating (losses) / gains - net	**-**	**(40.080)**

Other operating income / (expenses) – net, include items which do not arise as a result of the trading activities of the Company (e.g. rental income and sales of personnel services to subsidiaries), as well as additional costs incurred in respect of the voluntary retirement schemes (VRS) effected during 2014 and 2013.

In 2013 impairment losses of €11 million relating to the write down of the Company's investment in Artenius Hellas S.A which started liquidation proceedings (see note 8) were also included.

Other operating gains / (losses) in 2013 included losses from reclassification of cash flow hedges.

25 Finance (Expenses)/ Income-Net

	As at	
	31 December 2014	**31 December 2013**
Interest income	20.589	16.116
Interest expense and similar charges	(193.840)	(180.808)
Finance costs - net	**(173.251)**	**(164.692)**

In addition to the finance cost shown above, an amount of €2 million of finance costs (2013: €3 million) have been capitalised for the year ended 31 December 2014, as explained in Note 6.

During 2014, the Company achieved significant cost savings both in its term loan and revolving credit facilities, the full effect of which will be reflected in the financial year 2015. At the same time the Company maintains a cash reserve in line with its liquidity risk management policy with a negative carry cost in excess of 5% p.a. Part of the cash reserve is temporarily used as cash collateral in respect of EIB loan facility (Note 12).

26 Currency exchange gains / (losses)

Foreign currency exchange losses of €6 million relate to marked-to-market losses on US$ denominated loans due to the US$ strengthening against the Euro as of 31 December 2014, compared to the beginning of the year.

27 Income tax expense

	For the year ended	
	31 December 2014	**31 December 2013**
Current tax	2.798	9.801
Deferred tax (Note 17)	(116.043)	(75.712)
Total	**(113.245)**	**(65.911)**

The basic tax rate used for Hellenic Petroleum S.A. was 26% for the year ended 31 December 2014 and 2013.

The Company's full tax audits for the financial years 2002 – 2009 have been finalised, nevertheless the Company has appealed for part of the additional taxes charged. For further information see Note 32.

The Company has not undergone a full tax audit for the financial year ended 31 December 2010.

Since the year ended 31 December 2011, all Greek companies have to be audited on an annual basis by their statutory auditor in respect of compliance with tax law, correct submission of tax returns and identification of any unrecorded tax liabilities in the accounts. This audit leads to the issuance of a Tax Certificate which, under certain conditions, substitutes the full tax audit by the tax authorities and allows the company to treat its tax position as fully compliant and final. The Company has undergone this tax audit for 2011, 2012 and 2013 obtaining unqualified Tax Certificates.

Provisional VAT audits have been concluded up to and including December 2013. During 2014 receivable amounts, mainly from VAT, of €58 million were audited and confirmed, which the Company utilizes to net off current tax liabilities.

Management believes that no additional material tax liability will arise as a result of open tax years over and above the tax liabilities and provisions recognised in the financial statements for the year ended 31 December 2014.

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

	For the year ended					
	31 December 2014			**31 December 2013**		
	Before tax	**Tax (charge)/ credit**	**After tax**	**Before tax**	**Tax (charge)/ credit**	**After tax**
Cash flow hedges	(65.350)	16.991	(48.359)	51.480	(10.611)	40.869
Actuarial gains/ (losses) on defined benefit pension plans	(5.323)	1.384	(3.939)	(3.175)	826	(2.349)
Other comprehensive income	(70.673)	18.375	(52.298)	48.305	(9.785)	38.520

28 Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the year.

	As at	
	31 December 2014	**31 December 2013**
Earnings per share attributable to the Company Shareholders (expressed in Euro per share):	**(1,03)**	**(0,96)**
Net income attributable to ordinary shares (Euro in thousands)	(313.550)	(293.630)
Average number of ordinary shares outstanding	305.635.185	305.635.185

Diluted earnings per share were not materially different from basic earnings per share.

(All amounts in Euro thousands unless otherwise stated)

29 Dividends per share

The BOD approved a proposal to the AGM for the distribution of no dividend out of 2014 results. The Board did not approve a change in dividend policy overall and will re-evaluate the payment of special dividends or interim dividends for 2015 during 2015.

30 Distribution of reserves

In line with L 4172/2013, all Greek companies are forced to either pay a lower one-off tax in respect of tax free or partially taxed reserves before 31 December 2014 or to have them taxed at the prevailing corporate income tax rate. As part of the financial statements for the year ended 31 December 2013, a provision for the full amount of taxes at 19% was recorded and this was approved by the 2014 AGM. The EGM held on 15 December 2014 approved the one off tax and the distribution of the net amount of €0,21 per share (a total of €64 million).

