HELLENIC PETROLEUM

ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR 2014

(As per Article 4, L. 3556/2007)

HELLENIC PETROLEUM

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HELLENIC PETROLEUM S.A.

Consolidated Financial Statements
in accordance with IFRS for the
year ended 31 December 2014

HELLENIC
PETROLEUM

GENERAL COMMERCIAL REGISTRY: 000269901000
COMPANY REGISTRATION NUMBER: 2443/06/B/86/23
REGISTERED OFFICE: 8^{A} CHIMARRAS STR, 15125 MAROUSSI, GREECE

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(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.

PricewaterhouseCoopers SA, 268 Kifissias Avenue, 15232 Halandri, Greece
T: +30 210 6874400, F: +30 210 6874444, www.pwc.gr

260 Kifissias Avenue & Kodrou Str., 15232 Halandri, T: +30 210 6874400, F:+30 210 6874444
17 Ethnikis Antistassis Str., 55134 Thessaloniki, T: +30 2310 488880, F: +30 2310 459487

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

PricewaterhouseCoopers SA, 268 Kifissias Avenue, 15232 Halandri, Greece
T: +30 210 6874400, F: +30 210 6874444, www.pwc.gr

260 Kifissias Avenue & Kodrou Str., 15232 Halandri, T: +30 210 6874400, F:+30 210 6874444
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(All amounts in Euro thousands unless otherwise stated)

Consolidated statement of financial position

	Note	As at 31 December 2014	As at 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	Deputy Chief Executive Officer & Chief Financial Officer	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

	Note	For the year ended 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 Construction	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	31 December 2013
2008	2010-14	2014	11,01	-	339.561
2009	2011-15	2015	7,62	1.616.054	1.616.054
2012	2014-18	2018	4,52	1.479.933	1.479.933
			Total	**3.095.987**	**3.435.548**

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

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

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

The value of lapsed stock options that were transferred to retained earnings in 2014 is €0,3 million. The total expense recognised 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 CO_2 emission rights required under the corresponding environmental legislation amounting to €5 million (2013: €4 million).

16 Borrowings

	As at	
	31 December 2014	**31 December 2013**
Non-current borrowings		
Bank borrowings	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.

1.2 Parent Company Financial Statements

HELLENIC PETROLEUM S.A.

Financial Statements
in accordance with IFRS for the
year ended 31 December 2014

GENERAL COMMERCIAL REGISTRY: 000269901000
COMPANY REGISTRATION NUMBER: 2443/06/B/86/23
REGISTERED OFFICE: 8^{A} CHIMARRAS STR, 15125 MAROUSSI, GREECE

Index to the financial statements

(All amounts in Euro thousands unless otherwise stated)

Company Information

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

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

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

Independent auditor’s report

To the Shareholders of Hellenic Petroleum S.A.

Report on the Financial Statements

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

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

PricewaterhouseCoopers S.A., 268 Kifissias Ave., 152 32 Halandri, Athens, Greece
T: +30 210 6874700, F: +30 210 6874444, www.pwc.gr

260 Kifissias Avenue & Kodrou Str., 15232 Halandri, T: +30 210 6874400, F:+30 210 6874444
17 Ethnikis Antistassis Str., 55134 Thessaloniki, T: +30 2310 488880, F: +30 2310 459487

Opinion

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

Reference on Other Legal and Regulatory Matters

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

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

Athens, 26 February 2015

The Certified Auditor Accountant

PricewaterhouseCoopers S.A.

SOEL Reg. No. 113

Konstantinos Michalatos

SOEL Reg.No. 17701

(All amounts in Euro thousands unless otherwise stated)

Statement of Financial Position

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

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

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

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

(All amounts in Euro thousands unless otherwise stated)

Statement of Comprehensive Income

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

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

(All amounts in Euro thousands unless otherwise stated)

Statement of Changes in Equity

	Note	Share Capital	Reserves	Retained Earnings	Total Equity
Balance at 1 January 2013		**1.020.081**	**523.400**	**363.592**	**1.907.073**
Actuarial gains/(losses) on defined benefit pension plans		-	(2.349)	-	(2.349)
Fair value gains / (losses) on cash flow hedges	**14**	-	9.404	-	9.404
Derecognition of gains/(losses) on hedges through comprehensive income	**14**	-	31.465	-	31.465
Other comprehensive income		**-**	**38.520**	**-**	**38.520**
Profit / (Loss) for the year		-	-	(293.630)	(293.630)
Total comprehensive income for the year		**-**	**38.520**	**(293.630)**	**(255.110)**
Share based payments	**13**	-	(226)	477	251
Dividends		-	-	(45.845)	(45.845)
Balance at 31 December 2013		**1.020.081**	**561.694**	**24.594**	**1.606.369**
Actuarial gains/(losses) on defined benefit pension plans	**18**	-	(3.939)	-	(3.939)
Fair value gains / (losses) on cash flow hedges	**14**	-	(44.773)	-	(44.773)
Derecognition of gains/(losses) on hedges through comprehensive income	**14**	-	(3.586)	-	(3.586)
Other comprehensive income / (loss)		**-**	**(52.298)**	**-**	**(52.298)**
Profit / (Loss) for the year		-	-	(313.550)	(313.550)
Total comprehensive income for the year		**-**	**(52.298)**	**(313.550)**	**(365.848)**
Share based payments	**13**	-	(24)	275	251
Distribution of tax free reserves	**30**	-	(64.277)	192	(64.085)
Transfer to tax on distributed tax free reserves	**30**	-	(15.101)	15.101	-
Balance at 31 December 2014		**1.020.081**	**429.994**	**(273.388)**	**1.176.687**

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

(All amounts in Euro thousands unless otherwise stated)

Statement of Cash flows

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

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

Notes to the financial statements

1 General information

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

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

The same accounting policies and recognition and measurement principles are followed in these financial statements as compared with the annual consolidated financial statements of the Group for the year ended 31 December 2014. The Company's functional and presentation currency is the Euro, and the financial information in these financial statements is expressed in thousands of Euro (unless otherwise stated).

The financial statements of Hellenic Petroleum S.A. for year ended 31 December 2014 were approved for issue by the Board of Directors on 26 February 2015. The shareholders of the Company have the power to amend the financial statements after issue.

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

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The financial statements of Hellenic Petroleum S.A. for the year ended 31 December 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union ("EU") and present the financial position, results of operations and cash flows on a going concern basis which assumes that the Company has plans in place to avoid material disruptions to its operations. In this respect Management has concluded that (a) the going concern basis of preparation of the accounts is appropriate, and (b) all assets and liabilities are appropriately presented in accordance with the Company's accounting policies.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

2.1.1 New standards, amendments to standards and interpretations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

• *IAS 19R (Amendment) "Employee Benefits"* *(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 a significant impact for the Company.

• 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 seven IFRSs following the publication of the results of the IASB's 2010-12 cycle of the annual improvements project. The Company is currently evaluating the impact the amendment will have on its financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- *IFRS 10 and IAS 28 (Amendments) "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"* (effective for annual periods beginning on or after 1 January 2016). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments have not yet been endorsed by the EU.

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

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

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

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

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

2.2 Investments in affiliated companies

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

2.3 Segment reporting

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

2.4 Foreign currency translation

(a) Functional and presentation currency

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

(b) *Transactions and balances*

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

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

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

2.5 Property, plant and equipment

Property, plant and equipment comprise mainly land, buildings, oil refineries and equipment. Property, plant and equipment is shown at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the income statement as incurred. Refinery turnaround costs are capitalised and charged against income on a straight line basis until the next scheduled turnaround period, to the extent that such costs improve either the useful economic life of the equipment or its production capacity.

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

Land is also not depreciated. Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, as shown on the table below for the main classes of assets:

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

(All amounts in Euro thousands unless otherwise stated)

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

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

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer to Note 2.9).

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

2.6 Borrowing costs

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

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

2.7 Intangible assets

(a) Licences and rights

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

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

(b) Computer software

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

2.8 Exploration for and Evaluation of Mineral Resources

(a) Exploration and evaluation assets

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

(b) Development of tangible and intangible assets

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

(c) Oil and gas production assets

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

(d) Depreciation/amortization

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

(e) Impairment – exploration and evaluation assets

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

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

Proved oil and gas properties and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

2.9 Impairment of non-financial assets

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

2.10 Financial assets

2.10.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, held to maturity, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

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

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

(b) Held to maturity investments

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

(c) Loans and receivables

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

(d) Available-for-sale financial assets

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

2.10.2 Recognition and measurement

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

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

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'Financial assets at fair value through profit or loss' category are included in the statement of comprehensive income in the period in which they have arisen. Changes in the fair value of monetary and non-monetary financial assets classified as available for sale are recognized in other comprehensive income. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the income statement as "gains or loss from investment securities".

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

2.10.3 Offsetting financial instruments

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

2.10.4 Impairment of financial assets

(a) Assets carried at amortized cost

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

(b) Assets classified as available for sale

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

2.11 Derivative financial instruments and hedging activities

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

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

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

The Company documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

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

Cash flow hedges

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

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

Derivatives held for trading

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

2.12 Government grants

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

2.13 Inventories

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

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

Under IEA and EU regulations, Greece has a policy of maintaining 90 days of strategic stock reserves (Compulsory Stock Obligations). This responsibility is passed on to all companies who import and sell in the domestic market who have the responsibility to maintain and finance the appropriate stock levels. Such stocks are part of the operating stocks and are valued on the same basis.

2.14 Trade receivables

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

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

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

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

2.15 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments such as marketable securities and time deposits with original maturities of three months or less.

2.16 Share capital

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

2.17 Borrowings

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

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

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

2.18 Current and deferred income tax

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

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

2.19 Employee benefits

(a) Pension obligations

The Company has both defined benefit and defined contribution plans.

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

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

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

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

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

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

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

(b) Termination benefits

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

(c) Share-based compensation

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

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

2.20 Trade and other payables

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

2.21 Provisions

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

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

2.22 Environmental liabilities

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

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

Liabilities for environmental remediation costs are recognised when environmental assessments or clean-ups are probable and the associated costs can be reasonably estimated. Generally, the timing of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites. The amount recognised is the best estimate of the expenditure required. If the effect of the time value of money is material, the amount recognised is the present value of the estimated future expenditure.

2.23 Revenue recognition

Revenue comprises the fair value of the sale of goods and services, net of value-added tax and any excise duties, rebates and discounts. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognised as follows:

(a) Sales of goods – wholesale

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

(b) Sales of services

For sales of services, revenue is recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(c) Interest income

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

(d) Dividend income

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

2.24 Leases

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

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

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

2.25 Dividend distribution

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

2.26 Changes in accounting policies

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

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

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

2.27 Comparative figures

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

3 Financial risk management

3.1 Financial risk factors

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

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

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

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

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

Debt and Refinancing Operations: Given financial market developments since 2011, the key priorities of the Company have been the management of the Assets' and Liabilities' maturity profile, funding with respect to the completion of its strategic investment plan and liquidity risk for operations. As a result of these key priority initiatives and in line with the medium term financing plan, Hellenic Petroleum S.A. and its subsidiaries (together the "Group") have maintained a mixture of long term, medium term and short term credit facilities by taking into consideration bank and debt capital markets' credit capacity as well as cash flow planning and commercial requirements. As a result, approximately 60% of total debt is financed by medium to long term committed credit lines while the rest is financed by short term working capital credit facilities. During 2014, the Group has issued two new Eurobonds, a $400 million two year Eurobond maturing in May 2016 and a €325 million five year Eurobond in July 2019. The cost of the two issues was significantly lower compared to the marginal long term cost of funding one year ago, reflecting improvements in both country risk and company fundamentals. Furthermore, during 2014 the Group renegotiated term and other credit facilities in excess of €2 billion with core relationship banks and achieved improved terms regarding cost, maturity profile and general terms and conditions. Thus, in 2014 the Group continued to diversify its funding sources, optimise its debt liability portfolio, extend the debt maturity profile and reduce financing costs. Additional information is disclosed in paragraph c) Liquidity risk below and Note 16.

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

(a) Market risk

(i) Foreign exchange risk

As explained in note 2.4, the functional and presentation currency of the Company is the Euro. However, in line with industry practice in all international crude oil and oil trading transactions, underlying commodity prices are based on international reference prices quoted in US dollars.

Foreign currency exchange risk arises on three types of exposure:

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

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

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

(ii) Commodity price risk

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

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

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

iii) Cash flow and fair value interest rate risk

The Company's operating income and cash flows are not materially affected by changes in market interest rates, given the low level of prevailing reference rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk, while borrowings issued at fixed rates expose the Company to fair value interest rate risk. The majority of the Company's borrowings are at variable rates of interest. Depending on the levels of net debt at any given period of time, any change in the base interest rates (EURIBOR or LIBOR), has a proportionate impact on the Company results. At 31 December 2014, if interest rates on Euro denominated borrowings had been 0,5% higher with all other variables held constant, the Company would have incurred c. €10 million losses.

(b) Credit risk

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

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

(c) Liquidity risk

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

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

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

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

(All amounts in Euro thousands unless otherwise stated)

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

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

The table below analyses the Company's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

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

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

3.2 Capital risk management

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

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

Consistent with others in the industry convention, the Company monitors capital structure and indebtedness levels on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the statement of financial position) less "Cash and cash equivalents" and "Available for sale financial assets". Total capital employed is calculated as "Total Equity" as shown in the statement of financial position plus net debt.

