HELLENIC PETROLEUM S.A.

Consolidated 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: 8A CHIMARRAS STR, 15125 MAROUSSI, GREECE

Index to the consolidated financial statements

(All amounts in Euro thousands unless otherwise stated)

Company Information

Directors	Ioannis Papathanasiou – Chairman of the Board John Costopoulos – Chief Executive Officer 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 period:	Christos-Alexis Komninos – Chairman of the Board (23/12/2011 – 23/02/2014)
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 Greece

Independent Auditor's Report

To the Shareholders of Hellenic Petroleum S.A.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Hellenic Petroleum S.A. (the "Company") and its subsidiaries (together, the "Group") which comprise the consolidated statement of financial position as of 31 December 2014 and the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Group 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) 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) We verified the conformity and consistency of the information given in the Board of Directors' report with the accompanying consolidated financial statements in accordance with the requirements of articles 43a, 108 and 37 of Codified Law 2190/1920.

Athens, 26 February 2015

The Certified Auditor Accountant

PricewaterhouseCoopers S.A.	Konstantinos Michalatos
SOEL Reg. No. 113	SOEL Reg.No. 17701

(All amounts in Euro thousands unless otherwise stated)

Consolidated statement of financial position

	Note	As at 31 December 2014	31 December 2013
ASSETS			
Non-current assets			
Property, plant and equipment	**6**	3.398.170	3.463.119
Intangible assets	**7**	131.978	143.841
Investments in associates and joint ventures	**8**	682.425	691.501
Deferred income tax assets	**17**	224.788	63.664
Available-for-sale financial assets	**3**	1.547	1.163
Loans, advances and long term assets	**9**	86.698	106.735
		4.525.606	**4.470.023**
Current assets			
Inventories	**10**	637.613	1.005.264
Trade and other receivables	**11**	708.227	737.250
Derivative financial instruments	**21**	-	5.263
Cash, cash equivalents and restricted cash	**12**	1.847.842	959.602
		3.193.682	**2.707.379**
Total assets		**7.719.288**	**7.177.402**
EQUITY			
Share capital	**13**	1.020.081	1.020.081
Reserves	**14**	435.013	566.103
Retained Earnings		163.048	512.771
Capital and reserves attributable to owners of the parent		**1.618.142**	**2.098.955**
Non-controlling interests		110.404	115.511
Total equity		**1.728.546**	**2.214.466**
LIABILITIES			
Non- current liabilities			
Borrowings	**16**	1.811.995	1.311.804
Deferred income tax liabilities	**17**	40.953	45.405
Retirement benefit obligations	**18**	92.728	87.429
Provisions for other liabilities and charges	**19**	6.224	6.184
Other long term liabilities	**20**	21.861	24.584
		1.973.761	**1.475.406**
Current liabilities			
Trade and other payables	**15**	2.679.199	2.125.435
Derivative financial instruments	**21**	60.087	-
Current income tax liabilities		34.901	22.404
Borrowings	**16**	1.177.645	1.338.384
Dividends payable		65.149	1.307
		4.016.981	**3.487.530**
Total liabilities		**5.990.742**	**4.962.936**
Total equity and liabilities		**7.719.288**	**7.177.402**

The notes on pages 11 to 67 are an integral part of these consolidated financial statements.

These consolidated financial statements were approved by the board on 26 February 2015.

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

(All amounts in Euro thousands unless otherwise stated)

Consolidated statement of comprehensive income

	Note	For the year ended 31 December 2014	31 December 2013
Sales		**9.478.444**	**9.674.324**
Cost of sales		(9.333.608)	(9.369.172)
Gross profit		**144.836**	**305.152**
Selling and distribution expenses		(323.305)	(324.007)
Administrative expenses		(116.947)	(123.596)
Exploration and development expenses	**23**	(4.266)	(2.992)
Other operating (expenses) / income- net	**24**	10.770	(49.869)
Operating profit / (loss)		**(288.912)**	**(195.312)**
Finance (expenses) / income- net	**25**	(215.030)	(209.287)
Currency exchange gains / (losses)	**26**	(9.198)	9.082
Share of profit of investments in associates and joint ventures	**8**	28.245	57.391
Profit / (loss) before income tax		**(484.895)**	**(338.126)**
Income tax (expense) / credit	**27**	116.305	65.661
Profit / (loss) for the year		**(368.590)**	**(272.465)**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit pension plans		(6.234)	(679)
		(6.234)	(679)
Items that may be reclassified subsequently to profit or loss:			
Fair value gains / (losses) on available-for-sale financial assets		375	(105)
Fair value gains / (losses) on cash flow hedges	**14**	(42.289)	9.402
Derecognition of gains/(losses) on hedges through comprehensive income	**14**	(3.586)	31.465
Currency translation differences and other movements		185	(1.051)
		(45.315)	39.711
Other Comprehensive (loss) / income for the year, net of tax		**(51.549)**	**39.032**
Total comprehensive (loss) / income for the year		**(420.139)**	**(233.433)**
<u>Profit / (loss) attributable to:</u>			
Owners of the parent		(365.292)	(269.229)
Non-controlling interests		(3.298)	(3.236)
		(368.590)	**(272.465)**
<u>Total comprehensive income attributable to:</u>			
Owners of the parent		(416.881)	(230.199)
Non-controlling interests		(3.258)	(3.234)
		(420.139)	**(233.433)**
Basic and diluted earnings per share (expressed in Euro per share)	**28**	**(1,20)**	**(0,88)**

The notes on pages 11 to 67 are an integral part of these consolidated financial statements.

(All amounts in Euro thousands unless otherwise stated)

Consolidated statement of changes in equity

		Attributable to owners of the Parent					
	Note	**Share Capital**	**Reserves**	**Retained Earnings**	**Total**	**Non-controlling Interest**	**Total Equity**
Balance at 1 January 2013		**1.020.081**	**527.298**	**827.368**	**2.374.747**	**121.484**	**2.496.231**
Fair value gains / (losses) on available-for-sale financial assets	**14**	-	(107)	-	(107)	2	(105)
Currency translation differences and other movements	**14**	-	(1.051)	-	(1.051)	-	(1.051)
Actuarial gains/(losses) on defined benefit pension plans	**14**	-	(679)	-	(679)		(679)
Fair value gains / (losses) on cash flow hedges	**14**	-	9.402	-	9.402	-	9.402
Derecognition of gains/(losses) on hedges through comprehensive income	**14**	-	31.465	-	31.465	-	31.465
Other comprehensive income / (loss)		**-**	**39.030**	**-**	**39.030**	**2**	**39.032**
Profit/(loss) for the year		-	-	(269.229)	(269.229)	(3.236)	(272.465)
Total comprehensive income for the year		**-**	**39.030**	**(269.229)**	**(230.199)**	**(3.234)**	**(233.433)**
Share based payments	**13**	-	(225)	477	252	-	252
Dividends to non-controlling interests		-	-	-	-	(2.739)	(2.739)
Dividends relating to 2012		-	-	(45.845)	(45.845)	-	(45.845)
Balance at 31 December 2013		**1.020.081**	**566.103**	**512.771**	**2.098.955**	**115.511**	**2.214.466**
Fair value gains / (losses) on available-for-sale financial assets	**14**	-	330	-	330	45	375
Currency translation differences and other movements	**14**	-	135	-	135	50	185
Actuarial gains/(losses) on defined benefit pension plans	**14**	-	(6.179)	-	(6.179)	(55)	(6.234)
Fair value gains / (losses) on cash flow hedges	**14**	-	(42.289)	-	(42.289)	-	(42.289)
Derecognition of gains/(losses) on hedges through comprehensive income	**14**	-	(3.586)	-	(3.586)	-	(3.586)
Other comprehensive income / (loss)		**-**	**(51.589)**	**-**	**(51.589)**	**40**	**(51.549)**
Profit/(loss) for the year		-	-	(365.292)	(365.292)	(3.298)	(368.590)
Total comprehensive income for the year		**-**	**(51.589)**	**(365.292)**	**(416.881)**	**(3.258)**	**(420.139)**
Share based payments	**13**	-	(24)	275	251	-	251
Distribution of tax-free reserves	**30**	-	(64.376)	193	(64.183)	(22)	(64.205)
Transfer of tax on distributed reserves		-	(15.101)	15.101	-	-	-
Dividends relating to 2013		-	-	-	-	(1.827)	(1.827)
Balance at 31 December 2014		**1.020.081**	**435.013**	**163.048**	**1.618.142**	**110.404**	**1.728.546**

The notes on pages 11 to 67 are an integral part of these consolidated financial statements.