31 Cash generated from operations

		For the year ended	
	Note	**31 December 2014**	**31 December 2013**
Profit before tax		**(426.795)**	**(359.541)**
Adjustments for:			
Depreciation and amortisation of property, plant & equipment and intangible assets	**6,7**	139.890	155.614
Grants amortisation	**19**	(2.277)	(1.360)
Finance costs - net	**25**	173.251	164.692
Provisions for expenses and valuation charges		12.303	27.296
(Gains) / Losses from disposal of PPE		(19)	1
Foreign exchange (gains) / losses	**26**	5.540	(1.871)
Dividend income		(68.974)	(17.122)
		(167.081)	**(32.291)**
Changes in working capital			
(Increase) / decrease in inventories		337.893	143.329
(Increase) / decrease in trade and other receivables		(15.852)	(226.861)
Increase in payables		536.310	199.626
		858.351	**116.094**
Net cash generated from operating activities		**691.270**	**83.803**

Provisions for expenses and valuation changes in 2013 included impairment losses of €11 million relating to the write down of the Company's investment in Artenius Hellas S.A which had started liquidation proceedings (see note 8).

32 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. Provisions are set up by the Company against such matters whenever deemed necessary and included in provisions (Note 19). These are as follows:

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 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 financial statements (Note 19).

(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 31 December 2014 was the equivalent of €1,4 billion (31 December 2013: €885 million).

Taxation and Customs

(iii) *Tax matters:* In June 2011 the tax audits for the financial years 2002 - 2005 of Hellenic Petroleum S.A. were finalized with disallowable expenses of €64 million in total for four years. The Company agreed to disallowable expenses of €32 million, resulting in €18 million of additional taxes and surcharges, all of which were included in Income Tax for the year ended 31 December 2011. The remaining €32 million of disallowable expenses assessed includes, amongst others, the assessment by a customs audit for alleged inventory "shortages" (see note iv below) despite the fact that their tax audit did not reveal such stock differences. The Company has appealed against this assessment on the ground that it has evidence to demonstrate the lack of merit and the inaccuracy of the calculations. The appeal was heard before the Administrative Appellate Court of Athens in January 2013. The decision rendered has sustained the appeal with respect to the issues of "shortages" and "loss from the production of BOPP film" (disallowable expenses of €28 million) and rejected the part of the appeal concerning the issue of "amortization of Mining Rights" (disallowable expenses of €4 million). The Company has appealed against the latter part of the above decision before the Supreme Administrative Court (Conseil d'Etat). Moreover the aforementioned tax audit also resulted in additional property taxes of a total amount of €2,2 million, against which the Company has appealed before the Administrative Courts. The hearing of the appeal took place in April 2014. The decision rendered has sustained the appeal with respect to the property of former PETROLA and the property in Kalochori, rejected the appeal with respect to the property in Kavala and has partially sustained the appeal with respect to the property in Aspropyrgos, by reducing the value of additional property taxes, which had been determined by the tax audit by approximately €1 million. The Company intends to appeal before the Supreme Administrative Court (Conseil d' Etat) with respect to the value of the property in Aspropyrgos. The final Court decision on the issue of the special tax on "property used by its owner" (approximately €0,3 million), is still pending. No provision has been made in the interim financial information as of 31 December 2014 with respect to the above, as the Company believes that the case will be finally assessed in its favour.

In February 2013 the tax audits for the financial years 2006 to 2009 of Hellenic Petroleum S.A. were finalized, the outcome of which resulted in disallowable expenses of €29 million in total for four years, against which €15,2 million approximately of additional taxes and surcharges were assessed. Moreover the aforementioned tax audits also resulted in additional property taxes of a total amount of €6,4 million. The Company has accepted and settled part of the assessed amounts resulting in a payment of €8,7 million. The Company has appealed against the remaining cases which were not accepted, paying €6,4 million (50% advance payment), as it believes that the cases will be finally assessed in its favour.

In 2014 the provisional tax audit for the years 2010 and 2011 was completed for Hellenic Petroleum S.A., regarding purchases from special tax regime countries. The audit has resulted in additional taxes plus surcharges of €6,5 million which were withheld against the company's approved tax refunds. The Company has followed the legal procedure and believes that the case will be assessed in its favour, since all relevant purchases and transactions are within the ordinary course of business and follow the applicable law provisions and international practice.

(iv) *Assessment of customs and fines:* In 2008, Customs authorities issued customs and fines assessments amounting at approximately €40 million for alleged "stock shortages" in the bonded warehouses of Aspropyrgos and Elefsina refineries for certain periods during 2001-2005. The report has been challenged by the Company as the alleged "stock shortages" relate to accounting reconciliation differences caused as a result of early problems during the implementation of the new customs authorities' electronic-monitoring system (ICIS) in 2001, and not because of physical shortage of products. Both through the Company's workings, as well as by the work performed by independent auditors, it is confirmed beyond any reasonable doubt that there are no stock shortages and the books of the Company are in complete agreement with official stock counts. Furthermore, all tax audits relating to the same periods come to the same conclusion that no stock deficits were identified. In relation with the above, the Company has dully filed contestations before the Administrative Court of First Instance of Piraeus, for which no dates of hearing have been assigned to date. Given that the management and the legal advisors' position is that the case will have a positive outcome when the court hearings take place, no provisions are made for such liabilities.