(All amounts in Euro thousands unless otherwise stated)

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

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

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels are defined as follows:

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

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2014:

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

(All amounts in Euro thousands unless otherwise stated)

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

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

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

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

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

Specific valuation techniques used to value financial instruments include:

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

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

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

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

4 Critical accounting estimates and judgements

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

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

(a) Income taxes

Estimates are required in determining the provision for income taxes that the Company is subjected to in different jurisdictions. This requires significant judgement. There are some transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(b) Provision for environmental restoration

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

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

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

(d) Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(e) Pension benefits

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

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

(f) Provisions for legal claims

The Company has a number of legal claims pending against it. Management uses its judgment to assess the likely outcome of these claims and if it is more likely than not that the Company will lose a claim, then a provision is made. Provisions for legal claims, if required, are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

(g) Change in accounting estimates

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

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

(All amounts in Euro thousands unless otherwise stated)

5 Segment information

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

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

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

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

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

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

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

(All amounts in Euro thousands unless otherwise stated)

6 Property, plant and equipment

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

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

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

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

(All amounts in Euro thousands unless otherwise stated)

7 Intangible assets

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

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

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

(All amounts in Euro thousands unless otherwise stated)

8 Investment in subsidiaries, associates and joint ventures

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

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

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

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

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

c) Sale of DESFA

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

(All amounts in Euro thousands unless otherwise stated)

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

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

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

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

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

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

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

9 Loans, Advances and Long term assets

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

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

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

(All amounts in Euro thousands unless otherwise stated)

10 Inventories

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

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

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

11 Trade and other receivables

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

As part of its working capital management the Company utilises factoring facilities to accelerate the collection of cash from its customers in Greece. Non-recourse factoring is excluded from balances shown above.

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

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

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

(All amounts in Euro thousands unless otherwise stated)

The table below shows the segregation of trade receivables:

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

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

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

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

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

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

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

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

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

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

(All amounts in Euro thousands unless otherwise stated)

12 Cash, cash equivalents and restricted cash

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

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

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

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

13 Share capital

	Number of Shares (authorised and issued)	**Share Capital**	**Share premium**	**Total**
As at 1 January & 31 December 2013	**305.635.185**	**666.285**	**353.796**	**1.020.081**
As at 31 December 2014	**305.635.185**	**666.285**	**353.796**	**1.020.081**

All ordinary shares were authorised, issued and fully paid. The nominal value of each ordinary share is €2.18 (31 December 2013: €2.18).

Share options

During the Annual General Meeting (AGM) of Hellenic Petroleum S.A. held on 25 May 2005, a share option scheme was approved, with the intention to link the number of share options granted to management with the results and performance of the Company. Subsequent AGMs have approved and granted the share options. The vesting period is 1 November to 5 December of the years 2014 – 2018. At the 2014 AGM, the shareholders approved several changes to the share option program which incorporated more recent legal and tax changes without altering the net effect in terms of impact on results or the benefit to the participants.

(All amounts in Euro thousands unless otherwise stated)

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

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

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

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

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

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

(All amounts in Euro thousands unless otherwise stated)

14 Reserves

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

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

Statutory reserves

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

Special reserves

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

Tax free reserves

Tax free reserves include:

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

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

(All amounts in Euro thousands unless otherwise stated)

15 Trade and other payables

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

Trade creditors include overdue amounts in respect of crude oil imports from Iran which were received during the period between December 2011 and March 2012 as part of a long term contract with NIOC. Despite repeated attempts to settle the payment for these cargoes during the early part of 2012, through the international banking system, it was not possible to do so. This is due to the fact that payments to Iranian banks and state entities are not accepted for processing by the International banking system due to EU sanctions (Council Regulation (EU) No. 267/2012 of 23 March 2012). The Company has duly notified its supplier of this restriction on payments and the inability to accept further crude oil cargoes under the contract, which is due to the EU sanctions posing legal constraints outside its control. As a result no deliveries of Iranian crude oil or payments have taken place post 30 June 2012, which was the EU imposed deadline.

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

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

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

16 Borrowings

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

The maturity of non-current borrowings is as follows:

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

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

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

Hellenic Petroleum and its subsidiaries (the "Group") maintains a central treasury which coordinates and controls all subsidiaries' funding and cash management activities. To this extent, Hellenic Petroleum Finance plc ("HPF") was established in November 2005 in the U.K. as a wholly-owned subsidiary of Hellenic Petroleum S.A. to act as the central treasury vehicle of the Hellenic Petroleum Group.

1. & 2. Term Loans

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

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

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

3. Bond Loan of €400 million

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

4. EIB Term Loans

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

(All amounts in Euro thousands unless otherwise stated)

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

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

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

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

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

In July 2014 HPF issued a €325 million five-year Eurobond, with a 5,25% annual coupon, maturing in July 2019. The notes, are guaranteed by Hellenic Petroleum S.A., are redeemable at the option of the issuer in July 2017 and are listed on the Luxembourg Stock Exchange. Subsequently the Company concluded a €317,6 million syndicated bond loan agreement with HPF and the proceeds were used to prepay existing indebtedness and for general corporate purposes. As at 31 December 2014 the outstanding loan balance amounted to €318 million.

8. *Bilateral lines*

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

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

The loan analysis is as follows:

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

(All amounts in Euro thousands unless otherwise stated)

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

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

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

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

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

17 Deferred income tax

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

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

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

(All amounts in Euro thousands unless otherwise stated)

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

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

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

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

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

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

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

(All amounts in Euro thousands unless otherwise stated)

18 Retirement benefit obligations

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

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

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

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

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

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

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

(All amounts in Euro thousands unless otherwise stated)

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

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

(All amounts in Euro thousands unless otherwise stated)

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

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

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

Plan assets comprise the following:

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

The principal actuarial assumptions used were:

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

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

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

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

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

19 Provisions for other liabilities and charges

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

20 Other long term liabilities

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

Government grants

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

Other long term liabilities

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

21 Derivative financial instruments

Derivatives designated as Cash Flow Hedges

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

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

Derivatives designated as cash flow hedges

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

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

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

(All amounts in Euro thousands unless otherwise stated)

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

22 Employee Costs

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

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

23 Exploration and development expenses

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

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

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

(All amounts in Euro thousands unless otherwise stated)

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

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

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

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

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

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

25 Finance (Expenses)/ Income-Net

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

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

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

26 Currency exchange gains / (losses)

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

27 Income tax expense

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

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

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

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

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

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

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

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

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

28 Earnings per share

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

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

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

(All amounts in Euro thousands unless otherwise stated)

29 Dividends per share

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

30 Distribution of reserves

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

31 Cash generated from operations

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

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

32 Contingencies and litigation

The Company has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business. Provisions are set up by the Company against such matters whenever deemed necessary and included in provisions (Note 19). These are as follows:

Business Issues

(i) *Unresolved legal claims:* The Company is involved in a number of legal proceedings and has various unresolved claims pending arising in the ordinary course of business. Based on currently available information and the opinion of legal counsel, management believes the final outcome will not have a significant effect on the company's operating results or financial position, over and above provisions already reflected in the financial statements (Note 19).

(ii) *Guarantees:* The Company has provided letters of comfort and guarantees in favour of banks as security for loans granted by them to subsidiaries and associates of the Group, the outstanding amount of which as at 31 December 2014 was the equivalent of €1,4 billion (31 December 2013: €885 million).

Taxation and Customs

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

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

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

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

(All amounts in Euro thousands unless otherwise stated)

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

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

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

33 Commitments

(a) Capital commitments

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

(b) Operating lease commitments – Company as a lessee

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

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

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

(a) Letters of Credit

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

34 Related parties

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

(All amounts in Euro thousands unless otherwise stated)

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

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

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

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

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

a) Hellenic Petroleum Group companies.

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

- Athens Airport Fuel Pipeline Company S.A. (EAKAA)
- Public Gas Corporation of Greece S.A. (DEPA)
- Elpedison B.V.
- Spata Aviation Fuel Company S.A. (SAFCO)
- HELPE Thraki S.A.
- Biodiesel S.A.

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

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

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

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

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

- National Bank of Greece S.A.

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

35 Events after the end of the reporting period

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

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

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

2. Annual Report of the Board of Directors

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Annual Report of the Board of Directors of Hellenic Petroleum SA on the Consolidated and Company Financial Statements for the Financial Year from January 1st to December 31st, 2014

Introduction

Dear Shareholders,

This Board of Directors' report covers the twelve-month period ending 31.12.2014. The report has been prepared in accordance with the relevant provisions of Codified Law 2190/1920, Law 3556/2007, article 4, and decision 7/448/11.10.2007 of the Hellenic Capital Markets Commission. The Consolidated and Company Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union.

This report includes a summary of the financial position and results of the Group (Hellenic Petroleum) and the parent company Hellenic Petroleum SA, description of significant events that took place during the current financial year, a description of anticipated significant risks and uncertainties for the following financial year, a disclosure of material transactions that took place between the Company and Group and their related parties as well as a presentation of data and estimates of qualitative nature for the development of operations of the Company and the Group for the following financial year.

A. The Company and the Group

The Group is comprised of 50 companies, including the Parent Company, which is listed on the Athens and London Stock Exchanges. The list of subsidiaries, the nature of their business, the percentage of ownership and consolidation method for each one of them, are included in an Appendix to this report. The present legal form of the Group is the result of the initial merger that took place during 1998 when the parent company was first listed, as well as subsequent corporate transactions (acquisitions).

The Group has a business structure in place for the management and the monitoring of its activities. Specifically, all Group activities are categorized in the main segments (Strategic Business Units) as below:

- Refining, Supply and Trading (Domestic and International)
- Marketing (Domestic and International)
- Petrochemicals
- Exploration and Production of Hydrocarbons
- Electricity Generation and Trading and Natural Gas

The Group is also active in additional segments, which, despite their strategic importance (Engineering Services, Renewable Energy Sources), do not yet form a significant part of the Group's financial position.

A.1 Hellenic Petroleum SA (Parent Company)

The Parent Company is listed on the Athens Exchange, while its shares are also traded in the form of GDRs (Global Depository Receipts) on the London Stock Exchange. Its shareholder structure on 31.12.2014 was:

- Greek State: 35.48%
- Paneuropean Oil and Industrial Holdings SA: 42.57%
- Institutional and private investors: 21.95%

A.2 Main Group Activities

The main activities of the Group cover a wide spectrum of the energy sector, making Hellenic Petroleum one of the most important energy groups in South-Eastern Europe.

Key points per activity are summarised below:

a) Refining, Supply and Trading

The refining, supply and trading segment is the Group's core business and main source of income and profitability.

Activities in Greece

Activities in Greece revolve around the operation of the Group's three refineries located in Aspropyrgos, Elefsina and Thessaloniki, which account for approximately 65% of the country's total refining capacity. The three refineries combine a storage capacity of 6.65 million m³ of crude oil and petroleum products.

Each refinery has distinct technical characteristics, as outlined in the table below, which determine their financial performance and profitability.

Refinery	Daily Refining Capacity (Kbpd)	Annual Refining Capacity (mil. MT)	Configuration Type	Nelson Complexity Index
Aspropyrgos	**148**	**7.5**	**Cracking (FCC)**	**9.7**
Elefsina	**100**	**5.0**	**Hydrocracking**	**11.3**
Thessaloniki	**93**	**4.5**	**Hydroskimming**	**6.9**

In 2014 refining reported its highest ever production since 2007, as well as the record sales for the last 5 years on the back of increased exports. This was mainly attributed to the improved operation of Elefsina refinery that, during the second half of 2014, operated consistently above 100% utilisation, with all conversion units exceeding their original design specifications. Both Aspropyrgos and Thessaloniki refineries recorded a strong performance on high operational availability, while the realised synergies among the three refineries had a significant positive impact on profitability as well.

Middle distillates' (diesel, jet) yield of Elefsina refinery exceeded specifications and reached 73%, resulting in a corresponding figure of approximately 53% for the Group. This had a particular positive effect on the performance of the Group's refineries, with high value products' yield standing among the highest of the European refining industry, highlighting the competitiveness of our asset base after the significant investments of the period 2007-2012.

The improvement of European refining economics (margins improvement, strengthening of dollar), during the second half, contributed substantially to the operating results of Refining, Supply and Trading. The sharp decline of oil price had a negative impact on inventory valuation affecting reported results, a common trend across the global refining industry.

In addition, HELLENIC PETROLEUM exports continued to increase for the 5th consecutive year, amounting to 6,590kt, the highest in Group's history, accounting for 50% of total sales, strengthening Group's export orientation in the East Med.

Crude Oil Supply

Crude oil supplies are centrally coordinated and carried out through both term contracts and spot transactions. Crude oil market conditions during the first months of 2014 remained challenging, mainly due to the ongoing EU sanctions on Iranian crude exports since 2012, the political turmoil in Libya and Iraq affecting the smooth supply of feedstock for refineries, as well as the continued decrease of Russian exports to Europe throughout the course of 2014. In the second half, crude supply surplus, mainly due to increased production in US, that affected global market, as well as in Libya and Iraq with an impact on Med market, resulted in a large oil price drop improving crude oil market environment for refiners in South Europe. HELLENIC PETROLEUM adjusted its crude slate accordingly by decreasing the share of crude oil from Russia (41%) and increasing that from Kazakhstan (22%), Iraq (17%) as well as other sources, subject to available opportunities in the global market. Crude oil imports from Libya (2%) were reduced amid the political developments in the country and the reduced production.

The ability to access and the flexibility of the Group's refineries to process a wide range of crude oil types constitute one of its main competitive advantages, proved to be particularly important, both as a contributor for profitability, as well as the ability of the company to respond to sharp supply shortages of specific types of crude oil, thus ensuring the uninterrupted supply for the markets where the Group operates.

Refinery Sales (Wholesale Trading)

HELLENIC PETROLEUM S.A. is engaged in ex-refinery sales of petroleum products to marketing companies in Greece, including its two subsidiaries, EKO and Hellenic Fuels, as well as to other specialty customers, such as the country's armed forces, while a significant percentage of the production is exported. All of the Group's refinery products comply with the European standards (Euro V).

International Activities

Group's international refining activities refer to the OKTA hydroskimming refinery which is located in Skopje and has a nominal capacity of 2.5m tons per annum. The OKTA refinery is connected to Thessaloniki refinery through a pipeline in order to ease the transportation of high value-added products (e.g. diesel).The location of the OKTA refinery is one of its significant competitive advantages for the domestic distribution of products through marketing companies as well as for exports to neighbouring Balkan markets.

b) Marketing

Marketing business is split into Domestic activities, through Greek subsidiaries EKO and Hellenic Fuels, and International activities.