(All amounts in Euro thousands unless otherwise stated)

Consolidated statement of cash flows

		For the year ended	
	Note	**31 December 2014**	**31 December 2013**
Cash flows from operating activities			
Cash generated from operations	**31**	875.532	501.406
Income tax paid		(22.750)	(8.808)
Net cash generated from / (used in) used in operating activities		**852.782**	**492.598**
Cash flows from investing activities			
Purchase of property, plant and equipment & intangible assets		(135.880)	(105.149)
Acquisition of subsidiary, net of cash acquired		-	(6.631)
Proceeds from disposal of property, plant and equipment & intangible assets		4.981	4.097
Interest received		8.841	8.050
Dividends received	**8**	39.221	12.802
Participation in share capital (increase)/ decrease of associates	**8**	(76)	(2.504)
Net cash generated from / (used in) investing activities		**(82.913)**	**(89.335)**
Cash flows from financing activities			
Interest paid		(196.886)	(184.305)
Dividends paid to shareholders of the Company		(363)	(43.706)
Dividends paid to non-controlling interests		(1.827)	(2.739)
Proceeds from borrowings		1.111.611	1.276.000
Repayments of borrowings		(827.781)	(1.384.182)
Net cash generated from / (used in) financing activities		**84.754**	**(338.932)**
Net (decrease) / increase in cash, cash equivalents and restricted cash		**854.623**	**64.331**
Cash,cash equivalents and restricted cash at the beginning of the year	**12**	**959.602**	**901.061**
Exchange gains / (losses) on cash, cash equivalents and restricted cash		33.617	(5.790)
Net (decrease) / increase in cash, cash equivalents and restricted cash		854.623	64.331
Cash, cash equivalents and restricted cash at end of the year	**12**	**1.847.842**	**959.602**

The notes on pages 11 to 67 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 General information

Hellenic Petroleum and its subsidiaries (together "Hellenic Petroleum" or the "Group") operate in the energy sector predominantly in Greece, South Eastern Europe and the East Mediterranean. The Group's activities include refining and marketing of oil products, production and marketing of petrochemical products and exploration for hydrocarbons. The Group also provides engineering services. Through its investments in DEPA and Elpedison, the Group also operates in the sector of natural gas and in the production and trading of electricity power.

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

The financial statements and the consolidated financial statements of Hellenic Petroleum S.A. for the year ended 31 December 2014 were authorised 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.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated 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

These consolidated financial statements of Hellenic Petroleum S.A. and its subsidiaries 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 of the Group on a going concern basis. 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 of the Group are appropriately presented in accordance with the Group's accounting policies.

The consolidated 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 certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 "Critical accounting estimates and judgements". 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 financial year and subsequent years. The Group's evaluation of the effect of these new standards, amendments to standards and interpretations is set out below.

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

- *IAS 32 (Amendment) "Financial Instruments: Presentation"* (effective for annual periods beginning on or after 1 January 2014). 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 significant impact for the Group.

- *IAS 36 (Amendment) "Recoverable amount disclosures for non-financial assets" (effective for annual periods beginning on or after 1 January 2014)*. 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 significant impact for the Group.

- *IAS 39 (Amendment) "Financial Instruments: Recognition and Measurement" (effective for annual periods beginning on or after 1 January 2014).* 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 significant impact for the Group.

- *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 adoption of the amendment does not have significant impact for the Group.

- 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 significant impact for the Group. 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"* *(effective for annual periods beginning on or after 1 July 2014)*. 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 significant impact for the Group.

- Annual Improvements to IFRSs 2012 (effective for annual periods beginning on or after 1 February 2015):

  The amendments set out below describe the key changes to six IFRSs following the publication of the results of the IASB's 2010-12 cycle of the annual improvements project. The Group 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 not 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 <u>(effective for annual periods beginning on or after 1 January 2015):</u>

  The amendments set out below describe the key changes to three IFRSs following the publication of the results of the IASB's 2011-13 cycle of the annual improvements project. The Group 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 (<u>effective for annual periods beginning on or after 1 January 2016</u>):

  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 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 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 Group is currently investigating the impact of IFRS 9 on its financial statements. The Group cannot currently early adopt IFRS 9 as it has not 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 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss (Note 2.7).

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, investments are initially recognised at cost and their carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition (Note 2.7).

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profit or loss is recognised in the statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profit (loss) of an associate" in the income statement.

Profits and losses resulting from upstream and downstream transactions between the group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the income statement.

(e) Joint arrangements

The group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

A joint operation arises where the Group has rights to the assets and obligations of the operation. The Group recognizes its share of the assets, obligations, revenue and expenses of the jointly controlled operation, including its share of those held or incurred jointly, in each respective line of its' financial statements.

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 of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Euro, which is the Group's functional and presentation currency. Given that the Group'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. Depending on the country of operation, the Group translates this value to the local currency (Euro in most cases) 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 statement of comprehensive income in the financial statement 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 separately, and other changes in carrying amount 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.

(c) *Group companies*

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
(iii) all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and borrowings are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(All amounts in Euro thousands unless otherwise stated)

2.5 Property, plant and equipment

Property, plant and equipment comprise mainly land, buildings (plant, the owned retail network and offices), oil refineries, vessels and equipment. Property, plant and equipment are shown at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group 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 that take place periodically are capitalised and charged against income on a straight line basis until the next scheduled turnaround 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 economic 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
▪ Other equipment	5 – 10 years
– Motor Vehicles	
▪ LPG and white products carrier vessels	8 – 25 years
▪ Other 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, tank facilities and petrol stations. 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 refinery units are ready for start-up and commercial operation. In case of more complex projects such as the 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 estimated useful economic lives are reviewed and adjusted if appropriate, at the end of each reporting period.

If the asset's carrying amount is greater than its estimated recoverable amount then it is written down immediately to its recoverable amount (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) Goodwill

Goodwill represents the excess of the consideration transferred over the Company's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree at the date of acquisition. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. In the event that the fair value of the Company's share of the identifiable assets of the acquired subsidiary at the date of acquisition is higher than the cost, the excess remaining is recognised immediately in the statement of comprehensive income.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment. Goodwill impairment reviews are undertaken annually or more frequently, if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Retail Service Stations Usage rights

Retail Service Stations Usage rights represent upfront lump-sum amounts paid upon the signing to owners of such retail sites for the use and control of the service stations. Such payments are made to secure branding and future revenues for the Group that were not available in the past and are therefore capitalised in accordance with IAS 38, Intangible Assets. They are amortised over the life of the acquired right.

(c) Licences and rights

License fees for the use of know-how relating to the polypropylene plant have been recognized 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 also include Upstream Exploration rights which are amortised over the period of the exploration period as per the terms of the relevant licences.

(d) 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 development.

(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

Proven 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 Group 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 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 end of the reporting period. 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 the trade-date – the date on which the Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 related to Property, Plant and Equipment received by the Group 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 clear evidence that the Group 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 that 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 consolidated 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 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 Group 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 countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and 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 consolidated 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 does not affect either accounting or taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period 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 Group participates in various pension schemes. The payments are determined by the local legislation and the funds' regulations. The Group has both defined benefit and defined contribution plans.

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.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group 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 Group pays contributions to publicly administered Social Security funds on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses 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.

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 by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group 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 Group operates a shares option 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 are subsequently measured at amortised cost 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 Group 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 Group has an environmental policy which complies with existing legislation and any obligations resulting from its environmental and operational licences. In order to comply with all rules and regulations, the Group 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 Group 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 Group 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 goods – retail

Sales of goods are recognised when a Group entity has delivered products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

(c) 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.

(d) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group 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.

(e) 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 Group 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.

Leases where the lessor retains 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 lessor) 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 Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's Shareholders' General Meeting.

2.26 Changes in accounting policies

The Group 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; however additional disclosures for Group's associates have been included in Note 8.

The Group 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 Group.

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 Group.

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 Group's activities are primarily centred around its Downstream Refining (incl. Petrochemicals) & Marketing assets; with secondary activities relating to, exploration of hydrocarbons and power generation and trading. As such, the Group 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 Group'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 Group to the extent possible. In general, the key factors that impact the Group's operations are summarised as follows:

Greek Macros: During the previous years the Group 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 it 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 Group'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 Group's business and operations.

Currency: In terms of currency, the Group'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 Group'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 Group'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 Group 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 Group 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 its medium term financing plan, the Group has 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 around €2,9 billion of capital employed which is driven from working capital, investment in fixed assets and its 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 “Foreign currency translation”, the functional and presentation currency of the Group 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 Group 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 Group’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 approximately €38 million lower, as a result of foreign exchange losses on translation of US dollar-denominated receivables, payables, cash 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 Group did not actively hedge material amounts of the Gross margin exposure. This exposure is linearly related to the Gross margin of the Group 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 Group 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 Group 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 Group.

(ii) Commodity price risk

The Group’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 Group 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 Group financial results, a change in the refinery margins has a proportionate impact on the Group's profitability. Where possible, the Group 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 Group'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 Group to cash flow interest rate risk, while borrowings issued at fixed rates expose the Group to fair value interest rate risk. The majority of the Group's borrowings are at fixed 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 Groups results. At 31 December 2014, if interest rates on Euro denominated borrowings had been 0,5% higher with all other variables held constant, pre-tax profit for the year would have been Euro €11 million lower.

(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. Sales to retail customers are settled in cash or using major credit cards.

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 Group aims to maintain flexibility in its funding operations through the use of cash and committed credit facilities.