(All amounts in Euro thousands unless otherwise stated)

However, contrary to a specific temporary court order, the Customs office withheld an amount of €54 million (full payment plus surcharges), an action against which has also been contested through the filing of two Contestations before the Administrative Courts of Athens and Piraeus, challenging the acts of the Tax Office and Customs Authority respectively. The former Contestation has been heard on 22 May 2013 and Decision No. 3833/2013 has been rendered by the Administrative Court of Athens, sustaining the Company's opposition by ruling that the withholding effected by the Tax Office was done improperly and against the law.

The Company considers that the latter contestation will be sustained by the Pireaus Court in light of the pertinent substantial reasons including amongst others, the fact that that subsequent customs audits for the same installations have concluded that no stock shortages exist, as well as serious procedural arguments in the second case where Customs abused their authority to withhold refunds to the Company.

In 2014, special consumption tax of €3,7 million was assessed by the D' Customs Office of Piraeus, regarding internal consumption of oil products which were not produced in the same installation. The company has paid 50% of the amount, (€1,85 million), but has appealed for the total amount before the Administrative Court of Athens and believes that the case will be assessed in its favour.

33 Commitments

(a) Capital commitments

Significant contractual commitments as of 31 December 2014 amount to €45 million (31 December 2013: €64 million), mainly relating to improvements in refining assets.

(b) Operating lease commitments – Company as a lessee

The Company leases offices under non-cancellable operating lease agreements.

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

	For the year ended	
	31 December 2014	**31 December 2013**
No later than 1 year	3.330	4.156
Later than 1 year and no later than 5 years	13.909	18.131
Later than 5 years	4.421	10.475
Total	**21.660**	**32.762**

(a) Letters of Credit

The Company may be requested to provide bank letters of credit to suppliers in order to obtain better commercial and credit terms. To the extent that such items are already recorded as liabilities in the financial statements there is no additional commitment to be disclosed. In cases where the underlying transaction occurs after the year end, the Company is not liable to settle the letter of credit and hence no such liability exists as at the year end.

34 Related parties

Included in the statement of comprehensive income are proceeds, costs and expenses, which arise from transactions between the Company and related parties. Such transactions mainly comprise of sales and purchases of goods and services in the ordinary course of business and are conducted under normal trading and commercial terms on an arm's length basis.

(All amounts in Euro thousands unless otherwise stated)

	For the year ended	
	31 December 2014	**31 December 2013**
Sales of goods and services to related parties		
Group entities	2.839.225	3.036.227
Associates	801.068	524.731
Joint ventures	125	238
Total	**3.640.418**	**3.561.196**
Purchases of goods and services from related parties		
Group entities	58.728	53.614
Associates	824.470	556.370
Joint ventures	511	509
Total	**883.709**	**610.493**

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

	As at	
	31 December 2014	**31 December 2013**
Balances due to related parties		
Group entities	75.628	79.049
Associates	35.747	20.608
Joint ventures	263	203
Total	**111.638**	**99.860**
Balances due from related parties		
Group entities	523.217	495.443
Associates	37.872	38.079
Joint ventures	66	21
Total	**561.155**	**533.543**

Group Entities include all companies consolidated under the full method of consolidation. Also included are Group companies consolidated with the equity method of consolidation.

Transactions and balances with related parties are in respect of the following:

a) Hellenic Petroleum Group companies.

b) Associates and joint ventures of the Hellenic Petroleum Group:

- 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.
- Biodiesel S.A.

- Superlube S.A.
- D.M.E.P. / OTSM

c) Parties which are under common control with the Company due to the shareholding and control rights of the Hellenic State:

- Public Power Corporation Hellas S.A.
- Hellenic Armed Forces

During 2014, Company's sales of goods and services to government related entities amounted to €169 million (2013: €172 million) and Company's purchases of goods and services to €43 million (2013: €55 million). As at 31 December 2014, the Company had a total amount due from government related entities of €27 million (2013: €30 million) and a total amount due to government related entities of €10 million (2012: €11 million).

d) Financial institutions (including their subsidiaries) which are under common control with the Company due to the shareholding and control rights of the Hellenic State.

- National Bank of Greece S.A.

e) Key management includes directors (executive and non- executive members of the board of Hellenic Petroleum S.A.) and members of the Executive Committee. The compensation paid or payable to key management for 2014 amounted to €4,4 million (2013: €4 million).

35 Events after the end of the reporting period

In January 2015, the Company signed a €200 million revolving credit agreement with a commercial bank.

In January 2015, the Company distributed the amount of €0.21 per share, a total of € 64 million out of its tax-free reserves, in accordance with law 4172/2013 (see Note 30).

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