Domestic Activities

EKO network is comprised of a total of 900 fuel stations, while Hellenic Fuels operates 816 fuel stations under the BP brand (the total Greek market amounts to approximately 6,000 stations). The two companies combined own 15 bulk storage and supply terminals, 23 aircraft refuelling stations in the country's main airports, 2 LPG bottling plants and one lubricant production and packaging unit. The market share of the two subsidiaries, including C&I clients, amounts to approximately 30%.

Hellenic Fuels, a licensee of BP Plc, maintains the right to use the BP brand in Greece for ground fuels, until the end of 2015, The Group is in negotiations with BP regarding the renewal of the right to use the brand in the Greek market.

International Activities

Internationally, the Group is active through subsidiary companies in Cyprus, Bulgaria, Serbia, Montenegro and F.Y.R.O.M. The total international network is comprised of 287 fuel stations, while market shares vary from country to country. Group's subsidiaries in Cyprus and Montenegro, resulted from the acquisition of an existing marketing company, maintain a leading position in the respective markets. In Bulgaria and Serbia, local subsidiaries, which are greenfield developments that recorded rapid growth since 2005, rank among the top five companies in the sector. In F.Y.R.O.M., the network of 26 fuel stations is operating under the local refining subsidiary brand.

c) Petrochemicals

Petrochemical activities focus mainly on further processing of refinery products, such as propylene, polypropylene solvents and inorganics, as well as trading in the regional market. Part of the production takes place at Aspropyrgos, where propylene is produced, while the majority of chemical units are located at the Thessaloniki refinery. The production of polypropylene is based on the Basel technology, considered globally as leading in the field.

Based on their contribution to the financial results, propylene and polypropylene supply chain constitute the main activity of petrochemical business. Petrochemical activities are particularly export oriented, as 60-65% of sales are directed to the markets of Turkey, Italy, North Africa and the Iberian peninsula, where they are being used as raw materials in manufacturing.

d) Exploration and Production of Hydrocarbons

The Group is also engaged in the section of exploration and production of hydrocarbons in Greece and internationally. The main activities of E&P are:

Greece

- 25% participation to a joint venture with Calfrac Well Services Ltd (75%) in the exploration of the Thrace Sea Concession in the Northern Aegean, covering an area of approximately 1,600 sq. km.

- The company, acting as an Operator to an international consortium of oil companies together with Edison International SpA (33.3%) and Petroceltic Resources Plc (33.3%), has collaborated a lease agreement with the Hellenic Republic for the sea region of Patraikos Gulf, totalling 1.892 sq. km. In 2014, the company, as Operator of the consortium, participated in negotiations with the competent evaluation committee of Ministry of Finance and YPEKA, for finalisation the lease agreement, which was signed on 14 May 2014 between the partners and the state and was ratified by the Greek parliament, with the power of statute, by the Government Gazette Issue A, 221/03-10-14. The minimum operating commitment for the first three years of research, included the recording of 3D seismic studies of a total area of 800 sq. km. and 2D on regional lines of length of 300 km.

Egypt

The Group is active in exploration and production in Egypt through two Concession Agreements:

- Concession Agreement in the West Obayed area of the Western Desert, totalling 910 sq. km. The contract was signed on 5 June 2007 with the Company as exclusive concessionaire and operator. On 12 October 2011 the local authorities approved the farm-out of 70% of the concession to Vegas Oil and Gas, following agreement by both parties in December 2010. The consortium, after conducting a series of exploratory drilling and after the refusal of the state company EGPPS for renegotiation of the contract's duration and the execution of further drilling, has unanimously decided to retire from the region (5 December 2014).
- Concession Agreement in the Mesaha area of the Western Desert in Upper Egypt, totalling 43,000 sq. km. The contract was signed on 9 October 2007 and the companies participating in the consortium are Petroceltic Resources at 40% (Consortium operator), HELLENIC PETROLEUM at 30% and Kuwait Energy Company Ltd at 15% and Beach Petroleum (Egypt) Ltd at 15%. The consortium, after performing an unsuccessful exploratory drilling, has unanimously decided to return the region to the Egyptian government.

Montenegro

The Group has been present in Montenegro since 2002, when it acquired 54.35% of the state oil company, JUGOPETROL A.D. JUGOPETROL owned the hydrocarbon exploration and production rights in two offshore areas in Prevlaka, Montenegro.

In accordance with the Concession Contract, the exploration and production activities in these areas are conducted through JUGOPETROL AD's consortia with foreign companies. The structure of the Consortium regarding Prevlaka region is as follows:

- Blocks 1&2 (1.130sq.km & 3.710sq.km respectively): Gasmonte Limited 40%, HELLENIC PETROLEUM INTERNATIONAL AG 11% and JUGOPETROL AD 49%.

e) Electric Power and Natural Gas

Electric Power

The Group's power activities focus mainly on electricity generation through ELPEDISON POWER and trading both cross-borders, as well as in the Greek market through ELPEDISON ENERGY. Both companies are controlled by ELPEDISON BV (50% HELLENIC PETROLEUM S.A., 50% EDISON), which holds 75.78% of each abovementioned company's share capital. ELPEDISON POWER merger with ELPEDISON ENERGY is currently underway with 31.12.2014, as targeted execution date.

ELPEDISON Power is the second largest independent power producer in Greece, with its combined cycle natural gas technology (CCGT) plants accounting for a total installed capacity of 810 MW, through a 390MW plant in Thessaloniki since 2005 and a 420MW in Thisvi since 2010.

ELPEDISON ENERGY is one of the largest alternative electric power producers with sales of 400 GWh (2014) to MV and LV.

Natural Gas

The Group is active in the natural gas sector through its 35% participation in its associate company DEPA SA, while the remaining 65% is owned by the Greek State. DEPA is active in the supply of natural gas in Greece through import pipelines and Revithoussa LNG terminal as well as in the trading of natural gas to selected end-users (annual consumption >100GWh). Through its wholly-owned subsidiary DESFA, DEPA manages and develops the National System of Transmission for Natural Gas. DEPA also holds a 51% share in local supply companies (EPAs), which distribute Natural Gas to clients with average annual consumption <100GWh through the low pressure gas network. Finally, DEPA also participates in international natural gas transportation projects.

On 16 February 2012, Hellenic Petroleum SA and the Hellenic Republic Asset Development Fund ("HRADF") agreed to launch a joint procedure for the sale of their share in DEPA Group, with a view to sell in total the 100% of the supply, marketing and distribution activities, as well as the 66% participation share in the transport network of high pressure (DESFA SA - 100% subsidiary of DEPA SA).

The sale process has resulted in a binding bid for the purchase of 66% of DESFA, from the company SOCAR (National oil and gas company of Azerbaijan), which amounted to €400m for the 66% of DESFA, while the amount corresponding to 35%, which is part of the Hellenic Petroleum SA amounts to €212m.

On 21 December 2013, the Share Purchase Agreement was signed, and the closing of the transaction is subject to the approval of the European Commission competition authorities.

B. Major Events of Financial Year 2014

B.1 Business Environment

a) Global Economy[1]

In 2014 the recovery of the global economy continued (3.3%), with the GDP growth rate of the developed countries strengthening by 0.5%, at 1.8%, while emerging economies' growth slowed down from 4.7% to 4.4%. Most of the developed economies advanced, excluding Japan, with USA growth rate at 2.4%, increased by 0.2% versus last year, despite the completion of the quantitative easing program. Regarding emerging economies, China's growth rate declined to 7.4% from 7.8%, while Russia growth decelerated from 1.3% to 0.6%, mainly driven by EU sanctions and increased geopolitical risk.

Regarding the Eurozone economy, the GDP growth rate returned to positive ground after two consecutive years of recession, reflecting an improved economic performance by most of its country members. In 2014, GDP growth rate was 0.8%, and it is estimated to reach 1.2% in 2015. The monetary policy remained expansionary, as the ECB cut interest rates twice during the year, while it was also

[1] *Source*: IMF, World Economic Outlook Update, January 2015

expected to proceed with a programme of quantitative easing in the beginning of 2015 in order to fight deflation.

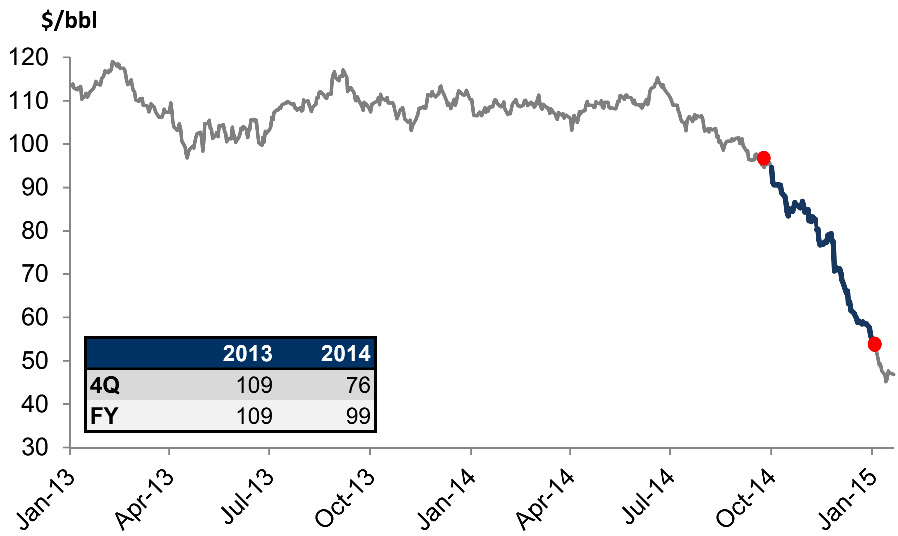
b) Petroleum Industry[2]

Global crude oil demand in 2014 amounted to 92.4m bpd versus 91.8m bpd in 2013, increased by 0.7%, driven by the higher consumption in developing economies. In China, crude oil demand rose by 3.0% reaching 10.4 m bpd. In the Middle East, consumption rose by 2.5% reaching 8.1m bpd. Demand amongst OECD European decreased by 2.2% reaching 13.4m bpd, whereas in North America remained unchanged at 24.1m bpd.

Global crude oil production in 2014 amounted to 93.3m bpd against 91.4m bbl, 2.1% higher than 2013. This increase derives mainly from non OPEC countries, US in particular, as OPEC maintained its production unchanged at 36.7 mbpd despite the continued oil price decline in the second half. North America recorded an increase in production of 9.4% reaching 18.7m bpd, with the accelerating US shale oil production accounting for most of the additional supply.

Global crude oil prices remained stable at high levels during the first half of 2014, averaging $109bbl (2013: $109/bbl), while in the second half prices recorded a sharp decline of 50% from its peak (June 2014: $115/bbl) down to 5-years low, at $55/bbl. Brent price averaged $99/bbl in 2014, decreased by $20/bbl compared to 2013. This drop is mainly attributed to the supply surplus in global oil markets amid increased crude availability by the US, the significant increase of production in Iraq, as well as OPEC's decision to maintain its production unchanged.

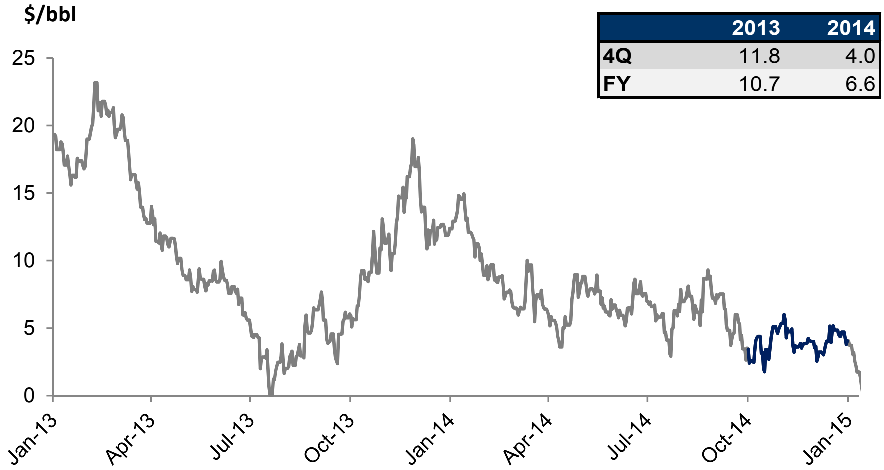
Crude oil price - Brent ($/bbl)



Challenges in European refining environment persisted throughout the first half of 2014, with increased uncertainty regarding availability and volatility in crude oil markets, due to the developments in Iraq as well as in Libya and Ukraine, in combination with diesel exports from US to Europe; these were maintained at high levels amid the strong competitive advantage on energy cost and raw materials. Indicatively, the spread of WTI over Brent averaged $8.1/bbl in the first half while benchmark refining margins remained at the low levels of 2013.

[2] *Source*: IEA, "Oil Market Report", January 2015

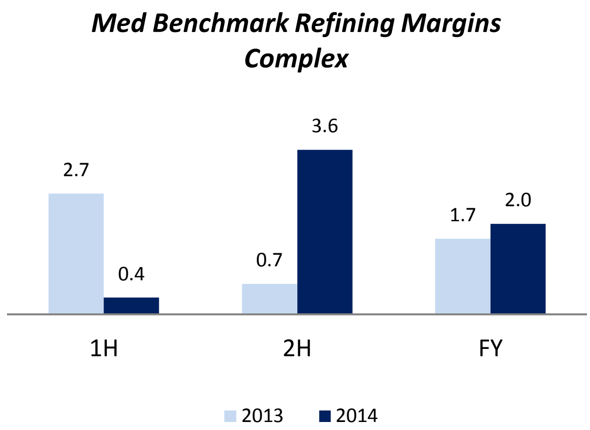
Brent-WTI spread ($/bbl)

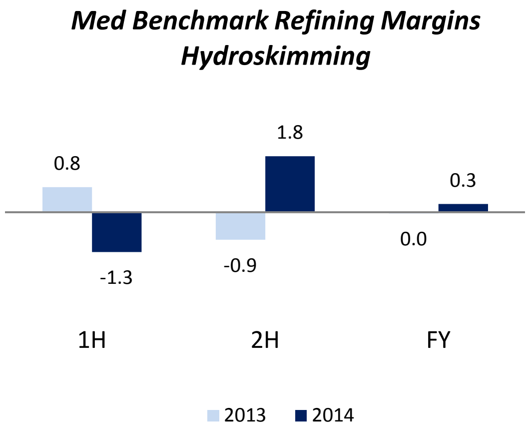


	2013	2014
4Q	11.8	4.0
FY	10.7	6.6

In the second half of 2014, the higher crude availability and the increase in production in Libya and Iraq offset the effect of the reduced crude oil exports from Russia to the Med, resulting in a decrease of oil price by $60/bbl.