Where deemed beneficial to the Group, and in order to achieve better commercial terms (eg. better pricing, higher credit limits, longer payment terms), the Group provides short term letters of credit or guarantee for the payment of liabilities arising from trade creditors. These instruments are issued using the Group'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 Group refinanced a significant portion of its 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 Group'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	1.319.126	507.702	1.433.120	116.016
Finance lease liabilities	1.010	921	2.575	2.246
Derivative financial instruments	60.087	-	-	-
Trade and other payables	2.629.615	-	-	-
31 December 2013				
Borrowings	1.453.339	227.404	1.080.939	168.897
Finance lease liabilities	1.069	1.010	2.686	3.056
Derivative financial instruments	-	-	-	-
Trade and other payables	2.076.816	-	-	-

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

3.2 Capital risk management

The Group'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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with the industry convention, the Group 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 & 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.

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

	As at 31 December 2014	31 December 2013
Total Borrowings (Note 16)	2.989.640	2.650.188
Less: Cash, Cash Equivalents and restricted cash (Note 12)	(1.847.842)	(959.602)
Less: Available for sale financial assets (Note 3.3)	(1.547)	(1.163)
Net debt	**1.140.249**	**1.689.423**
Total Equity	1.728.546	2.214.466
Total Capital Employed	**2.868.795**	**3.903.888**
Gearing ratio	**40%**	**43%**

(All amounts in Euro thousands unless otherwise stated)

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	1.547	-	-	1.547
	1.547	**-**	**-**	**1.547**
Liabilities				
Derivatives held for trading	-	-	-	-
Derivatives used for hedging	-	60.087	-	60.087
	-	**60.087**	**-**	**60.087**

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	1.163	-	-	1.163
	1.163	**5.263**	**-**	**6.426**
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 Euro and US$ denominated Eurobonds as at 31 December 2014 was €1.059 million (31 December 2013 €522 million), compared to its book value of €1.133 million (31 December 2013 €490 million). The fair value of the remaining borrowings approximates their carrying value, as the effect of discounting is insignificant. The fair values of borrowings are within level 2 of the fair value hierarchy.

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

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 Group 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 Group 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 Group 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 Group 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 Group to incur restoration costs to comply with the regulations in the various jurisdictions in which the Group operates, and to settle any legal or constructive obligation. Analysis and estimates are performed by the Group 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 Group's financial statements. When the final determination of such obligation amounts differs from the recognised provisions, the Group's statement of comprehensive income is impacted.

(All amounts in Euro thousands unless otherwise stated)

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

The Group tests annually whether goodwill and non-financial assets have suffered any impairment, in accordance with its accounting policies (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 Group 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 Group 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 Group 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 Group has a number of legal claims pending against it. Management uses its judgement to assess the likely outcome of these claims and if it is more likely than not that the Group 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 Group conducted 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 Group have been adjusted from 1 July 2013 and in general do not exceed 25 years. The Group 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 Group's Executive Committee, which reviews the Group'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 Group's operating segments is presented below:

		For the year ended	
	Note	**31 December 2014**	**31 December 2013**
Sales			
Refining		8.818.333	9.077.705
Marketing		3.220.210	3.344.999
Exploration & Production		186	848
Petro-chemicals		322.205	326.823
Gas & Power		1.634	905
Other		12.792	16.600
Inter-Segment		(2.896.916)	(3.093.556)
Total		**9.478.444**	**9.674.324**
Operating profit / (loss)			
Refining		(371.333)	(237.986)
Marketing		27.284	1.502
Exploration & Production		(5.792)	(5.058)
Petro-chemicals		63.673	39.144
Gas & Power		685	513
Other		(3.429)	6.573
Inter-Segment		-	-
Total		**(288.912)**	**(195.312)**
Currency exchange gains/ (losses)	**26**	(9.198)	9.082
Share of profit of investments in associates and joint ventures	**8**	28.245	57.391
Finance (expense)/income - net	**25**	(215.030)	(209.287)
Profit / (loss) before income tax		**(484.895)**	**(338.126)**
Income tax (expense) / credit	**27**	116.305	65.661
(Income) / loss applicable to non-controlling interests		3.298	3.236
Profit / (loss) for the year attributable to the owners of the parent		**(365.292)**	**(269.229)**

Inter-segment sales primarily relate to sales from the refining segment to the other operating segments and are carried out at arm's length.

(All amounts in Euro thousands unless otherwise stated)

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

	As at	
	31 December 2014	**31 December 2013**
Total Assets		
Refining	6.203.265	5.504.222
Marketing	1.237.633	1.311.492
Exploration & Production	8.268	7.361
Petro-chemicals	250.927	259.605
Gas & Power	686.885	694.544
Other	1.243.036	1.040.692
Inter-Segment	(1.910.727)	(1.640.514)
Total	**7.719.288**	**7.177.402**
Total Liabilities		
Refining	4.866.416	3.796.350
Marketing	737.379	778.728
Exploration & Production	11.351	6.158
Petro-chemicals	58.199	110.344
Gas & Power	3.510	9.350
Other	1.279.511	648.061
Inter-Segment	(965.624)	(386.055)
Total	**5.990.742**	**4.962.936**

(All amounts in Euro thousands unless otherwise stated)

6 Property, plant and equipment

	Land	Buildings	Plant & Machinery	Motor vehicles	Furniture and fixtures	Assets Under Con-struction	Total
Cost							
As at 1 January 2013	**288.391**	**847.812**	**4.144.951**	**87.321**	**139.391**	**156.318**	**5.664.184**
Additions	9	3.766	15.966	865	4.454	84.866	109.926
Capitalised projects	2	20.711	76.004	158	870	(97.745)	-
Disposals	(1.101)	(4.247)	(16.662)	(1.158)	(1.142)	(148)	(24.458)
Currency translation differences	(179)	(294)	(82)	(3)	(39)	(12)	(609)
Transfers and other movements	124	(614)	7.567	(25)	(193)	(14.671)	(7.812)
As at 31 December 2013	**287.246**	**867.134**	**4.227.744**	**87.158**	**143.341**	**128.608**	**5.741.231**
Accumulated Depreciation							
As at 1 January 2013	**-**	**324.305**	**1.606.912**	**46.016**	**117.394**	**-**	**2.094.627**
Charge for the year	-	31.616	162.006	4.597	8.327	-	206.546
Disposals	-	(3.465)	(16.363)	(1.073)	(1.124)	-	(22.025)
Currency translation differences	-	(83)	(75)	(2)	(6)	-	(166)
Transfers and other movements	-	(1.462)	1.164	(68)	(504)	-	(870)
As at 31 December 2013	**-**	**350.911**	**1.753.644**	**49.470**	**124.087**	**-**	**2.278.112**
Net Book Value at 31 December 2013	**287.246**	**516.223**	**2.474.100**	**37.688**	**19.254**	**128.608**	**3.463.119**
Cost							
As at 1 January 2014	**287.246**	**867.134**	**4.227.744**	**87.158**	**143.341**	**128.608**	**5.741.231**
Additions	395	2.749	12.285	2.632	7.899	108.153	134.113
Capitalised projects	-	9.583	109.957	27	623	(120.190)	-
Disposals	(438)	(2.096)	(1.239)	(230)	(199)	(316)	(4.518)
Currency translation differences	(1.134)	(1.734)	(382)	-	2	(82)	(3.330)
Transfers and other movements	211	162	929	-	276	(13.801)	(12.223)
As at 31 December 2014	**286.280**	**875.798**	**4.349.294**	**89.587**	**151.942**	**102.372**	**5.855.273**
Accumulated Depreciation							
As at 1 January 2014	**-**	**350.911**	**1.753.644**	**49.470**	**124.087**	**-**	**2.278.112**
Charge for the year	-	30.646	139.250	4.443	7.901	-	182.240
Disposals	-	(1.965)	(1.150)	(223)	(208)	-	(3.546)
Currency translation differences	-	(454)	(180)	-	4	-	(630)
Transfers and other movements	-	(9)	934	2	-	-	927
As at 31 December 2014	**-**	**379.129**	**1.892.498**	**53.692**	**131.784**	**-**	**2.457.103**
Net Book Value at 31 December 2014	**286.280**	**496.669**	**2.456.796**	**35.895**	**20.158**	**102.372**	**3.398.170**

(1) The Group 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 capitalised 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 mainly relate to the 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

	Goodwill	Retail Service Stations Usage Rights	Computer software	Licences & Rights	Other	Total
Cost						
As at 1 January 2013	**133.914**	**52.938**	**82.644**	**37.645**	**74.643**	**381.784**
Additions	-	822	844	55	133	1.854
Disposals	-	-	(3)	-	-	(3)
Currency translation differences and other movements	-	(2.421)	3.587	262	(260)	1.168
As at 31 December 2013	**133.914**	**51.339**	**87.072**	**37.962**	**74.516**	**384.803**
Accumulated Amortisation						
As at 1 January 2013	**71.829**	**19.073**	**74.099**	**22.751**	**36.328**	**224.080**
Charge for the year	-	3.822	3.772	1.714	8.219	17.527
Disposals	-	-	(1)	-	-	(1)
Currency translation differences and other movements	-	(637)	(7)	205	(205)	(644)
As at 31 December 2013	**71.829**	**22.258**	**77.863**	**24.670**	**44.342**	**240.962**
Net Book Value at 31 December 2013	**62.085**	**29.081**	**9.209**	**13.292**	**30.174**	**143.841**
Cost						
As at 1 January 2014	**133.914**	**51.339**	**87.072**	**37.962**	**74.516**	**384.803**
Additions	-	266	1.051	397	53	1.767
Disposals	-	(166)	-	-	(39)	(205)
Currency translation differences and other movements	-	(74)	8.459	410	(270)	8.525
As at 31 December 2014	**133.914**	**51.365**	**96.582**	**38.769**	**74.260**	**394.890**
Accumulated Amortisation						
As at 1 January 2014	**71.829**	**22.258**	**77.863**	**24.670**	**44.342**	**240.962**
Charge for the year	-	3.839	8.584	2.590	7.677	22.690
Disposals	-	(94)	-	-	(38)	(132)
Currency translation differences and other movements	-	135	(730)	-	(13)	(608)
As at 31 December 2014	**71.829**	**26.138**	**85.717**	**27.260**	**51.968**	**262.912**
Net Book Value at 31 December 2014	**62.085**	**25.227**	**10.865**	**11.509**	**22.292**	**131.978**