More specifically, according to Reuters, benchmark refining margins in the Mediterranean for complex refineries averaged $2.40/bbl in 2014, $1.7/bbl higher than in 2013. In the second half, margins strengthened ($3.6/bbl) on the back of the lower oil price and the stronger dollar. Simple refineries followed a similar trend, with their average benchmark margins averaging $0.3/bbl in 2014 versus $0.0/bbl in 2013.

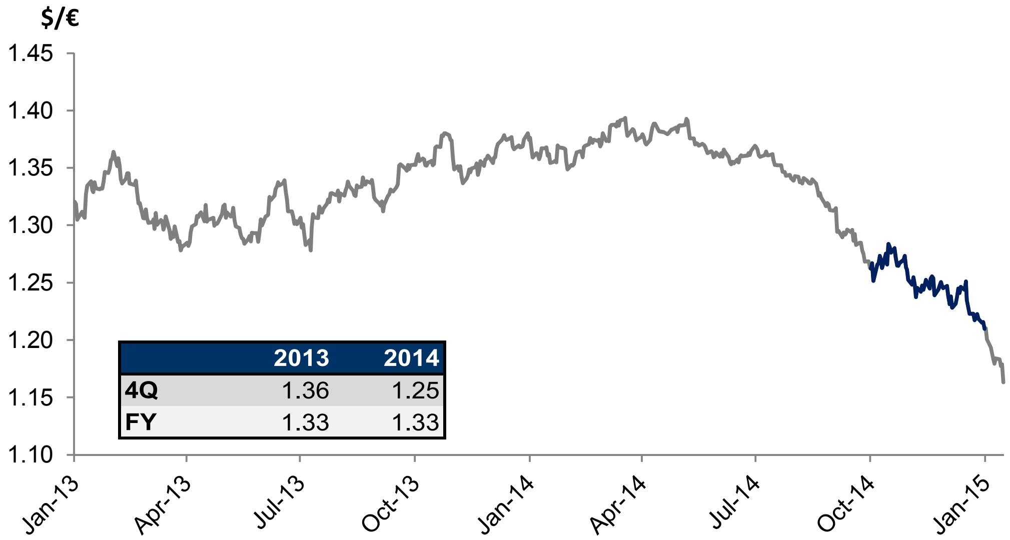




c) Financial indicators

In 2014 average EURUSD exchange rate remained unchanged versus last year, despite the constant strengthening of USD after the first half, amid monetary policy developments from the corresponding central banks. EURUSD exchange rate averaged in €1=$1.33 (same in 2013) recording a high of €1=$1.39 and a low of €1=$1.21 i.e. price levels of 2006. The stronger dollar benefits refiners, as benchmark margins, their main profitability driver are dollar denominated.

EURUSD Exchange rate ($/€)



	2013	2014
4Q	1.36	1.25
FY	1.33	1.33

d) Greek Market[3]

The Greek economy grew for the first time, after six years of recession and five years of fiscal policy with GDP increase at +0.8% in 2014, versus -3.7% in 2013. The positive performance was mainly attributed to the increase of exports, tourism and private consumption recovery, as reflected in the 2.2% higher retail sales and the +24% increase of new car registrations. Inflation stood at -1.2%, and it is expected to remain at negative levels for 2015 as well, as a result of the decline of energy prices (crude oil) and the decline of the unit cost of labour. According to latest available data, unemployment fell by 1.6% to 25.8%, after 5 years of continuous increase.

Recovery of consumption, achievement of primary surpluses both on a general government level and on the current account balance for second consecutive year, the successful and adequate recapitalization of the systemic banks as well as the access, on more beneficiary terms, of both the Greek government and Greek corporates to debt capital markets has reinforced the view that confidence in prospects for the Greek economy is gradually being restored. However, confidence has been affected negatively to a large extent due to the political developments in the country during the second half.

The Bank of Greece projects that the Greek economy has been stabilised and shows signs of improvement while it now seems likely for the economy to return to growth. For 2015 it is estimated that the GDP growth will accelerate, taking into consideration the recent decline in the oil price on the global market. Finally, it is estimated that a primary surplus on both the general government level and on the current account balance will be recorded for the third consecutive year, demonstrating that the fiscal improvement is sustainable.

The stabilisation trend in the domestic fuel market continued during the first half 2014, while in the second half, an increase (+5%) in fuels demand was recorded for the first time since 2009. The domestic fuel consumption in 2014 amounted to 6.7m tonnes, increased by 1.5% versus last year with

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[3] *Sources*: Hellenic Statistical Authority, Ministry of Reconstruction of Production, Environment & Energy data, Bank of Greece report “Monetary Policy Interim Report”, December 2014

the growth rate of diesel consumption (+6%) offsetting the slowdown of the gasoline market. This was mainly attributed to the reduced prices, as well as to the adjustment of the heating gasoil excise duty. The aviation fuels market growth was also significant (+13%), on increased international air traffic during the tourism season.

B.2 Business Review

a) Financial highlights

Tables below present the main financial and operational Group indicators for 2014:

Operational Data	2014	2013
Refinery sales (in million metric tons)	**13.54**	**12.70**
Marketing sales (in million metric tons)	**4.13**	**4.04**
Refinery production (in million metric tons)	**12.46**	**11.80**
Employees in Greece	**2,622**	**2,661**
Group employees	**3,288**	**3,680**

Financial Data (in million €)	2014	2013
Net sales	**9,478**	**9,674**
Reported EBITDA	**(84)**	**29**
Adjusted[4] EBITDA	**417**	**178**
Reported net income (attributable to the owners of the Parent Company)	**(365)**	**(269)**
Adjusted net income¹	**5**	**(117)**

The Group recorded significant improvement in its operating results, with Adjusted EBITDA reaching €417, more than double compared to last year (2013: €178m), mainly on the back of the enhanced performance in all Group's activities, the improvement of competitiveness and transformation programs (e.g. procurement – BEST80, refining excellence – DIAS), as well as cost control, all contributed to reduce Group's expenditure recording an additional annualized cash benefit of €89m in 2014.

The improvement in benchmark margins during the second half had a significant positive contribution compared to particularly low levels of first half and 2013. The improvement in benchmark margins and dollar strengthening were the key drivers of the strong operating results reported in the second half.

[4] *Adjusted for the impact of crude oil prices and other non-operating items (e.g. special taxation)*

Reported results were negatively affected by the significant decline in oil price that retreated from its June peak of $115/bbl to $55/bbl on year end, down to May 2009 low levels, with a substantial negative effect on Group's reported pre tax results of the second half, by almost €475m.

Balance Sheet / Cash Flow	2014	2013
Total Assets	**7,719**	**7,177**
Total Equity	**1,729**	**2,214**
Capital Employed	**2,870**	**3,905**
Net Debt	**1,140**	**1,689**
Net Cash Flows	**764**	**403**
Capital Investments	**136**	**112**
% of debt on capital employed - Debt Gearing	**40%**	**43%**

b) Share performance

The Athens Stock Exchange followed an overall downward trend during 2014, especially during the second half, amid the deterioration of the political landscape, despite the improvement of macroeconomic fundamentals and corporate results. ASE recorded losses of 29% while FTSE/ASE Large Cap came lower by 31%. The share of HELLENIC PETROLEUM recorded a decline of 50% versus last year, closing at €3.80 on 31.12.2013, despite the positive developments and refining macros of the second half. ASE downward performance combined with Hellenic Petroleum's deletion from MSCI Emerging Markets Index contributed to the decline of its share price.

The Shareholders Extraordinary General Meeting on 15/12/14 approved the special regime taxation L.4172/2013 at a preferential rate of 19% of special tax reserves of the company, amounting to € 79,477,054.70 and the distribution of a net amount of €0.21 per share, corresponding to € 64,183,388.05, without any further tax obligation for the shareholder.

The BoD approved a proposal to the AGM for no dividend distribution out of 2014 results.

The BoD did not approve a change in dividend policy overall and will re-evaluate the payment of special dividends or interim dividends for 2015, during the year.

c) Key Developments

The key business developments during the year were:

- Significant improvement of the operation of the upgraded Elefsina refinery with material support on Group's financial results
- Group's exports recorded an all-time high (€6.6m MT) with international sales accounting for 50% of total.
- Issuance of 2 Eurobonds totaling more than €600m in the second quarter of 2014, with significant positive effect on the cost of funding and debt maturity profile of the Group.

- Emphasis on the programs of performance improvement with additional cash benefits of €89m for 2014.

C. Review per Segment – Performance and Financial Position

The key developments and financial indicators for each of the Group main activities are:

a) Refining, Supply and Trading

Financial results and operational indicators:

	2014	2013
Financial Results (€ million)		
Sales	**8,818**	**9,078**
Adjusted EBITDA	**253**	**57**
Operational Indicators		
Sales Volume (000s of MT) – Total	**13,538**	**12,696**
Sales Volume (000s of MT) – Greece	**13,531**	**12,664**
FCC refining margin	**$3.4/bbl**	**$2.4/bbl**
Refinery utilisation[5] (%)	**85%**	**81%**
Safety Index – AIF	**3,7**	**4,6**

Key points for Refining, Supply and Trading in 2014:

- Crude oil price volatility amid geopolitical developments that peaked at $115/bbl in June, before declining sharply, amid excess supply that affected supply/demand balances in the Atlantic Basin.

- The European refining environment improved during the second half of 2014, due to the increased availability of all types of crude oil and the lower relative prices (vs Brent) of crudes supplied in Europe, decreasing the cost of raw material.

- Elefsina refinery significantly improved performance, recording a utilization rate of consistently above 100% in the second half, with significant impact on Group's result, while Aspropyrgos refinery recorded a particularly high availability, for the third consecutive year without requiring a maintenance shut-down. Thessaloniki refinery also improved significantly its performance in terms of energy efficiency.

- Group's exports amounted to 6.6m tones, having almost tripled over the last 3 years, accounting for 50% of total sales.

[5] Total feed vs crude capacity

- In the context of competitiveness improvement transformation projects continued in 2014, with the aim of improving the refining performance and cost control, increasing efficiency of conversion units and reducing energy costs, while the realized synergies between the 3 refineries brought positive impact on profit margins.

b) Marketing

	2014	2013
Financial Results (€ million)		
Sales	**3,220**	**3,345**
EBITDA	**80**	**63**
Adjusted EBITDA	**90**	**68**
Operational Indicators		
Sales Volume (k mT) – Total	**4,131**	**4,043**
Sales Volume (k mT) – Greece	**3,052**	**2,971**
Fuel stations – Greece	**1,716**	**1,816**
Fuel stations – International	**261**	**259**

Key points for the Domestic Marketing activities in 2014:

- Reduction of the number of active petrol stations, but on a smaller pace compared with previous years. Approximately 2,500 petrol stations are estimated to have exited the retail market over the last five years.
- Significant improvement of profitability and efficiency of Retail as a result of the expansion of COMO network. Successful completion of the fuel quality control program with a positive response from both dealers and final customers.
- Launch of differentiated products (Diesel Avio, BP ULTIMATE Diesel), improving the value offered to the customer, which in combination with the network management resulted in an increase in the market share in auto fuels (to approximately 30%).
- Reduction in the operating cost of the supply chain, implementation of synergies between the two marketing networks EKO-HF, new commercial policy of customer portfolio management, strict compliance with the credit policy and lower bad debts.
- Increased profitability in Aviation and Bunkering on increased tourist traffic and targeted geographical sales mix optimising profit margins, as part of the strategy to increase sales in areas with high profit margin.

Key points for the International Marketing activities in 2014:

- Reduction in the overall demand in the international markets where the Group operates, due to the adverse economic conditions in the region.
- Maintenance of the sales volumes at the same level as in 2013 through increased wholesale activity, compensating for the demand drop in retail.
- Increase of the international marketing operating profitability by 17% thanks to the improved operating performance and cost control.
- Increase of profitability in Cyprus on cost control, despite the recession and lower sales volumes.
- Increase of sales volumes in Bulgaria despite increased competition, affecting profitability.
- Increased profitability in Montenegro on restructuring despite the decrease in sale volumes due to increased competition.
- In Serbia, the network restructuring and successful commercial policy led volumes, market shares and profitability higher.

c) Petrochemicals

Financial Data and basic operational indicators:

	2014	2013
Financial Results (€ million)		
Sales	322	327
Adjusted EBITDA	**81**	**57**
Operational Indicators		
Sales Volume (kMT) – Total	236	295
Polypropylene margin ($/ton)	517	411

Key points for Petrochemicals in 2014:

- Improved demand conditions and pricing environment on the global petrochemicals market for most of the year, contrary to the Greek market where demand remained weak.
- Increased propylene production from the Aspropyrgos refinery, maintaining a high level of vertical integration in the propane-propylene-polypropylene value chain with positive impact on profitability.
- PP and BOPP film sales increased by 2.3%. Maintenance of the export orientation with more than 60% of sales directed to selected Mediterranean markets.

- Development of new products and markets in BOPP film, combined with the cost control and improved commercial performance in the petrochemicals sector, led profitability to historic highs.

d) Exploration and Production of Hydrocarbons

In 2014, activities were focused on Egypt, through participations in international consortia for the regions of West Obayed in Western Desert and Mesaha in Upper Egypt and in Greece through the participation, as an Operator (33.3%), in international consortium of oil companies, with Edison International SpA (33.3%) and the Petroceltic Resources Plc (33.3%), in the lease contract for the sea region of the Patraikos Gulf.

Minimum work programme for the first three years of research in Patraikos Gulf includes among others the recording of 3D seismic studies of a total area of 800 sq. km. and 2D regional lines of length of 300 km. In the fourth quarter of 2014, the first geological studies in the area started. Meanwhile the company continued to study the research outcome of both offshore and regions of Western Greece, preparing itself for a possible submission of a tender on international competition already procured by YPEKA. On 6 February 2015, HELLENIC PETROLEUM submitted offers for the lease of Arta-Preveza and NW Peloponnese areas in West Greece, following a relevant tender by the Ministry of Production Restructuring, Environment & Energy.

In October 2014, in West Obayed, the consortium (HELPE 30%, VEGAS 70%), has executed the last obligatory exploratory drilling with no positive results. After the refusal of the state company EGPPS to renegotiate the contract's duration and to execute additional drilling in the area, the consortium has unanimously decided to resign from the region (5 December 2014).

In the Mesaha area, consortium (Petroceltic, HELPE, KEC and Beach Petroleum) has unanimously decided to return the region to the state company GANOPE, following the results of the exploratory drilling Mesaha 1x and without having any outstanding financial obligations.

e) Electric Power and Natural Gas operations

Activities in the sectors of electric power and natural gas are carried out through the Group's investments in ELPEDISON BV (ELPE S.A. 50%, Edison 50%) and DEPA SA (ELPE S.A. 35% Greek State 65%) respectively. The contribution of the Group in the results of the two abovementioned companies, according to their preliminary financial statements amounted in total to €28 million in 2014, decreased by 51% compared to 2013.

The results of ELPEDISON BV came as a result of the reduced operation of natural gas fired electricity producers due to the significant changes in the regulatory framework of electricity market.

The results of DEPA SA were lower on the back of weak gas demand from electricity generators.

D. Corporate Governance Statement

General

Corporate Governance refers to a set of principles on the basis of which the proper organization, operation, management and control of a company is evaluated with the aim of maximizing value and safeguarding the legitimate interests of all those related with it.

In Greece, the Corporate Governance framework has been developed mainly through the adaptation of obligatory rules, such as Law 3016/2002. This law imposes the participation of non-executive and independent non-executive members on the Boards of Directors of Greek listed companies, the establishment and operation of internal audit units and the adoption of Internal Procedures Manual. Moreover, a significant number of other legislative acts incorporated in the Greek legal framework the EU directives concerning corporate law, thus creating a new set of rules regarding corporate governance, such as Law 3693/2008, requiring the creation of audit committees and incorporating significant disclosure obligations, concerning the ownership as well as the governance of a company, Law 3884/2010, dealing with the rights of shareholders and additional corporate disclosure obligations within the framework of preparation of the General Meeting of shareholders and Law 3873/2010, incorporating in the Greek legal framework the Directive 2006/46/EC of the European Union, concerning the annual and consolidated accounts of companies of a certain legal form. Finally, in Greece, as well as in most countries, the Company Law (codified law 2190/1920, which is modified by numerous guidelines derived from many of the aforementioned EU Directives) includes the basic legal framework of company governance.

D.1 Corporate Governance Code

The Company has voluntarily decided to adopt the **Corporate Governance Code for listed companies of the Hellenic Corporate Governance Council (HCGC)** (or "Code"). The Code can be located on the Hellenic Exchanges website (or "HELEX"), at the following address:

http://www.helex.gr/web/guest/esed

Apart from **HELEX**'s website, the Code is also available to all the employees through the intranet as well as in hard copy through the Group's departments of Finance and Human Resources.

D.2 Deviations from the Corporate Governance Code

The Company, on occasion, deviates or does not apply in its entirety certain provisions of the Code (noted in *italics*).

- With regard to the size and composition of the Board of Directors (or "BoD"):
  - Certain rules of appointing and replacing members of the BoD exist, which are explicitly mentioned in the Company's Articles of Association in accordance with Law N.3429/2005. The shareholder "Greek State" appoints seven members out of a total of thirteen, as long as it holds at least 35% of the shares. The shareholder "Paneuropean Oil and Industrial Holdings SA" and its related companies appoint two members of the BoD, under the precondition that they hold at least 16,654% of the total voting shares of the Company. It is obligatory to have two members of the BoD that are representatives of the employees, elected by them, and two more that are representatives of the minority shareholders, elected by the Special General Meeting of minority shareholders (excluding the Greek State and Paneuropean Oil and Industrial Holdings SA and/or companies related to the latter) *A.II (2.4)*
- With regard to the role and attributes of the Chairman of the BoD:
  - As long as the roles of the Chairman of the BoD and the CEO remain distinct, as it is currently the case, there is no provision for a Vice-Chairman role. *A.III (3.1 & 3.3)*

- With regard to BoD member election:
  - All rules noted above on appointing and replacing board members apply. The BoD term is set at five years, extended until the end of the period, within which the Annual General Meeting of shareholders must be held. A.*V (5.1, 5.2, 5.4, 5.5, 5.6, 5.7, 5.8)*

- With regard to the functioning and evaluation of the BoD:
  - Apart from the evaluation of the BoD through the report submitted to the Annual General Meeting of shareholders, the BoD monitors and re-examines the implementation of its decisions annually. In addition to the above, the introduction of an evaluation system for the BoD and its committees is currently being examined. *A.VII (7.1 & 7.2)*

- With regard to the System of Internal Controls:
  - The Internal Audit Department reports to the Chairman of the BoD and to the Audit Committee of the Company which has been set by the General Meeting of company's shareholders. The law 3693/2008 and international best practices provide for the main duties of the Audit Committee . The BoD has approved the Rules of Procedure of the Audit Committee with its 1204/29.08.2013 decision. *B.I (1.7)*
  - According to the relevant provisions of law 3016/2002, as long as the minority shareholders are represented in the Company's BoD, the existence of independent members is not mandatory. According to the applied Rules of Procedures of the Audit Committee, in the composition of the Audit Committee of the BoD calls for the participation of one independent non-executive member of BoD. *B.I (1.4)*

- With regard to the level and structure of compensation:
  - The compensation of the Chairman of the BoD, the CEO, and all members of the BoD, for their participation in the meetings of the BoD and its committees, are approved by the General Meeting of Shareholders, following a relevant proposal by the Remuneration and Succession Planning Committee of the BoD. *C.I (1.4).*
  - The activities of the Remuneration and Succession Planning Committee are not governed by a specific charter, but rather by the operational rules of collective bodies (invitation of Chairman, Daily Agenda, Minutes, etc.). *C.I (1.6, 1.7, 1.8, 1.9)*

- With Regard to the General Meeting of shareholders:
  - Commencing with the convergence and conduct of the 2011 Annual General Meeting of shareholders, the Company will comply with all provisions of law 3884/2010 and thus to relevant provisions of the Code, with the reservation of the points regarding the election of BoD members, mentioned above. *D.II (1.1)*
  - With regard to the special practice of electronic voting or the voting via mail, its application is temporarily suspended, due to pending issuance of relevant ministerial decisions, as stipulated in Law 3884/2010. *D.II (1.2)*

D.3 Corporate Governance Practices Exceeding Legal Requirements

The Company, within the framework of implementing a satisfactory and well-structured system of corporate governance, has applied specific practices of good corporate governance, some of which exceed relevant legal requirements (Codified Law 2190/1920, law 3016/2002 and law 3693/2008).

Specifically, the Company has adopted the following additional corporate governance practices, all of which are related to the size, composition, responsibilities and overall operation of the BoD:

- Due to the nature and purpose of the Company, the complexity of matters and the necessary legal support of the Group, which includes a number of operations and subsidiaries in Greece and abroad, the BoD – numbering thirteen members, which is ten more than the minimum required by law – has established committees that comprise of its members, with advisory, supervisory and authorizing responsibilities, aiming to aid the BoD in its work. These committees are briefly stated below (they are analysed in detail at the end of this Statement, under the paragraph "Other Committees").

    I. Crude oil and Petroleum products Supply Committee
    II. Finance & Financial Planning Committee
    III. Labour Issues Committee
    IV. Remuneration and succession planning Committee

- In addition to the above committees of the BoD, executive and non-executive committees have been established in the Company, mainly with an advisory role. They comprise of senior executives of the Company and their goal is to support the work of Management. The most important such committees are:

    I. Group Executive Committee
    II. Strategic Planning and Development Committee
    III. Group Credit Committee
    IV. Investment Evaluation Committee
    V. Human Resources Committee
    VI. Executive Technical Committee
    VII. Executive Commercial Committee

- The BoD has included specific provisions in the Company's Internal Procedures Manual, banning transactions of shares for the Chairman of the BoD, the CEO and for other members of the BoD, as long as they serve as either Chairman of the BoD or CEO of a related company. The BoD has also implemented a Procedure of Monitoring and Disclosure of Significant Participations and Transactions on the Company's shares, as well as a procedure of Disclosing and Monitoring Transactions and Financial Activity with the Company's major clients and suppliers.

D.4 Main Features of the System of Internal Controls and Risk Management in relation to the Financial Reporting Process

The System of Internal Controls and Risk Management of the Company in relation to the financial reporting process include controls and audit mechanisms at different levels within the Organization, that are described below:

a) Group Level Controls

Risk identification, assessment, measurement and management

The range, the size and the complexity of the activities of the Group requires a comprehensive system of methodical approach and risk management, which is applied by all the Group's companies.

The prevention and management of the risks is a core part of the Group's strategy.

The identification and assessment of risks takes place mainly during the strategic planning and the annual preparation of the business plan. The benefits and opportunities are examined not only within the context of the company's activities, but also in relation to the several and different stakeholders who may be affected.

The issues examined vary subject to market and industry conditions and include indicatively, political developments in the markets where the Group operates or procures significant quantities of crude oil, changes in technology, changes in the regulation, macro-economic indicators and the competitive environment.

Planning and Monitoring / Budget

Group performance is monitored through a detailed budget by operating sector and market. The budget shall be adjusted systematically to take into account the development of the Group's financials that depend greatly on external factors, such as the international refining environment, crude oil prices and the euro/dollar exchange rate. Management monitors the development of the Group's financial results through regularly issued reports, budget comparisons with the actual results, as well as through Management Team meetings.

Adequacy of the Internal Controls System

The Internal Control System consists of the policies, procedures and tasks which have been designed and implemented by the Management Team and the human resources of the Group for the purpose of the effective management of risks, the achievement of business objectives, the reliability of financial and administrative information and compliance with the laws and regulations.

The Independent Internal Audit Department, by means of periodic assessments, ensures that the identification procedures and risk management applied by the Management are sufficient, that the Internal Control System operates effectively and that information provided to the BoD relative to the Internal Control System, is reliable and of good quality.

The Internal Audit Department shall draw up short-term (annual) and long-term (three-year) rolling content Audit Plan based on ad-hoc risk assessment, as well as on other issues identified by the Audit Committee and the Management Team. The Audit Committee is the supervisory body of the Internal Audit Department. The overall Audit Plan is approved by the Audit Committee.

The Internal Audit Department submits quarterly reports to the Audit Committee, so that the monitoring of the adequacy of the Internal Control System is systematic.

The reports of the Management Team and the Internal Audit Department provide the assessment of significant risks and the effectiveness of the Internal Control System relative to their management. Through these reports the identified weaknesses together with their possible impact, as well as with the actions of the Management team to resolve them are being communicated. The results of the controls and the monitoring of the implementation of the agreed improvement actions are being implemented in the Risk Management System of the company.

To ensure the independence of the audit of the Group's annual financial statements , the BoD has a specific policy to form recommendations to the General Meeting of shareholders for the election of the External Auditor. Indicatively, this policy calls for the selection of the same auditing company for the whole Group, as well as the audit of the consolidated financial statements and local statutory financial statements. The selection of the independent External Auditor is made among leading internationally acclaimed firms.

Roles and Responsibilities of the BoD

The role and responsibilities of the BoD are described in the Internal Procedures Manual of the Company, which is approved by the BoD.

Fraud prevention and detection

In the context of risk management, the areas that are considered to be of high risk for financial fraud are monitored through appropriate internal controls and enhanced security measures. Examples include the existence of detailed organizational charts, process manuals on several areas (procurement, purchasing of petroleum products, credit, treasury management), as well as detailed procedures and approval authority levels. In addition to the internal controls applied by each department, all Company activities are subject to audits from the Internal Audit Department, the results of which are presented to the BoD.

Internal Procedures Manual

The Company has drafted an Internal Procedures Manual, which is approved by the BOD of the company. The Internal Procedures Manual includes definitions of the roles and responsibilities of each position emphasising the segregation of duties within the Company.

Group's Code of Conduct

The company in the context of the fundamental obligation of good corporate governance, it has drafted and adopted since 2011 the Code of Conduct, approved by the BoD of the company. The Code of Conduct summarizes the principles according to which any person, employee or third party involved in the operation of the Group, as well as collective body, should act within the framework of their duties. For this reason, the Code constitutes a practical guide of the day-to-day tasks of all employees of the Group, but also of third parties who cooperate with it.

b) Information Technology General Controls

The Group's IT Department is responsible for developing the IT strategy and for staff training to cover any arising needs. and the IT department is also responsible for the support of IT systems and applications through the drafting and updating of operation manuals, in cooperation with external consultant where this is necessary.