(1) The remaining amount of goodwill as at 31 December 2014 relates to the unamortised goodwill arising on the acquisition of Hellenic Petroleum Cyprus Ltd in 2003 and of Jugopetrol AD in 2002, which are treated in line with the accounting policy in note 2.7. Goodwill has been tested for impairment as at 31 December 2014 using the value-in-use model. This calculation uses cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five-year period are extrapolated using an estimated growth rate that reflects the forecasts in line with management beliefs, based on GDP growth projections. Management determines annual volume growth rate and gross margins based on past performance and expectations for the market development. The discount rates used are pre-tax and reflect specific risks relating to operations.

The results of the model show that the valuation covers the carrying amount of the goodwill, which amounts to €62 million as of 31 December 2014. A sensitivity analysis was performed to the key assumptions used in the model (discount rates and perpetuity growth rates), in order to stress test the adequacy of the valuation headroom. The sensitivity analysis resulted in recoverable values well in excess of the carrying value.

(2) Other intangible assets category primarily includes the fair value of the contractual customer relationships from the subsidiary acquired in December 2009 (ex BP Hellas) which is amortized over the life of the contracts. Furthermore, it includes rights of use of land in Serbia and Montenegro in cases where local legal framework does not allow outright ownership of real estate property.

(3) 'Other movements' relate to completed IT software projects capitalised during 2014 and thus transferred from assets under construction.

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

(All amounts in Euro thousands unless otherwise stated)

8 Investments in associates and joint ventures

	As at	
	31 December 2014	**31 December 2013**
Beginning of the Year	**691.501**	**645.756**
Dividend income	(39.221)	(12.802)
Share of profit of investments in associates & joint ventures	28.245	57.391
Share capital increase / (decrease)	76	2.504
Gains/ (losses) on cash flow hedges through Other Comprehensive Income	2.484	-
Other movements	(660)	(1.348)
End of the year	**682.425**	**691.501**

a) Joint Ventures

The Group is active in power generation and trading in Greece through its 50% shareholding in Elpedison B.V., a joint venture entity with EDISON International. The Group consolidates ELPEDISON BV using the equity method and as such ELPEDISON B.V. group of companies consolidated results, appear under "Share of profit of investments in associates and joint ventures" and its Net assets under the "Investment in Associates".

Given the materiality of this activity for the Group, the table below summarises the key financials of Elpedison B.V. group which includes Elpedison Power (75,78%) and Elpedison Energy (formerly Elpedison Trading – 75,78%):

	As at	
Elpedison B.V Group	**31 December 2014** *(unaudited)*	**31 December 2013**
Statement of Financial Position		
Non-Current Assets	376.013	402.442
Cash and Cash Equivalents	17.719	19.819
Other Current Assets	130.340	179.990
Total Assets	**524.071**	**602.251**
Equity	**156.161**	**154.124**
Long Term Borrowings	-	275.371
Other Non-Current Liabilities	18.667	19.066
Short Term Borrowings	275.289	14.704
Other Current Liabilities	73.954	138.986
Total Liabilities	**367.910**	**448.127**
Total Liabilities and Equity	**524.071**	**602.251**

(All amounts in Euro thousands unless otherwise stated)

	As at	
	31 December 2014 *(unaudited)*	**31 December 2013**
Statement of Comprehensive Income		
Revenue	212.579	385.568
EBITDA	**51.330**	**57.328**
Interest Income/(Expense) - net	(22.795)	(25.594)
Profit / (Loss) beforeTax	**1.708**	**2.370**
Income Tax	373	(8.922)
Profit / (Loss) after Tax	**2.081**	**(6.552)**
Income / (Loss) accounted in Helpe Group	**852**	**(2.885)**

Elpedison Power was formed through a merger of T-Power SA (HELPE 100% subsidiary) and Thisvi SA, an EDISON/HED joint venture in 2009. In October 2013, Elpedison Power refinanced its €345 million loan (outstanding amount as of October 2013 €296 million), through the issuance of a new loan of €296 million, maturing on September 2015 and bearing an one-year extension option that is subject to each lender's consent. The loan is fully guaranteed on a pro rata basis by all the shareholders of Elpedison Power SA.

There are neither contingent liabilities nor commitments relating to the group's interest in Elpedison B.V.

b) Associates

The Group exercises significant influence in a number of other entities, also accounted for by the equity method.

DEPA Group

DEPA Group operates in the wholesale, trading, transmission, distribution and supply of natural gas. It is currently owned 65% by the HRADF (Hellenic Republic Assets Development Fund) and 35% by HELPE S.A.

Major entities that are consolidated in DEPA Group besides the parent company, are DESFA S.A (full consolidation, 100% - Administrator of the Natural Gas System), and the Gas Distribution companies (equity method, 51% stake in each company - EPA Attica S.A, EPA Thessaloniki S.A, EPA Thessalia S.A)

The table below summarizes the key financials of DEPA Group:

	As at	
Public Natural Gas Corporation of Greece (DEPA)	**31 December 2014** *(unaudited)*	**31 December 2013**
Statement of Financial Position		
Non-Current Assets	2.386.441	2.440.565
Cash and Cash Equivalents	303.241	154.003
Other Current Assets	476.025	594.993
Total Assets	**3.165.707**	**3.189.561**
Equity	**1.691.622**	**1.721.083**
Long Term Borrowings	242.259	234.956
Other Non-Current Liabilities	944.311	959.663
Short Term Borrowings	32.697	32.697
Other Current Liabilities	254.818	241.161
Total Liabilities	**1.474.085**	**1.468.478**
Total Liabilities and Equity	**3.165.707**	**3.189.561**

(All amounts in Euro thousands unless otherwise stated)

	As at	
	31 December 2014 *(unaudited)*	**31 December 2013**
Statement of Comprehensive Income		
Revenue	1.088.030	1.553.479
EBITDA	**126.318**	**196.422**
Interest Income/(Expense) - net	16.919	23.936
Profit / (Loss) before Tax	**97.358**	**178.798**
Income Tax	(14.648)	(32.097)
Profit / (Loss) after Tax	**82.710**	**146.701**
Income / (Loss) accounted in Helpe Group	**30.337**	**59.510**

In 2014 the Group received €38,6 million dividends from DEPA Group (2013: €12,6 million).

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.

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

(All amounts in Euro thousands unless otherwise stated)

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.

Other associates

In 2011, the Group participated with 48% holding through its subsidiary company Hellenic Petroleum International A.G. in the setting-up of a new company DMEP HoldCo Ltd, a company incorporated in UK, which in turn owns 100% of "OTSM S.A. of Maintenance Compulsory Stocks and Trading of Crude Oil and Petroleum Products" (OTSM). OTSM is established under Greek law and is fully permitted to provide crude oil and petroleum products stock keeping and management services. The Group has delegated part of its compulsory stock keeping obligations to OTSM, reducing its stock holding by approximately 340.000 MT, at a fee calculated in line with the legal framework.

An analysis of the financial position and results of the Group's major associates is set below:

	% interest held	As at 31 December 2014			
		Assets	Liabilities	Revenues	Profit after tax
Spata Aviation Fuel Company S.A.	33%	3.770	2.468	4.776	1.024
ELPE THRAKI	25%	69	4	-	(16)
EAKAA	50%	14.530	5.425	2.618	579
DMEP Holdco (ultimate parent of OTSM)	48%	223.882	221.481	808.654	(4.281)
BIODIESEL	25%	357	79	1.283	12

	% interest held	As at 31 December 2013			
		Assets	Liabilities	Revenues	Profit after tax
Spata Aviation Fuel Company S.A.	33%	3.479	1.922	4.159	655
ELPE THRAKI	25%	310	87	-	(26)
EAKAA	50%	15.236	6.595	2.256	329
DMEP Holdco (ultimate parent of OTSM)	48%	228.423	226.659	545.267	378
BIODIESEL	25%	1.334	107	1.631	20

There are neither contingent liabilities nor commitments relating to the group's interest in its associates.

c) Joint operations

The Group participates in the following joint 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)

(All amounts in Euro thousands unless otherwise stated)

9 Loans, Advances & Long Term assets

	As at	
	31 December 2014	31 December 2013
Loans and advances	37.288	39.051
Other long term assets	49.410	67.684
Total	**86.698**	**106.735**

Loans and advances relate primarily to merchandise credit extended to third parties as part of the retail network expansion and is non-interest bearing. This also includes trade receivables due in more than one year as a result of settlement arrangements.