The Company has developed a sufficient framework to monitor and control its IT systems, which is defined by a set of internal controls, policies and procedures. Among these are documented job descriptions, roles and responsibilities of the Group IT Department as well as the development of an IT Strategic Plan. In addition, a specific procedure has been designed to ensure safe operation should problems arise to the Group's systems through the existence of alternative systems in case of disaster (Disaster Recovery Sites). Also, the approved Business Continuity Plan is under development. Finally, access rights have been set in several information systems for all employees, according to their position and role, while an entry log for all the Group's IT systems is also kept.

c) Internal Controls over Financial Reporting

As part of the process for the preparation of financial statements, specific controls are in place, utilising tools and methodologies in line with the best international practices. Some of the main areas of such controls, relevant to the preparation of the financial statements, are the following:

Organisation – Segregation of Duties

- The assignment of duties and authorities to senior Management of the Company, as well as middle and lower management levels, ensures the effectiveness of the Internal Control System and safeguards appropriate segregation of duties.
- Adequate staffing of financial services with individuals who possess the necessary technical skills and experience to carry out their duties.

Accounting monitoring and preparation of financial statements

- Existence of common policies and monitoring procedures of accounting departments of the Group's subsidiaries which include, amongst others, definitions, accounting principles adopted by the Company and its subsidiaries, guidelines for the preparation of financial statements and consolidation.
- Automatic checks and validations between different transactional and reporting systems. In cases of non-recurring transactions special approval is required.

Safeguarding of assets

- Existence of internal controls regarding fixed assets, inventories, cash and cash equivalents and other assets of the company, such as physical security of cash or warehouses, inventory counts and reconciliations of physically counted quantities with the recorded ones.
- Schedule of monthly inventory counts to confirm inventory levels of physical and accounting warehouses. Use of a detailed manual to conduct inventory counts.

Chart of Authorities

- Existence of a chart of authorities, which depicts assigned authorities to various Company executives, in order to complete certain transactions or actions (e.g. payments, receipts, contracts, etc.).

D.5 Information Required by Article 10, Paragraph 1 of the EU Directive 2004/25/EC on Public Takeover Bids

The required information is included in part J of this Report.

D.6 General Meeting of Shareholders and Shareholders' Rights

The roles, responsibilities, participation, the ordinary or extraordinary quorum of participants, the Presidency, Daily Agenda and the conduct of procedures of the General Meeting of the Company's Shareholders are described in its Articles of Association, as updated based on the provisions of Codified Law 2190/1920 (following integration of Law 3884/2010 on minority voting rights).

Shareholders are required to prove their shareholder status and the number of shares they possess at the exercise of their rights as shareholders. Usual forms of proof are custodian or Central Depository certificates or electronic communication though specialised secured electronic platforms.

D.7 Composition & Operation of the Board of Directors, Supervisory Bodies and Committees of the Company

Board of Directors (BoD)

General

The Company is managed by a BoD, comprising of 13 members, with a term of five years, which expires on 26.06.2018and is extended until the end of the period provided for convening the next Ordinary General Assembly. In detail:

- Ioannis Papathanasiou, Chairman, Representative of the Greek State (from 27/2/2014)
- Ioannis Costopoulos, CEO, Representative of the Greek State
- Andreas Shiamishis, Deputy CEO, Representative of Paneuropean Oil and Industrial Holdings
- Theodoros-Achilleas Vardas, Representative of Paneuropean Oil and Industrial Holdings
- Vasilios Nikoletopoulos, Representative of the Greek State
- Christos Razelos, Representative of the Greek State
- Ioannis Raptis, Representative of the Greek State
- Aggelos Chatzidimitriou, Representative of the Greek State
- Ioannis Sergopoulos, Representative of the Greek State
- Konstantinos Papagiannopoulos, Employees' representative
- Panagiotis Ofthalmidis, Employees' representative
- Theodoros Pantalakis, independent member – Elected by minority shareholders
- Spyridon Pantelias, independent member – Elected by minority shareholders

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

The size and composition of the BoD is described in detail in section D.2 of this report.

The BoD convened fourteen (14) times in 2013 and all members were present either in person or by proxy.

Roles and Responsibilities of the BoD

The BoD is the supreme executive body of the Company and principally formulates its strategy, its development policy and supervises and controls the management of its assets. The composition and characteristics of the members of the BoD are determined by Law and the Company's Articles of Association. First and foremost among the duties of BoD is to constantly pursue the strengthening of the Company's long-term economic value and to protect its interests.

To achieve corporate goals and uninterrupted operation of the Company, the BoD may grant some of its authorities, except the ones that demand collective action, as well as the administration or management of the affairs or representation of the Company to the Chairman of the BoD, the CEO or to one or more BoD members (executive and non-executive), to the Heads of Company Departments or to employees. BoD members and any third party that has been granted authorities from the BoD is not permitted to pursue personal interests that conflict the interests of the Company. BoD members and any third party that has been granted authorities from the BoD must disclose in a timely manner to the rest of the BoD any personal interests that might arise as a result of transactions with the Company that fall under their duties as well as any other conflict of interest with the Company or with entities affiliated to it in accordance with Codified Law 2190/1920 art. 42. (e), par. 5.

- Indicatively, the BoD approves, after proposal of the CEO:

I. The Business Plan of the Company and the Group,
II. The Annual Business Plan and Budget of the Company and the Group,
III. Any necessary change to the above,
IV. The annual report of transactions between the Company and its related parties, according to Codified Law 2190/1920 art. 42. (e), par. 5,
V. The annual report of the Company and the Group,
VI. The establishment of / participation in companies or joint ventures, company acquisitions, installation or termination of facilities – in all cases of such transactions with minimum value of €1 million,
VII. The agreements of participation in consortia for the exploration and production of hydrocarbons,
VIII. The final termination of plant operations,
IX. The regulations that govern the operation of the Company and any amendments to them,
X. The basic organizational structure of the Company and any amendments to it,
XI. The appointment / dismissal of General Managers and of the Head of Group's Internal Audit Department,
XII. The Collective Labour Agreement,
XIII. The Internal Procedures Manual,
XIV. The determination of the Company's remuneration policy of the Management Team,
XV. The hiring processes for executives and the assessment of their performance,
XVI. Any other matter stipulated by the existing Company regulations.

<u>Executive and non-executive members of the BoD</u>

The BoD determines the responsibilities and status of its members as executive or non-executive. At any time, the number of non-executive members of the BoD cannot be less than one-third of the total number of its members.

<u>Chairman of the BoD</u>

The Chairman of the BoD represents the Company before the Courts and any other Authority; presides over and administers the meetings of the BoD, and performs all acts that fall under his responsibilities according to the existing regulatory framework, Company's Articles of Association and Internal Procedures Manual.

<u>Chief Executive Officer</u>

The Chief Executive Officer (CEO) is the most senior member of the Company's executive management. The CEO presides over all functions of the Company and manages its operations. In the context of the Business Plan, the Regulations and Decisions of the BoD that govern the operation of the Company, the CEO makes all necessary decisions and submits proposals and recommendations necessary to accomplish the aim of the Company to the BoD.

At its meeting of 12.18.2014, the Board of Directors appointed Mr. Andreas Shiamishis as the Deputy Chief Executive Officer, with the assignment to replace the CEO in case of absence. At the same time, the responsibility of domestic and international marketing was delegated to the Deputy CEO and it was decided that the following officers will report to him directly: the General Director of International activities, the CEO of EKO and Hellenic Fuels, the CEO of ASPROFOS as well as the General Director of Strategic Planning and Development for the operational and financial planning functions.

A short version of of the BoD members' CVs are included in the Appendix.

Audit Committee (law 3693/2008)

The Company has established an Audit Committee, appointed by the General Meeting of shareholders and made up of three members (Spyridon Pantelias, Chairman; Ioannis Sergopoulos, member and Vasilios Nikoletopoulos, member) which is the evolution of the pre-existing Committee of Finance and Financial Planning. It convened sixteen (16) times in 2013 and all members were present at all meetings.

The Audit Committee has the following responsibilities:

- To oversee the process of financial monitoring and the reliability of financial statements of the Company and to examine the fundamental parts of the financial statements which include vital judgments and assumptions of the Management.
- To monitor the effectiveness of the Company's Systems of Internal Controls and Risk Management.
- To ensure the proper functioning of the Company's Internal Audit Department.
- To oversee the process of the external audit of the Company's financial statements.
- To monitor issues concerning the existence and maintenance of the external auditors' independence, especially as far as the provision of additional non-audit services are concerned.

Please note that a reassessment of responsibilities of the Finance and Financial Planning Committee is scheduled to take place, in order to ensure that there are not any overlaps.

Remuneration and Succession Planning Committee

The Company has established a Compensation and Succession Planning Committee that comprises of one executive and two (2) non-executive members of the BoD (Theodoros Pantalakis, Chairman; Theodoros Vardas, member; Ioannis Sergopoulos, member). It convened four times in 2014 and all members were present at all meetings.

The Compensation and Succession Planning Committee has the following responsibilities:

- To propose the principles of the Company's remuneration and benefits policy for executives – relevant decisions by the CEO are based on these principles,
- To propose the remuneration and benefits policy for senior executives – relevant decisions of the CEO follow this policy,
- To propose to the CEO the overall compensation (fixed and variable – including stock options) for the executive members of the BoD and senior executives of the Company,
- To propose to the General Meeting of Shareholders, through the BoD, the total compensation of the Chairman of the BoD and the CEO,
- To plan for adequate and suitable succession of General Managers and executiives, when needed, and submit relevant proposals to the BoD.

Other BoD Committees

Certain additional committees support the BoD's work and tasks in the previously described framework of strengthening corporate governance structures. Specifically, existing additional committees are:

- The Oil Products Procurement Committee, consisting of three executive of the BoD. The Committee did not convene in 2013. It was formed under BoD decision number 1059/2b/3.9.2004. The role of the Committee is to award tenders and approve oil products supplies, through a unanimous decision of its members, for the purchase, sale or transfer of crude oil and oil products (of over €100 million).

- The Finance and Financial Planning Committee, consisting of one (1) executive and two (2) non-executive members of the BoD (Theodoros Pantalakis, Chairman; Spyridon Pantelias, member; Andreas Shiamishis, member). The Committee convened seven (7) times in 2014 and all members were present at all meetings. It was formed under BoD decision number 1059/2c/3.9.2004. The role of the Committee is to review together with the Group CFO and external auditors the annual audit plans, to consider issues which relate to the appointment or dismissal of external auditors, to be informed by the CEO, the CFO and by the external auditors of significant risks or exposures and to judge the measures that have been taken or are to be taken in order to minimize the risk to the Company, to examine along with the CEO and external auditors the published annual and quarterly company and consolidated financial statements when this is deemed necessary prior to their submission to the BoD and find any changes in the accounting policies, areas where significant judgment is exercised, significant restatements as a result of the audit, the adherence to accounting principles and practices, the adherence to laws and regulations of the stock exchange and finally to examine the finance planning for the Group.

- The Labour Issues Committee, which comprises of two (2) non-executive members of the BoD, plus the president of the most representative labour union or his deputy. The Committee did not convene in 2014. It was formed in accordance with the Company's Internal Procedures Manual and is responsible to act as an appeal body on disciplinary penalties imposed by the relative Company disciplinary body.

- The Investment Committee and the Major Projects Procurement Committee were abolished by the BoD decision 1202/7.25.2013 given that the upgrade projects of Elefsina (ER) and Thessaloniki (TR) refineries have been completed.

E. Strategic Goals and Prospects

The Group's strategy revolving around sustainable growth is based on the following pillars:

- Safe and environmentally friendly operations of its plants and products specifications,
- corporate social responsibility
- Co-operation with local communities,
- Increasing value for its shareholders.

With respect to the above-mentioned priorities, each Group activity sets its main targets for 2015.

Refinery, Supply and Trading

In 2014, Refinery, Supply and Trading increased substantially its contribution to the Group's operating profitability on the back of strong operation of all refineries, fully capturing the improvement in refining economics during the second half.

For 2015, the strategy of ELPE for competitiveness, export orientation and excellence is aimed at further strengthening the competitiveness of the refining sector, in particular through:

- Realising the full benefit of our asset base, strengthening of its competitive position in South Eastern Europe

- Optimising operational performance (DIAS, BEST80) through realising synergies between the refineries of the Group and improving the efficiency of conversion units and the energy performance of our refineries
- Providing high-quality services to customers
- Further enhancing export orientation

Domestic Marketing

The maintenance and marginal improvement of the market share in the marketing business as well as improvement of the operational profitability and liquidity, following the restructuring of their operating model, are the key priorities. The competitiveness improvement will be realised through the optimization of operations and a further increase of the value offered to the consumers, with innovative products and high-quality services at competitive prices.

International Marketing Activities

Maintaining the growth momentum in Southeast European markets is a key priority due to the increased production capabilities following the completion of Elefsina refinery upgrade project and the opportunities for further vertical integration. The strategic priorities of the Group are the maintenance of its leading position in both Cyprus and Montenegro, the improvement of the profitability in FYROM as well as the continuous expansion in the markets of Bulgaria and Serbia through targeted network growth, supply chain optimization and development of the appropriate storage and transportation facilities.

Group Restructuring and Transformation

In recent years, the results of a series of transformation initiatives underline the importance of the Group’s efforts to adapt its organizational structure and operation, rendering Hellenic Petroleum a modern and competitive Group at a regional level. In 2014 competitiveness improvement initiatives increased their contribution substantially by approximately EUR 89 million. In particular:

- Refining excellence project (DIAS), currently in progress, with the full commitment of all staff aiming at improving the efficiency and competitiveness, as well as achieving synergies among the three refineries of the Group. The contribution of the project for 2014 amounted to EUR 34 million.
- The BEST 80 procurement cost control initiative highlights the continuous effort of the Group for cost reduction opportunities. The 2014 contribution amounted to EUR 18 million.
- Reorganisation of the domestic marketing operational model, with significant changes to the network, supply and distribution, with direct benefits of approximately EUR 6 million per year from the successful completion of the program "KORYFI" and significant increase of the profitability.

F. Main Risks and Uncertainties for the Next Financial year

The major financial risks for the next financial year are discussed below in relation to particular matters. The main sources of potential risks are the developments in the Greek economy, the developments in the European refining industry, including the price fluctuations in crude oil and final products as well as the exchange rate of Euro/dollar. It is not possible to predict all different scenarios and the ways of responding in each, however, the Group is closely monitoring developments, adapting its operation and planning accordingly.