Other long term assets include non-interest bearing payments made to secure long term retail network and are amortised over the remaining life of the relating contracts of the petrol stations locations. In addition they include other non-interest bearing prepayments of long term nature.

The balances included in the above categories as of 31 December 2014 are discounted at a rate of 5% (2013: 5%).

10 Inventories

	As at	
	31 December 2014	31 December 2013
Crude oil	118.519	228.261
Refined products and semi-finished products	422.452	690.719
Petrochemicals	27.104	25.500
Consumable materials and other spare parts	79.852	69.128
- Less: Provision for consumables and spare parts	(10.314)	(8.344)
Total	**637.613**	**1.005.264**

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

The cost of inventories recognised as an expense and included in “Cost of sales” amounted to €8,5 billion (2013: €8,5 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 group 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.

(All amounts in Euro thousands unless otherwise stated)

11 Trade and other receivables

	As at	
	31 December 2014	**31 December 2013**
Trade receivables	481.360	576.376
- Less: Provision for impairment of receivables	(185.114)	(170.346)
Trade receivables net	**296.246**	**406.030**
Other receivables	421.604	337.670
- Less: Provision for impairment of receivables	(30.286)	(32.591)
Other receivables net	**391.318**	**305.079**
Deferred charges and prepayments	20.663	26.141
Total	**708.227**	**737.250**

As part of its working capital management the Group 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 an amount of €54m (31 December 2013: €54m) of VAT approved refunds which has been withheld by the customs office in respect of a dispute about stock shortages. Against this action the Group has filed a specific legal objection and claim and expects to fully recover this amount following the conclusion of the relevant legal proceedings (Note 32).

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

The table below shows the segregation of trade receivables:

	As at	
	31 December 2014	**31 December 2013**
Total trade receivables	481.360	576.376
Amounts included above which are past due, doubtful and impaired:		
a) Past due, not impaired receivables	130.872	224.318
b) Past due, doubtful & impaired receivables balance	185.114	170.346

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. Provision 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	59.467	128.731
30 - 90 days	25.838	23.109
Over 90 days	45.567	72.478
Total	**130.872**	**224.318**

(All amounts in Euro thousands unless otherwise stated)

The overdue days of trade receivables that were past due and impaired are as follows:

	As at	
	31 December 2014	**31 December 2013**
Up to 30 days	4.931	4.324
30 - 90 days	150	147
Over 90 days	180.033	165.875
Total	**185.114**	**170.346**

It was assessed that the portion of the doubtful receivables not provided for 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	170.346	162.374
Charged / (credited) to the income statement:		
- Additional provisions	16.872	10.370
- Unused amounts reversed	(1.618)	(1.334)
- Receivables written off during the year as uncollectible	(486)	(1.471)
Other movements	-	407
Balance at 31 December	**185.114**	**170.346**

The movement in the provision for impairment has been included in Selling & Distribution costs in the statement of comprehensive income.

12 Cash, cash equivalents and restricted cash

	As at	
	31 December 2014	**31 December 2013**
Cash at Bank and in Hand	952.127	426.674
Short term bank deposits	695.715	332.928
Cash and Cash Equivalents	**1.647.842**	**759.602**
Restricted Cash	200.000	200.000
Total Cash, Cash Equivalents and Restricted Cash	**1.847.842**	**959.602**

Restricted cash pertains to a cash collateral arrangement to secure a €200 million loan concluded between Hellenic Petroleum S.A and Piraeus Bank, in relation to the Company’s €200 million Facility Agreement with the European Investment Bank for which Piraeus 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 of the Group.

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%	0,65%
USD	0,80%	0,50%

(All amounts in Euro thousands unless otherwise stated)

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 employees with the results and performance of the Company and its management. Subsequent AGMs have approved and granted the stock 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.

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	No. of share options as at 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		As at 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 in the statement of comprehensive income for the year ended 31 December 2014 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 free reserves	Other reserves	Total
Balance at 1 January 2013	**118.668**	**98.420**	**(36.974)**	**3.889**	**351.322**	**(8.027)**	**527.298**
Cash flow hedges (Note 21):							
- Fair value gains / (losses) on cash flow hedges	-	-	9.402	-	-	-	9.402
- Derecognition of gains/(losses) on hedges through comprehensive income	-	-	31.465	-	-	-	31.465
Share-based payments (Note 13)	-	-	-	(225)	-	-	(225)
Fair value gains / (losses) on available-for-sale financial assets	-	-	-	-	-	(107)	(107)
Actuarial gains/(losses) on defined benefit pension plans	-	-	-	-	-	(679)	(679)
Currency translation differences and other movements	-	-	-	-	-	(1.051)	(1.051)
Balance at 31 December 2013	**118.668**	**98.420**	**3.893**	**3.664**	**351.322**	**(9.864)**	**566.103**
Cash flow hedges (Note 21):							
- Fair value gains / (losses) on cash flow hedges	-	-	(42.289)	-	-	-	(42.289)
- Derecognition of gains/(losses) on hedges through comprehensive income	-	-	(3.586)	-	-	-	(3.586)
Share-based payments (Note 13)	-	-	-	(24)	-	-	(24)
Distribution of tax-free reserves	-	-	-	-	(64.376)	-	(64.376)
Transfer of tax on distributed reserves	-	-	-	-	(15.101)	-	(15.101)
Fair value gains / (losses) on available-for-sale financial assets	-	-	-	-	-	330	330
Actuarial gains/(losses) on defined benefit pension plans	-	-	-	-	-	(6.179)	(6.179)
Currency translation differences and other movements	-	-	-	-	-	135	135
Balance at 31 December 2014	**118.668**	**98.420**	**(41.982)**	**3.640**	**271.845**	**(15.578)**	**435.013**

Statutory reserves

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

Special reserves

Special reserves primarily relate to reserves arising from tax revaluations which have been included in the holding 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.

In 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	2.529.072	1.967.963
Accrued Expenses & Deferred Income	58.830	45.460
Other payables	91.297	112.012
Total	**2.679.199**	**2.125.435**

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 dully 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 of its control. As a result no deliveries of Iranian crude oil or payments have taken place post June 30th 2012, which was the EU imposed deadline.

In line with standard industry practice the Group 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 CO2 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	675.036	816.899
Eurobonds	1.132.598	490.000
Finance leases	4.361	4.905
Total non-current borrowings	**1.811.995**	**1.311.804**
Current borrowings		
Short term bank borrowings	1.132.298	1.190.481
Current portion of long-term bank borrowings	44.782	147.339
Finance leases - current portion	565	564
Total current borrowings	**1.177.645**	**1.338.384**
Total borrowings	**2.989.640**	**2.650.188**

(All amounts in Euro thousands unless otherwise stated)

The maturity of non-current borrowings is the following:

	As at	
	31 December 2014	**31 December 2013**
Between 1 and 2 years	411.260	147.019
Between 2 and 5 years	1.289.624	964.784
Over 5 years	111.111	200.001
	1.811.995	**1.311.804**

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

		As at 31 December 2014	
	€	**US$**	**RSD**
Bank Borrowings (short-term)			
- Floating Euribor + margin	6,20%	-	-
- Floating Belibor + margin	-	-	12,25%
Bank Borrowings (long-term)			
- Floating Euribor + margin	4,27%	-	-
- Fixed coupon	6,92%	4,63%	-

		As at 31 December 2013	
	€	**US$**	**RSD**
Bank Borrowings (short-term)			
- Floating Euribor + margin	6,66%	-	-
- Floating Libor + margin	-	0,71%	-
- Floating Belibor + margin	-	-	14,37%
Bank Borrowings (long-term)			
- Floating Euribor + margin	4,85%	-	-
- Fixed coupon	8,00%	-	-

The carrying amounts of the Group’s borrowings are denominated in the following currencies:

	As at	
	31 December 2014	**31 December 2013**
Euro	2.571.354	2.566.412
US dollar	327.921	2.177
RSD	28.049	54.981
Other	62.316	26.618
Total borrowings	**2.989.640**	**2.650.188**

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.

Gross borrowings of the Group by maturity as at 31 December 2014 and 31 December 2013 are summarised on the table below (amounts in € million):

			Balance as at	
	Company	**Maturity**	**31 December 2014**	**31 December 2013**
1a. Syndicated credit facility €140 million	HPF plc	Jan 2016	-	135
1b. Syndicated bond loan €465 million	HP SA	Jan 2016	-	451
2a. Syndicated credit facility €40 million	HPF plc	Jul 2016	39	-
2b. Syndicated credit facility €10 million	HPF plc	Jul 2018	10	-
2c. Syndicated bond loan €350 million	HP SA	Jul 2018	338	-
3. Bond loan €400 million	HP SA	Dec 2015	225	225
4. European Investment Bank ("EIB")Term loan	HP SA	Jun 2022	333	378
5. Eurobond €500m	HPF plc	May 2017	489	490
6. Eurobond $400m	HPF plc	May 2016	328	-
7. Eurobond €325m	HPF plc	Jul 2019	316	-
8. Bilateral lines	Various	Various	907	966
9. Finance leases	Various	Various	5	5
Total			**2.990**	**2.650**

1-2) Term loans

In January 2013, the Group concluded two 3-year credit facilities with identical terms and conditions with a syndicate of Greek and international banks for a total amount of €605 million with a gradual amortization schedule. 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:

(2a-2b) HPF concluded a €50 million syndicated credit facility guaranteed by Hellenic Petroleum S.A. The facility has a €40 million tranche maturing in July 2016 and a €10 million tranche maturing in July 2018.As at 31 December 2014, the outstanding loan balance amounted to €49 million.

(2c) Hellenic Petroleum S.A. concluded a €350 million syndicated bond loan credit facility guaranteed by HPF maturing in July 2018. As at 31 December 2014, the outstanding loan balance amounted to €338 million.

3. Bond Loan €400 million

In April 2012, Hellenic Petroleum S.A. concluded a €400 million syndicated bond loan agreement, initially maturing on 30 June 2013, with the aim to finance general corporate purposes. The Group 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 programme relating to the upgrade of the Elefsina Refinery. Both loans have a maturity of 12 years with an amortization schedule that commenced in December 2013 and similar terms and conditions. Facility B is credit enhanced by a commercial bank guarantee (Note 12). This is normal practice for EIB lending operations particularly during the construction phase of large projects. An amount of €22 million was repaid in 2013 and a further €45 million was repaid during 2014. As at 31 December 2014, the outstanding loan balance amounted to €333 million (31 December 2013: €378 million).

5. Eurobond €500m

In May 2013, the Group issued a €500 million four-year Eurobond, with an 8% annual coupon, maturing in May 2017. The Notes, which were issued by Hellenic Petroleum Finance Plc and are guaranteed by Hellenic Petroleum S.A., are redeemable at maturity and are listed on the Luxembourg Stock Exchange.

(All amounts in Euro thousands unless otherwise stated)

6. Eurobond $400m

In May 2014 the Group issued a $400 million two-year Eurobond, with a 4,625% annual coupon, maturing in May 2016. The Notes, which were issued by Hellenic Petroleum Finance Plc and are guaranteed by Hellenic Petroleum S.A., are redeemable at maturity and are listed on the Luxembourg Stock Exchange.

7. *Eurobond €325m*

In July 2014 the Group issued a €325 million five-year Eurobond, with a 5,25% annual coupon, maturing in July 2019. The Notes, which were issued by Hellenic Petroleum Finance Plc and 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.

In December 2014, Hellenic Petroleum Finance Plc proceeded with open market purchases and subsequent cancellation of an amount of €4 million of the €500 million Notes maturing in May 2017 and €2 million of the €325 million Notes maturing in July 2019. The profit from the open market purchases amounted to €0,3 million (Note 24).

8. Bilateral credit facilities

The Group companies also have in place credit facilities with various banks in order to predominantly finance their working capital needs. As at 31 December 2014, the outstanding balance of such loans amounted to approximately €0,9 billion (31 December 2013: approximately €1 billion). Out of these approximately €0,7 billion relate to short-term loans of the parent company Hellenic Petroleum S.A.

Certain medium term credit agreements that the Group has concluded, include financial covenants, mainly for the maintenance of certain ratios such as: "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	907.484	966.125
Term loans	2.077.230	1.678.595
Finance lease	4.926	5.469
Total borrowings	**2.989.640**	**2.650.188**

Finance leases are analysed as follows:

	As at	
	31 December 2014	**31 December 2013**
Obligations under finance leases		
Within 1 year	565	564
Between 1 and 2 years	532	566
Between 2 and 5 years	1.817	1.712
After 5 years	2.012	2.627
Total lease payments	**4.926**	**5.469**

(All amounts in Euro thousands unless otherwise stated)

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 offset amounts are as follows:

	As at	
	31 December 2014	**31 December 2013**
Deferred tax assets:		
Deferred tax assets to be recovered after more than 12 months	224.788	63.664
	224.788	**63.664**
Deferred tax liabilities:		
Deferred tax liabilities to be incurred after more than 12 months	(40.953)	(45.405)
	(40.953)	**(45.405)**
	183.835	**18.259**

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	18.259	(64.162)
Income statement recovery / (charge)	125.516	92.975
Charged / (released) to equity	19.084	(10.126)
Transfer of tax on distributed reserves to Current tax	20.949	-
Other movements	27	(428)
End of year	**183.835**	**18.259**

Deferred tax relates to the following types of net temporary differences:

	As at	
	31 December 2014	**31 December 2013**
Intangible and tangible fixed assets	(149.082)	(135.270)
Inventory valuation	2.670	2.158
Unrealised exchange gains	-	(1.426)
Employee benefits provision	16.847	19.460
Derivative financial instruments at fair value	16.534	(474)
Net interest cost carried forward (thin capitalisation)	42.913	-
Tax free reserves (Law 4172/2013)	-	(20.949)
Net tax losses carried forward	255.648	157.907
Environmental provisions	1.405	1.086
Other temporary differences	(3.100)	(4.233)
End of year	**183.835**	**18.259**

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. At as 31 December 2014, the Group recognised deferred tax assets on tax loss carry-forwards totalling €256 million (2013: €158 million) since it was foreseeable that tax loss carry-forwards could be offset against future taxable profits. On the basis of the approved business plan, the Group considers it probable that the tax loss carry-forwards can be offset against future taxable profits.

(All amounts in Euro thousands unless otherwise stated)

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 €43 million that can be offset against future taxable profits.

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

In December 2013 Hellenic 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 specific tax free reserves would have to be set off against accumulated tax losses. From 1st January 2015, the ability to maintain an account of tax-free reserves is abolished. In this respect as at 31 December 2013, the Group has raised a deferred tax liability provision of €20,9m via a charge to the income statement. In December 2014, the distribution of these tax free reserves was approved by an EGM in all Group companies that had such reserves. The 19% payable tax has been transferred from deferred tax to current tax liabilities and will be paid within the deadlines prescribed by the relevant law provisions.

18 Retirement benefit obligations

The table below outlines where the group'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	92.728	87.429
Liability in the Statement of Financial Position	**92.728**	**87.429**
Statement of Comprehensive Income charge for:		
Pension benefits	21.942	40.628
Total as per Statement of Comprehensive Income	**21.942**	**40.628**
Remeasurements for:		
Pension benefits	8.327	1.164
Total as per Statement of Other Comprehensive Income	**8.327**	**1.164**

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	17.241	16.519
Fair value of plan assets	(7.045)	(6.899)
Deficit of funded plans	**10.196**	**9.620**
Present value of unfunded obligations	82.532	77.809
Liability in the Statement of Financial Position	**92.728**	**87.429**

The Group operates defined benefit pension plans in Greece, Bulgaria, FYROM, Montenegro and Cyprus. All of the plans are final salary pension plans. The level of benefits provided depends on members' length of service and remuneration. The majority of the plans are unfunded, however there are certain plans in Greece and Cyprus that have plan assets.

(All amounts in Euro thousands unless otherwise stated)

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

	Present Value of Obligation	Fair Value of Plan Assets	Total
As at 1 January 2013	**109.997**	**(7.667)**	**102.330**
Current service cost	6.571	-	6.571
Interest expense/(income)	4.295	(261)	4.034
Past service costs and (gains)/losses on settlements	30.023	-	30.023
Statement of comprehensive income charge	**40.889**	**(261)**	**40.628**
Remeasurements:			
- Return on plan assets, excluding amounts included in Interest expense/(income)	-	191	191
- (Gain)/loss from change in demographic assumptions	660	-	660
- (Gain)/loss from change in financial assumptions	190	-	190
- Experience (gains)/losses	123	-	123
	973	**191**	**1.164**
Benefits paid directly by the group/Contributions paid by the group	(55.272)	(1.421)	(56.693)
Benefit payments from the plan	(2.259)	2.259	-
As at 31 December 2013	**94.328**	**(6.899)**	**87.429**
Current service cost	4.567	-	4.567
Interest expense/(income)	3.538	(297)	3.241
Past service costs and (gains)/losses on settlements	14.134	-	14.134
Statement of comprehensive income charge	**22.239**	**(297)**	**21.942**
Remeasurements:			
- Return on plan assets, excluding amounts included in Interest expense/(income)	-	117	117
- (Gain)/loss from change in financial assumptions	7.036	-	7.036
- Experience (gains)/losses	1.174	-	1.174
	8.210	**117**	**8.327**
Benefits paid directly by the group/Contributions paid by the group	(21.873)	(3.097)	(24.970)
Benefit payments from the plan	(3.131)	3.131	-
As at 31 December 2014	**99.773**	**(7.045)**	**92.728**

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	3.651	2.656	8.179	129.437	**143.923**

Plan assets are comprised as follows:

	2014				**2013**			
	Quoted	**Unquoted**	**Total**	**%**	**Quoted**	**Unquoted**	**Total**	**%**
Equity Instruments	1.638	-	1.638	23%	1.383	40	1.423	21%
Debt Instruments								
- Government bonds	479	-	479	7%	359	-	359	5%
- Corporate bonds	2.489	-	2.489	35%	2.426	-	2.426	35%
Investment funds	655	-	655	9%	116	-	116	2%
Real Estate/ Property	1.424	-	1.424	20%	1.664	-	1.664	24%
Cash and cash equivalents	-	360	360	5%	-	911	911	13%
Total	**6.685**	**360**	**7.045**	**100%**	**5.948**	**951**	**6.899**	**100%**

(All amounts in Euro thousands unless otherwise stated)

The principal actuarial assumptions used were as follows:

	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%	-5,38%	5,83%
Future Salary Increases	0,5%	5,86%	-5,45%

The above sensitivity analysis is 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 amount to €1,5 million. The weighted average duration of the defined benefit obligation is 11,6 years.