F.1 Financial Risk Management

Financial Risk Factors

The activities of the group are concentrated in oil refining with petrochemicals, marketing of petroleum products, E&P of hydrocarbons as well as electricity production and trading being also important Group's activities. Therefore, the group is exposed to various financial risks such as fluctuations in the oil prices in international markets, exchange rate volatility, cash flow risks and risks of fair value fluctuations due to interest rates variations. To keep pace with international practices and in the context of the local market and legal framework, the overall risk management programme focuses on reducing the Group's potential exposure to market volatility and mitigating any negative impact on the Group's financial position, to the extent possible.

Product price risk management is conducted by the commercial risk management service, which is comprised of senior executives of the trading and financial departments, while financial risks are managed by the financial services of the Group, within the authorisations framework approved by the BoD.

a) Market Risk

(i) Exchange Rate Risk

Refining industry, being a US dollar business, the Group's activities are mainly exposed to the volatility of the US Dollar against the Euro. The strengthening of the US Dollar against the Euro has a positive effect on the Group's financial results while in the opposite event, both the financial results and assets (inventory, investments) would be valued at lower levels.

(ii) Product Price Fluctuation Risk

The core activity of the Group, refining, supply & trading, creates two types of exposure: to changes in absolute prices of crude oil and oil products, which affect the inventory value; and to changes in refining margins, which affect future cash flows.

As far as the risk of absolute product price fluctuations is concerned, the level of the exposure refers to the decrease in product prices and is determined by the closing inventory, as the Group's policy is to present the closing stock at the lower between acquisition cost and net realizable value.

Exposure to risk associated with fluctuations in refining margins depends on the value of each refinery's margin. Refining margins are calculated using Platts prices of crude oil and petroleum products, which are determined on a daily basis and are affected by the development of supply and demand of crude oil and petroleum products. The fluctuations of refining margins impact the Group's profit margins accordingly.

Crude oil and products' price fluctuations affect also the levels of working capital as higher prices increase the financing needs.

The Group aims to hedge part of its exposure associated with price fluctuations of crude oil, products and refinery margins to a percentage varying from 10% to 50%, depending on the prevailing market conditions.

(iii) Cash Flow Risk and Risk of Fair Value Change due to Change in Interest Rates

The cash flow risk from changes in interest rates relates to the level of Group's borrowing with floating interest rates. Furthermore, due to the long-term investments in the sectors where the Group operates, significant increases in interest rates are likely to cause changes in fair values of such investments through the increase of the discount rate.

(b) Credit Risk

The credit risk management is co-ordinated centrally at Group level. Credit risk derives from cash and cash equivalents, bank deposits, derivative financial instruments, as well as exposure to credit appraisals from wholesale customers, including uncollected commercial receivables from clients in Greece and internationally and restricted transactions. Credit checks are performed for all customers by the Credit Control Department, in collaboration where necessary with external credit rating agencies.

For the effective management of the credit risk and the transaction behaviour of customers both in Greece and abroad an integrated computerized system has been developed for monitoring the exposure to credit risk while a central management unit of credit settlement for business customers is also effectively in operation. Finally, the role of the Group's Credit Commission is of significant importance as it ensures the effective management of the credit risk of commercial debt affairs of the Group's companies.

(c) Liquidity Risk

Liquidity risk is managed by ensuring that efficient cash resources and adequate credit limits with banks are maintained. Due to the dynamic nature of its activities, the Group seeks to maintain flexibility in funding through credit lines and other credit facilities.

F.2 Management of Capital Risk

The Group's objective in managing capital is to ensure the smooth operation of its activities and to maintain an optimum allocation of capital, in order to reduce the cost of capital and increase its overall value.

In order for the Group to maintain or adjust its capital structure, it can alter the dividend paid to shareholders, return capital to shareholders, issue new shares or dispose of assets to reduce its debt.

In addition, the group manages its debt obligations in order to differentiate the sources of financing (loans, credit lines, bonds, other), achieving the best possible allocation, taking into account a number of factors, including costs and maturity.

In line with the industry practice, the Group monitors its capital structure through the gearing ratio. This ratio is calculated by dividing the net debt by total capital employed.

The long-term objective is to maintain the gearing ratio between 30% and 40%, as significant fluctuations of crude oil prices may lead to fluctuations in total debt. The relatively high gearing ratio in recent years (40% to 45%) is primarily due to increased borrowing for the financing of the refineries' upgrading projects and also the increase in international crude oil and oil products prices which result in increased working capital needs.

G. Related Party Transactions

The companies that make up the Group have transacted during 2014 with the Parent Company, HELLENIC PETROLEUM SA and also between them both domestically and internationally. Related companies are considered those that fall under Article 42e, Paragraph 5 of Codified Law 2190/1920.

Commercial transactions of the Group and the Company with related parties during 2014 have taken place at an arm's length basis. Terms of trade were in line with applicable corporate regulations (supplies, assets under construction, etc.), as approved by the BoD. The Group did not participate in any transaction of an unusual nature or content and does not intend to participate in such transactions in the future.

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

	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**

a) 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)

H. Information about Financial Instruments

The nature of the Group's activities expose the Group to significant risks, which stem mainly from the volatile and unpredictable international refining environment, as well as from the growing volatility of international financial markets.

In the context of risk management, as described in detail in the published financial statements, the Group enters into hedging transactions using financial derivatives wherever possible, aiming to protect its interests. These transactions are split into two main categories.

Short-term Transactions

The first category involves short-term risk management and hedging transactions that affect short term profitability mainly of the next 6 to 12 months. The results of these transactions are evaluated on a quarterly basis and included in quarterly income or expenses.

Long-term Transactions

The second category involves longer-term transactions that provide cover for strategic issues, such as investments, and which are disclosed in the Group's financial statements in line with the provisions of IAS 32 and 39 on Hedge Accounting. Such transactions are included in the financial statements for the financial year 2013 and they hedge part of the production of the upgraded refinery at Elefsina, which is the Group's biggest investment in recent years. In particular, financial derivatives mitigate the risk of lower price differences between the products that will be replaced as a result of the new investment.

I. Significant Events after the end of the Reporting Period

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

J. Explanatory Report of the BoD required by par.7 art. 4 of Law 3556/2007 (As per par.8 art.4 of Law 3556/2007)

The BoD submits to the Annual General Meeting of Shareholders, an Explanatory Report on the information required by par.7 art. 4 of Law 3556/2007, pursuant to the provisions of par.8 art.4 of Law 3556/2007 as follows:

a) Limitations on transfer of Company Shares

In accordance with the legislative act of 07.09.2012, which was ratified by N. 4092/08.11.2012 (Government Gazette A' 220), amended the provision of paragraph 2 of the article of the L.2593/1998, as amended by Article 21 of L.2491/2001 abolished the mandatory, minimum percentage participation of the public in the capital of the company (35 %) and now there are no restrictions on the transfer of the company's shares.

The BoD of the company, as it had the respective obligation under the provisions of the abovementioned legislative act, it has called an Extraordinary General Meeting which took place on 29.01.2013, and decided to repeal Article 8 of the Statute provided for the minimum public participation and, on the other hand, the amendment of Articles 9 paragraph 3 and 20 paragraph 8 of the Statute referring to in the repealed provision.

b) Significant direct / indirect holdings in the sense of articles 9 to 11 of Law 3556/2007

Shareholders (individuals or legal entities) holding more than 2%, either directly or indirectly, of the total number of the Company's shares as of 31.12.2014 are listed in the table below:

SHAREHOLDING (31.12.2014)			
Shareholder	**Number of Shares**	**Capital Held share (%)**	**Voting Rights**
Greek State	108,430,304	35.48	108,430,304
Paneuropean Oil & Industrial Holdings SA	130,122,305	42.57	130,122,305
Bank of Piraeus Group	6,581,172	2.15	6,581,172
Private & Institutional investors	60,501,404	19.80	60,501,404
TOTAL SHARES	**305,635,185**	**100**	**305,635,185**

c) Securities conferring special control rights

There are no Company securities (including shares) granting their owners special control rights.

d) Limitations on Voting Rights

According to article 21 of the Company's Articles of Association, only minority shareholders (i.e. excluding the Greek State, Paneuropean Oil and Industrial Holdings SA, as well as its associated enterprises) are entitled to vote at the Special General Meeting to elect the two BoD members that represent minority shareholders.

e) Agreements between shareholders known to the Company, involving restrictions in the transfer of securities or the exercising of voting rights

There is an agreement between Paneuropean Oil and Industrial Holdings SA and the Greek State for restrictions in the transfer of shares.

f) Rules for the appointment and substitution of Directors and for the amendment of the Articles of Association, which depart from the provisions of Codified Law 2190/1920

According to article 20, paragraph 2 (a) of the Articles of Association, the Greek State appoints 7 out of the total 13 BoD members, as long as it maintains at least 35% of the Company's total voting shares (article 8 of the Articles of Association). According to the Legislative Act dated 07/09/2012, which amended paragraph 2 of article 1 of L 2593/1998, as the latter was amended with the article 21 of Law 2491/2001, the clause on the minimum participation of the Hellenic Republic (at least 35%) in the share capital of the Company was removed and the HELLENIC PETROLEUM S.A. Articles of Association can be amended by resolution of the General Assembly, as a whole, without exceptions. The Board of Directors convened an Extraordinary General Assembly on 29.01.2013 which decided the modification of the removal of Article 8 of the Articles of Association, related to the minimum participation of the Hellenic Republic, as well as of the amendment of articles 9, par. 3 and 20 of the Articles of Association related to the removed provision.

According to article 20, paragraph 2 (b) of the company's Articles of Association, Paneuropean Oil and Industrial Holdings SA and its associated enterprises appoint two members of the BoD, on the condition that they hold at least 16.654 % of the total voting shares in the Company.

According to article 20, paragraph 2 (c) of the company's Articles of Association, it is obligatory that two members of the BoD are representatives of the Company's employees, elected by direct and universal voting and through the simple proportional representation system by the employees. According to the Legislative Act dated 07/09/2012, the article 20, paragraph 2 (c) of the company's Articles of Association can be amended by resolution of the General Assembly by simple quorum and majority.

According to article 20, paragraph 2 (d) of the company's Articles of Association, two members of the BoD representing minority shareholders are appointed by the Special General Meeting of minority shareholders (excluding the Greek State and Paneuropean Oil and Industrial Holdings SA and its associated enterprises).

g) Power of the BoD or any of its members for issuing of new shares or purchase of own shares

The General Meeting of shareholders may concede (article 6, paragraph 2 of the company's Articles of Association) to the BoD its power to increase the Company's Share Capital, pursuant to article 13, paragraph 1 (b) of Codified Law 2190/1920. However, such a decision has not been taken by the General Meeting.

The Annual General Meeting of shareholders approved a stock option plan for the years 2005 to 2007 (as years of reference). In 2008 and 2009 it approved the extension of the plan for one additional reference year. The period of exercising these stock options is from November 1 until December 5 each year, for the years 2008 to 2012, 2009 to 2013, 2010 to 2014 and 2011 to 2015 for the stock options of reference years 2005, 2006, 2007 and 2008, respectively. The 2010 Annual General Meeting of shareholders approved the non-issuance of stock options for the reference year 2009 due to the current economic situation, as well as the extension of the plan for one additional reference year i.e. for 2010, with first year of initiating the option's exercise period being 2012. Finally, the 2011 Annual General Meeting of shareholders approved the non-issuance of stock options for the reference year 2010 as well as the extension of the plan for 2011 (one year only). It is noted that all above extensions do not increase the initially approved total number of granted stock options. The Annual General Meeting of Hellenic Petroleum S.A. of 28 June 2012 approved the termination of the scheme and granted the remaining stock options for the year 2011.

The General Meeting of shareholders has not decided to grant the BoD or any BoD members the authority to purchase Company's own shares up to 10% of the paid-in capital (unless they are to be distributed to the Company's or Group's employees), under the conditions and requirements that such decision defines, in accordance with the special terms and proceedings of article 16 of Codified Law 2190/1920.

h) Significant agreements put in force, amended or terminated in the event of change of control following a public offer and results of these agreements

No agreements exist that are put in force, amended or terminated in the event of change of control following a public offer

i) Agreements of the issuer with members of the BoD or its employees that provide compensation in the event of resignation or dismissal without valid reason or end of term or employment, as a result of a public offer

No agreements of the Company with members of the BoD or its employees that provide compensation in the event of resignation or dismissal without valid reason or end of term or employment, as a result of a public offer exist.