19 Provisions for other liabilities and charges

The movement for provisions for 2014 and 2013 is as follows:

	Litigation & tax povisions	Other Provisions	Total
At 1 January 2013	**8.073**	**259**	**8.332**
Charged / (credited) to the income statement:			
- Additional provisions	1.450	33	1.483
- Unused amounts reversed	-	(198)	(198)
- Utilized during year	(3.433)	-	(3.433)
At 31 December 2013	**6.090**	**94**	**6.184**
Charged / (credited) to the income statement:			
- Additional provisions	170	-	170
- Unused amounts reversed	(60)	-	(60)
- Utilized during year	(67)	(3)	(70)
At 31 December 2014	**6.133**	**91**	**6.224**

Other provisions

Other provisions relate to sundry operating items and risks arising from the Group’s ordinary activities.

20 Other long term liabilities

	As at	
	31 December 2014	**31 December 2013**
Government grants	11.664	14.669
Other Long Term Liabilities	10.197	9.915
Total	**21.861**	**24.584**

Government grants

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

Other long term liabilities

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

21 Derivative financial instruments

	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	**-**	**2.916**	**-**	**60.087**	**-**	**2.521**	**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 amounts transferred to the statement of comprehensive income, relating to contracts that were settled during the year, amounted to €3.586 loss (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. (Note 14)

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

(All amounts in Euro thousands unless otherwise stated)

22 Employee costs

	For the year ended	
	31 December 2014	31 December 2013
Wages and salaries	156.519	177.491
Social security costs	42.653	49.967
Pension costs	9.692	12.747
Other employment benefits	27.531	53.865
Total	**236.395**	**294.070**

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 €14 million (2013: €32 million), included in "Other operating income/(expenses) and other gains/ (losses)" (Note 24). The value of shared – based compensation of €0,3 million (2013: €0,3 million) is also included therein (Note 13).

23 Exploration and Development expenses

Exploration expenditures are expensed as incurred (2014: €4.266 and 2013: €2.992) 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 - Volume A, 221/03-10-14.

In 2014 exploration license costs relating to Patraikos area have been capitalized within intangible assets (€0,4m).

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

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

	For the year ended	
	31 December 2014	31 December 2013
Income from Grants	3.096	2.128
Services to 3rd Parties	2.901	1.761
Rental income	12.809	13.432
Profit / (loss) from the sale of PPE - net	3.936	1.374
Indemnification receipts	-	9.048
Insurance compensation	1.243	-
Voluntary retirement scheme cost	(14.114)	(31.905)
Cyprus bank accounts levy	-	(3.970)
Impairment	-	(2.992)
Other operating income / (expenses)	574	1.335
Total other operating income / (expenses)	**10.445**	**(9.789)**
Other operating gains / (losses)	325	(40.080)
Total other operating income / (expenses) - net	**10.770**	**(49.869)**

(All amounts in Euro thousands unless otherwise stated)

Other operating income / (expenses) – net include income or expenses which do not relate to the trading activities of the Group. Indemnification receipts of €9 million in 2013 relate to an indemnity payable by BP Greece Limited to the Group. This indemnity is to compensate for additional income tax liabilities of Hellenic Fuels S.A. relating to periods prior to its acquisition by the Group that were imposed following the completion of a tax audit in 2013. Also included in Other operating income/(expenses) in the comparative period, is the impact of the Cyprus bank deposits levy (€4 million). Finally, other operating gains / (losses) of 2013 include losses from reclassification of cash flow hedges.

25 Finance (Expenses) / Income - Net

	For the year ended	
	31 December 2014	**31 December 2013**
Interest income	8.841	8.050
Interest expense and similar charges	(223.871)	(217.337)
Finance costs -net	**(215.030)**	**(209.287)**

In addition to the finance cost shown above, an amount of €2,1 million of finance costs (2013: €3,0 million) have been capitalised for the year ended 31 December 2014, as explained in Note 6.

During 2014, the Group 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 Group 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).

As a result of the above, the interest expense of the Group has been maintained at prior year levels.

26 Currency exchange gains / (losses)

Foreign currency exchange losses of €9 million relate to marked-to-market losses on US$ denominated liabilities, 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	9.211	27.314
Deferred tax (Note 17)	(125.516)	(92.975)
Total	**(116.305)**	**(65.661)**

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

Since the year end 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 Group to treat its tax position as fully compliant and final. All of the Group's Greek subsidiaries falling under this law have undergone this tax audit for the year 2011, 2012 and 2013, obtaining unqualified Tax Certificates.

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

A full tax audit was also completed for Hellenic Fuels S.A. for the years 2005-2009 (years prior to the acquisition of Hellenic Fuels S.A. by the Group from BP Greece Ltd) which resulted in total additional taxes of €31 million which were accepted and payments of the relevant instalments have already begun. The whole of this amount will be covered by BP Greece Ltd (Seller) in accordance with the indemnification provisions of the relevant Sales and Purchase Agreement and there is no net impact for the Group.

Furthermore provisional VAT audits have been completed for

- Hellenic Petroleum S.A. for the period up to and including December 2013,
- EKO S.A. up to and including October 2013.

In 2014, amounts of €91 million in total were audited and confirmed, which were netted off against each Company's tax liabilities.

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

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

	31 December 2014			31 December 2013		
	Before tax	Tax (charge)/ credit	After tax	Before tax	Tax (charge)/ credit	After tax
Available-for-sale financial assets	375	-	375	(105)	-	(105)
Cash flow hedges	(62.866)	16.991	(45.875)	51.478	(10.611)	40.867
Currency translation differences	185	-	185	(1.051)	-	(1.051)
Actuarial gains/ (losses) on defined benefit pension plans	(8.327)	2.093	(6.234)	(1.164)	485	(679)
Other comprehensive income	**(70.633)**	**19.084**	**(51.549)**	**49.158**	**(10.126)**	**39.032**

28 Earnings per share

Basic and diluted earnings per ordinary share are equal, as the effect of dilution is not material. Basic earnings per share are calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period.

	For the year ended	
	31 December 2014	**31 December 2013**
Earnings per share attributable to the Company Shareholders (expressed in Euro per share):	**(1,20)**	**(0,88)**
Net income attributable to ordinary shares (Euro in thousands)	(365.292)	(269.229)
Average number of ordinary shares outstanding	305.635.185	305.635.185

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.

(All amounts in Euro thousands unless otherwise stated)

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% has been 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 €64m).

31 Cash generated from operations

		For the year ended	
	Note	**31 December 2014**	**31 December 2013**
Profit before tax		**(484.895)**	**(338.126)**
Adjustments for:			
Depreciation and amortisation of property, plant & equipment and intangible assets	**6,7**	204.930	224.073
Amortisation of grants		(3.096)	(2.128)
Finance costs - net	**25**	215.030	209.287
Share of operating profit of associates	**8**	(28.245)	(57.391)
Provisions for expenses & valuation charges		37.712	31.903
Foreign exchange (gains) / losses	**26**	9.198	(9.082)
Loss / (gain) on sale of property, plant and equipment		(3.936)	(1.002)
		(53.302)	**57.534**
Changes in working capital			
Decrease / (increase) in inventories		369.439	194.666
(Increase) / decrease in trade and other receivables		17.416	38.267
Increase / (decrease) in payables		541.979	210.939
		928.834	**443.872**
Net cash generated from operating activities		**875.532**	**501.406**

32 Contingencies and litigation

The Group 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 Group against such matters whenever deemed necessary, in accordance with its accounting policies and included in other provisions (Note 19). They are as follows:

(a) Business issues

(i) Unresolved legal claims

The Group 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 Group's operating results or financial position, over and above provision already reflected in the consolidated financial statements (Note 19).

(ii) Guarantees

The parent 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 €1.403 million (31 December 2013: €885 million). Out of these, €1.294 million (31 December 2013: €769 million) are included in consolidated borrowings of the Group and presented as such in these financial statements.

(iii) International operations

Even-though not material to have an impact, the Group's international operations face a number of legal issues related to changes in local permitting and tax regulations. Such cases include a dispute in connection with the local tank depots of Jugopetrol AD in Montenegro. Specifically, following the completion of the international tender process and the resulting Share Purchase Agreement for the acquisition of Jugopetrol AD shares in 2002, ownership and use of a part of the company's tank assets came under legal dispute as ex-federation strategic stock terminals. The Group is contesting this case in local courts, while also evaluating appealing to international courts and management believes that no additional material liabilities will arise as a result of this dispute for its local subsidiary over and above those recognised in the consolidated financial statements.

The Commission for the Protection of Competition in Cyprus has decided to re- open its investigation against the Petroleum companies operating there (wholesale), for the period from 1/10/2004 to 22/12/2006. In its previous decision dated 24/5/2009, in the context of the same investigation which was subsequently annulled by the Supreme Court of Cyprus on 25/5/2011, the Commission for the Protection of Competition had imposed a fine of €14 million against the Company. The re- examination of the case will be conducted on the basis of the documents collected in the context of the investigation of the previous Commission. Based on the previous decision of the Supreme Court, the Board of Directors believes that there is sufficient defence against this claim. Therefore no provision has been made in the consolidated financial statements.

(b) Taxation and customs

(i) Open tax years

Tax audits for the Group's most important Greek legal entities have been completed up to and including 2009 with the exception of EKO where tax audits have been concluded up to and including 2007. In addition to these tax audits, for these legal entities, provisional tax audits mainly for the return of VAT have been concluded up to more recent dates. Management estimates that no additional material liability will arise as a result of open tax years over and above the tax liabilities and provisions recognised in the consolidated financial statements.

It is noted that from 2011 onwards under certain provisions, Greek legal entities are subject to annual tax audit from their statutory auditors. All the relevant Group companies were audited for financial years 2011- 2013 obtaining unqualified tax audit certificates.

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 ii 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 at 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 consolidated financial statements as of 31 December 2014 with respect to the above, as the Company believes that the case will be 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 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 other 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 its ordinary course of business, following the applicable law provisions and international practice.

After the completion of the tax audit for the years 2005 – 2011 in ELPET Valkaniki, the tax authorities finally assessed in January 2015, additional taxes plus surcharges equal to €29,6 million. The company will follow legal proceedings and management believes that the case will be assessed in the company's favour, since all relevant legislation and accounting policies have been properly applied and considers that the assessment falls outside any applicable relevant law.

(ii) Assessments 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.

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 May 22nd 2013 and Decision No. 3833/2013 has been rendered by the Administrative Court of Athens, sustaining the Company's Opposition and 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 Piraeus court in light of the pertinent substantial reasons including amongst others, the fact that the 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 Group.

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 of the Group amount to €45 million (31 December 2013: €64 million), which mainly relate to improvements in refining assets.

(b) Operating lease commitments

The Group leases offices and petrol stations (buildings and plant) under non-cancellable operating lease agreements.

(All amounts in Euro thousands unless otherwise stated)

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	34.003	30.420
Later than 1 year and no later than 5 years	110.923	116.583
Later than 5 years	98.954	105.708
Total	**243.880**	**252.711**

(c) Letters of Credit

The Group 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 Group is not liable to settle the letter of credit and hence no such liability exists as at the year end.

34 Related-party transactions

Included in the statement of comprehensive income are proceeds, costs and expenses, which arise from transactions between the Group 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:

Transactions have been carried out with the following related parties:

a) Associates and joint ventures of the Group which are consolidated under the equity method:

- Athens Airport Fuel Pipeline Company S.A. (EAKAA)
- Public Gas Corporation of Greece S.A. (DEPA)
- Elpedison B.V.
- Spata Aviation Fuel Company S.A. (SAFCO)
- HELPE Thraki S.A.
- Biodiesel S.A.
- Superlube
- D.M.E.P. / OTSM

(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		
Associates	803.826	526.830
Joint ventures	386	265
Total	**804.212**	**527.095**
Purchases of goods and services from related parties		
Associates	826.593	558.491
Joint ventures	1.555	1.717
Total	**828.148**	**560.208**
Balances due to related parties		
Associates	36.088	21.026
Joint ventures	474	369
Total	**36.562**	**21.395**
Balances due from related parties		
Associates	40.839	38.810
Joint ventures	66	21
Total	**40.905**	**38.831**

The parent Company has provided letters of comfort and guarantees in favour of banks as security for loans granted by them to Elpedison B.V., the outstanding amount of which as at 31 December 2014 was the equivalent of €108 million (31 December 2013: €116 million).

b) Parties which are under common control with the Group due to the shareholding and control rights of the Hellenic State:
   - Public Power Corporation Hellas S.A.
   - Hellenic Armed Forces
   - Road Transport S.A.

   During 2014, Group's sales of goods and services to government related entities amounted to €337million (2013: €356 million) and Group's purchases of goods and services to €43 million (2013: €56 million). As at 31 December 2014, the Group had a total amount due from government related entities of €37 million (2013: €49 million) and a total amount due to government related entities of €10 million (2013: €11 million)

c) Financial institutions which are under common control with the Group due to the shareholding and control rights of the Hellenic State
   - National Bank of Greece S.A.

d) 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 €4,5 million (2013: €4,5 million).

(All amounts in Euro thousands unless otherwise stated)

35 Principal subsidiaries, associates and joint ventures included in the consolidated financial statements

COMPANY NAME	ACTIVITY	COUNTRY OF REGISTRATION	EFFECTIVE PARTICIPATION PERCENTAGE	METHOD OF CONSOLIDATION
EKO S.A	Marketing	GREECE	100,00%	FULL
HELLENIC FUELS S.A.	Marketing	GREECE	100,00%	FULL
EKOTA KO S.A.	Marketing	GREECE	49,00%	FULL
EKO KALYPSO M.E.P.E.	Marketing	GREECE	100,00%	FULL
EKO ATHINA MARITIME COMPANY	Vessel owning	GREECE	100,00%	FULL
EKO ARTEMIS MARITIME COMPANY	Vessel owning	GREECE	100,00%	FULL
EKO DIMITRA MARITIME COMPANY	Vessel owning	GREECE	100,00%	FULL
EKO IRA MARITIME COMPANY	Vessel owning	GREECE	100,00%	FULL
EKO AFRODITI MARITIME COMPANY	Vessel owning	GREECE	100,00%	FULL
EKO BULGARIA EAD	Marketing	BULGARIA	100,00%	FULL
EKO SERBIA A.D	Marketing	SERBIA	100,00%	FULL
HELLENIC PETROLEUM INTERNATIONAL S.A	Holding	AUSTRIA	100,00%	FULL
HELPE CYPRUS LTD	Marketing	U.K	100,00%	FULL
RAMOIL S.A	Marketing	CYPRUS	100,00%	FULL
HELLENIC PETROLEUM BULGARIA (HOLDINGS) LTD	Holding	CYPRUS	100,00%	FULL
HELLENIC PETROLEUM BULGARIA PROPERTIES LTD	Marketing	CYPRUS	100,00%	FULL
HELLENIC PETROLEUM SERBIA (HOLDINGS) LTD	Holding	CYPRUS	100,00%	FULL
JUGOPETROL A.D	Marketing	MONTENEGRO	54,35%	FULL
GLOBAL ALBANIA S.A	Marketing	ALBANIA	99,96%	FULL
ELPET BALKANIKI S.A	Holding	GREECE	63,00%	FULL
VARDAX S.A	Pipeline	GREECE	50,40%	FULL
OKTA CRUDE OIL REFINERY A.D	Refining	FYROM	51,35%	FULL
ASPROFOS S.A	Engineering	GREECE	100,00%	FULL
DIAXON S.A	Petrochemicals	GREECE	100,00%	FULL
POSEIDON MARITIME COMPANY	Vessel owning	GREECE	100,00%	FULL
APOLLON MARITIME COMPANY	Vessel owning	GREECE	100,00%	FULL
HELLENIC PETROLEUM FINANCE PLC	Treasury services	U.K	100,00%	FULL
HELLENIC PETROLEUM CONSULTING	Consulting services	GREECE	100,00%	FULL
HELLENIC PETROLEUM RENEWABLE ENERGY SOURCES	Energy	GREECE	100,00%	FULL
HELPE-LARCO ENERGIAKI SERVION S.A	Energy	GREECE	51,00%	FULL
HELPE-LARCO ENERGIAKI KOKKINOU S.A	Energy	GREECE	51,00%	FULL
ENERGIAKI PYLOY METHONIS S.A	Energy	GREECE	100,00%	FULL
ELPEDISON B.V	Power Generation	NETHERLANDS	50,00%	EQUITY
SAFCO S.A	Airplane Fuelling	GREECE	33,33%	EQUITY
DEPA S.A	Natural Gas	GREECE	35,00%	EQUITY
E.A.K.A.A S.A	Pipeline	GREECE	50,00%	EQUITY
HELPE THRAKI S.A	Pipeline	GREECE	25,00%	EQUITY
BIODIESEL S.A	Energy	GREECE	25,00%	EQUITY
SUPERLUBE LTD	Lubricants	CYPRUS	65,00%	EQUITY
DMEP HOLDCO LTD	Holding	U.K	48,00%	EQUITY
DMEP (UK) LTD	Trade of crude/products	U.K	48,00%	EQUITY
OTSM	Trade of crude/products	GREECE	48,00%	EQUITY

Subsidiaries with non- controlling interests are not material for the Group.

36 Events after the end of the reporting period

In January 2015, Hellenic Petroleum S.A signed a €200 million revolving credit agreement with a commercial bank.

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

Other than this there were no material events after the end of the reporting period and up to the date of publication of the financial statements.