Athens, 26 February 2015

By authority of the Board of Directors

Ioannis Papathanassiou	Ioannis Costopoulos	Theodoros-Achilleas Vardas
President	Chief Executive Officer	Executive Member

Appendix

Group Structure

Company	Relation	%	Activities
EKO SA	Sole shareholder: HELLENIC PETROLEUM SA	100	Oil products trade
DIAXON SA	Sole shareholder: HELLENIC PETROLEUM SA	100	BOPP film production / trade
ASPROFOS SA	Sole shareholder: HELLENIC PETROLEUM SA	100	Energy sector engineering services
HELLENIC PETROLEUM INTERNATIONAL AG	Sole shareholder: HELLENIC PETROLEUM SA	100	Holding company for the Group's investments abroad
POSEIDON MARITIME	Sole shareholder: HELLENIC PETROLEUM SA	100	Vessel-owning company
APOLLO MARITIME	Sole shareholder: HELLENIC PETROLEUM SA	100	Vessel-owning company
GLOBAL PETROLEUM ALBANIA SA	Shareholder: HELLENIC PETROLEUM SA	99.96	Oil products import, purchase & trade in Albania
BALKANIKI S.A.	Shareholder: HELLENIC PETROLEUM SA	63	Crude oil pipeline construction and operation
HELLENIC PETROLEUM - RENEWABLE ENERGY SOURCES SA	Sole shareholder: HELLENIC PETROLEUM SA	100	Production, distribution, trading of renewable energy sources
HELPE – LARCO ENERGIAKI KOKKINOU	Shareholder: HELLENIC PETROLEUM RES SA	51	Production, distribution, trading of renewable energy sources
HELPE – LARCO ENERGIAKI SERVION	Shareholder: HELLENIC PETROLEUM RES SA	51	Production, distribution, trading of renewable energy sources
ENERGIAKI PYLOU METHONIS	Shareholder: HELLENIC PETROLEUM RES SA	100	Production, distribution, trading of renewable energy sources
HELLENIC PETROLEUM FINANCE plc	Sole shareholder: HELLENIC PETROLEUM SA	100	Financing and other financial services
EKOTA KO SA	Shareholder: EKO SA	49	Construction, operation of fuel storage facilities
EKO KALYPSO MEPE	Sole shareholder: EKO SA	100	Retail trade of liquid fuels & LPG in Greece
EKO DIMITRA MARITIME COMPANY	Sole shareholder: EKO SA	100	Tanker operation
EKO ARTEMIS MARITIME COMPANY	Sole shareholder: EKO SA	100	Tanker operation
EKO ATHINA MARITIME COMPANY	Sole shareholder: EKO SA	100	Tanker operation
EKO IRA MARITIME COMPANY	Sole shareholder: EKO SA	100	Tanker operation
EKO AFRODITI MARITIME COMPANY	Sole shareholder: EKO SA	100	Tanker operation

Company	Relation	%	Activities
HELLENIC PETROLEUM CYPRUS LTD	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Oil products trade, distribution and storage in Cyprus
RAM OIL SA	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Oil products trade, distribution and storage in Cyprus
JUGOPETROL AD	Shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	54.35	Oil products trade, distribution and storage in Montenegro
HELLENIC PETROLEUM BULGARIA (Holdings) LTD	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Oil products trade and distribution in Bulgaria
HELLENIC PETROLEUM SERBIA (Holdings) LTD	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Oil products trade and distribution in Serbia
HELLENIC PETROLEUM CONSULTING	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Provision of consulting services to the Group's companies abroad
HELLENIC FUELS SA (former BP Hellas)	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Oil products trade, distribution and storage in Greece
EKO BULGARIA EAD	Sole shareholder: HELLENIC PETROLEUM BULGARIA (Holdings) LTD	100	Oil products trade in Bulgaria
HELLENIC PETROLEUM BULGARIA PROPERTIES EAD SA	Sole shareholder: HELLENIC PETROLEUM BULGARIA (Holdings) LTD	100	Oil products trade in Bulgaria
EKO-SERBIA AD	Sole shareholder: HELLENIC PETROLEUM SERBIA (Holdings) LTD	100	Oil products trade in Serbia
OKTA CRUDE OIL REFINERY AD	Shareholder: EL.PE.T BALKAN SA	51.35	Crude oil refining, oil products import and trade in Skopje
VARDAX SA	Shareholder: EL.PE.T BALKAN SA	80	Crude oil pipeline operation Thessaloniki - Skopje (OKTA)

HELLENIC PETROLEUM

RELATED COMPANIES THAT ARE CONSOLIDATED THROUGH THE EQUITY METHOD AND OTHER INVESTMENTS

Company	Relation	%	Activities
DEPA SA	Shareholder: HELLENIC PETROLEUM SA	35	Natural gas Import & Distribution in Greece
SUPERLUBE LTD	Shareholder: HELLENIC PETROLEUM Cyprus	65	Production and marketing of lubricants
ATHENS AIRPORT FUEL PIPELINE COMPANY SA	Shareholder: HELLENIC PETROLEUM SA	50	Aspropyrgos – Spata airport pipeline
HELPE THRACE SA	Shareholder: HELLENIC PETROLEUM SA	25	Burgas - Alexandroupoli pipeline
DMEP HOLD CO	Shareholder: HPI SA	48	Provision of management and storage services of petroleum products
ELPEDISON BV	Shareholder: HELLENIC PETROLEUM SA	5	Power generation and trading
	Shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	45	
ELPEDISON TRADING SA	Shareholder: ELPEDISON BV	75.78	Electricity
ELPEDISON ELECTRIC POWER PRODUCTION SA	Shareholder: ELPEDISON BV	75.78	Electricity
SAFCO SA	Shareholder: EKO SA	33.3	Aircraft refuelling
BIODIESEL SA	Shareholder: HELLENIC PETROLEUM-RENEWABLE ENERGY SOURCES SA	25	Production and trade of biofuels
EDAP-T.P.TH	Shareholder: HELLENIC PETROLEUM SA	6.67	Management and development of the technological park in Thessaloniki

Joint Ventures	Relation	%	Activities
STPC (HELPE SA, Calfrac Well Services Ltd)	Shareholder: HELLENIC PETROLEUM SA	25	Concession rights for the exploration and exploitation of hydrocarbons in Thracian sea
HELPE SA, Edison International SpA–Petroceltic Resources PLC	Shareholder: HELLENIC PETROLEUM SA, as Operator	33.33	Lease agreement with the Hellenic Republic for the sea region of Patraikos Gulf for the exploration and exploitation of hydrocarbons

NAPC	Shareholder: HELLENIC PETROLEUM SA	16.67	Under liquidation
MONTENEGRO MEDUSA/ Gas Monte	Shareholder JUGOPETROL AD	49	Concession rights for the exploration and exploitation of hydrocarbons in two sea regions of Montenegro (Blocks 1&2)
	Shareholder: HELLENIC PETROLEUM INTERNATIONAL AG.	11	
HELPE SA, Vegas West Obayed Limited	Shareholder: HELLENIC PETROLEUM SA	30	Concession rights for the exploration and exploitation of hydrocarbons in Egypt (West Desert)
HELPE SA, Petroceltic Mesaha Limited, Kuwait Energy Company & Beach Petroleum	Shareholder: HELLENIC PETROLEUM SA	30	Concession rights for the exploration and exploitation of hydrocarbons in Upper Egypt

BoD Members Biographies

Ioannis Papathanasiou: Chairman

Mr Ioannis Papathanasiou was born in Athens on 1954. He studied Electrical Engineering in NTUA. From 1988 until 1993 he served as General Secretary of the Athens Chamber of Commerce and Industry (ACCI), while during 1991- 1992 he served as advisor of the Ministry of Industry, specializing in the energy sector. In 1993, he served as vice president in Public Gas Corporation of Greece S.A. (DEPA) and on the same year he was elected in the position of President of ACCI and served until March 2000. From 2000 onwards, he is being elected as deputy. He has served as Minister of Finance (8/1/2009- 7/1/2009), Deputy Minister of Finance (19/9/2007-7/1/2009 and Deputy Minister of Development (13/3/2004 - 16/9/2007). Until 31/12/2002, he served as Chairman and Chief Executive Officer of "I.D. Papathanasiou SA", Marketing of Technological Equipment for Buildings. On 27/02/2014 he was appointed Chairman of the Board of Directors of Hellenic Petroleum S.A. He is fluent in English, French and German languages.

Ioannis Costopoulos, Chief Executive Officer

Holds a BSc degree in Economics from the University of Southampton, UK and an MBA from the University of Chicago, USA. From 1979 to 1982 he worked with Procter & Gamble in Geneva, Switzerland. From 1982 to 1986 he held VP and Director's positions in Corporate and Investment Banking at the Chase Manhattan Bank in New York and London. From 1986 to 1991 he was a Principal at Booz Allen & Hamilton based in London, working on strategy development and organisational change projects. Returning to Greece in 1991, he assumed a number of senior management positions: CEO of Metaxa SA (1991-1997), CEO of Johnson & Johnson Hellas SA and Regional Director of Johnson & Johnson Central and Eastern Europe (1998 – 2000). From 2001 to 2003 he was Vice-Chairman and CEO of Petrola Hellas SA, an ATHEX-listed oil refining and trading company. Since 2003, following the merger of Petrola Hellas SA with HELLENIC PETROLEUM SA, he joined the Company's Board of Directors. In June 2006 he became an Executive Board Member. He was appointed CEO of HELLENIC PETROLEUM SA in December 2007. He is a member of the BoD of the Hellenic Federation of Enterprises (SEV), of the Foundation for Economic & Industrial Research, of the Hellenic-American Chamber of Commerce, as well as of Fourlis Holdings SA.

Andreas Shiamishis, Deputy Chief Executive Officer

Holds an Economics degree specialising in Econometrics at University of Essex England and is a Fellow (FCA) member of the Institute of Chartered Accountants in England and Wales.

He began his career in 1989 in the Banking and Financial Services practice of KPMG in London. From 1993 to 1998 he worked initially as executive and subsequently as the Finance and Customer Services Director in METAXA, member of the Diageo International Group of food and beverages.

In 1998 it took over as the Regional Finance and Business Development Director, with the responsibility for the areas of the Middle East and North Africa, of Pillsbury (group Diageo). The period from 2000 to 2002 he worked as Chief Financial Officer in a listed company of LEVENTIS Group interests, while in 2003 he was hired as Chief Financial and IT Officer at Petrola Hellas.

After the merger of Petrola Hellas with Hellenic Petroleum, in 2004 he took over as Chief Financial Officer of the Group and member of the Group's Executive Committee. He participates in many BoDs of the Group's companies (EKO, Hellenic Fuells, DEPA S.A. etc) and since December 2014 he is the Deputy CEO, being responsible for financial services and Group's Marketing activities in Greece and abroad. He is a member of the Hellenic Chamber and of the Corporate Finance Faculty of the ICAEW.

Theodoros–Achilleas Vardas

PhD from the Systems Engineering Department of the Chemical Engineering School at the Swiss Federal Institute of Technology in Zurich, Switzerland and a Degree in Chemical Engineering from the same institute. Began his professional career in 1979 at the Latsis Group, where he worked in key positions and in 1981 as General Manager of Petroleum Products Trading. From 1988 to 2003 he was the Deputy CEO and member of the BoD of Petrola Hellas SA and from 1999 to 2003 a member of the BoD of Papastratos SA. Member of the BoD and Management Consultant of HELLENIC PETROLEUM SA since October 2003, member of the BoD of DEPA SA since May 2004, executive member of the BoD of HELLENIC PETROLEUM SA since December 2007.

Vasilios Nikoletopoulos

He studied Mechanical-Electrical Engineering in NTUA and holds an M.Sc. in Engineering-Economic Systems of Stanford University, USA.

He has served as CEO of ERGOSE, vice president of Spanish companies Magnesitas Navarras (mining, industrial) and Magna Inversiones, vice president of Ellamag SA, a Franco-greek consortium of refractory production, designer engineer in INTASA INC, in California USA, researcher and teachers trustee at Stanford University, California, USA, president of the European Association of mining enterprises (Euromines) in Brussels, General Secretary of the Greek League mining enterprises, member of the Executive Committee of the European association of non-ferrous metals (Eurometaux) in Brussels, member of the Hellenic Competition Commission, BoD member of the Board of "Greek Leukolithoi", of Premier Magnesia, LLC in the United States, Vector SA, ACCI, KEDE KAPE and member of the General Consulate of SEV.

He is the owner of the "Natural Resources GP", a company providing services in energy, industrial and commercial development, of Greek and European industrial policy, energy and the environment in the areas of mining, metallurgy and energy. He is also the Director of International Development, Premier Magnesia LLC, USA, member of the commercial company Hellex S.A., Itamos Hydroelectric S.A. , and of Thrace Gold Mines SA, which belongs to the Canadian company of Eldorado Gold.

Christos Georgios Razelos

Graduate of the Political Science faculty of Pantios University.

He served at the Ministry of Defense in the Navy General Staff at the Public Nautical works. In 1988 he undertook the duties of the head of accounting department until 1996. From 1996 he supervised the

Nautical works division of Salamina nautical station. In 2004 he became General Manager of the special secretariat of the Ministry of Defense, for all of the three general staffs of the Ministry of Defense. In this position he remained until the end of 2010, moving to the position of supervisor of the Accounting Office of the Navy Supply Center up to the month of November 2011.

He has served as an elected Member of the staff and Board of the Army Navy for five (5) terms. He has served as general secretary at the association of Navy Union employees, Secretary General in the Panhellenic Federation employees of the Ministry of Defense, as well as member of the General Council of the A. D. E. D. Y. (Tertiary Union body).

Ioannis Raptis

He holds a degree in Chemistry from the Department of Chemistry, from Aristotle University of Thessaloniki, Greece and a Master's degree in Business Administration (MBA), specialized in "Techno - Economic Systems" from the National Technical University of Athens, Greece. He has been Vice President of the Youth and Lifelong Learning Foundation, Vice President of the National Youth Foundation, and Member of the Board of Youth & Sports Organization, Municipality of Athens, Greece. He is member of the Senate of the Aristotle University of Thessaloniki, Greece. He is Project Manager since 2004, in consulting firms. He has led a significant number of important projects in the public and private sector and in a diverse range of industries including banking, education and public administration. He holds significant experience in the planning, implementation and audit of large scale projects. He is member of the Executive Committee of the Association of Greek Chemists (AGC) and Member of the Economic Chamber of Greece (ECG).

Aggelos Chatzidimitriou

He studied Chemical - Food Technologist. He has worked at the industries THE.C. P. I and El.BIZ A. E as head of quality control and then as director.

He has served as deputy secretary and Director of the Regional Organization of Northern Greece.

Ioannis Sergopoulos

He is lawyer to the Supreme Court of Appeal and a member of the Lawyers' Association since 1977. He was a BoD member of AGET-Heracles, serving also as a legal advisor of the company (1982-1989), member of the BoD of E.R.T (1995-1996), Vice President and Deputy CEO of the National Theater (1996 - 2005) and Chairman of the Publishing Company “Artos Zois” and member of the BoD of O.A.S.A. (06/2010 – 12/2012)

Konstantinos Papagianopoulos, employee representative

Graduate of the Technical School of Electronics in 1984.

Since 1981 he has worked initially in Petrola Hellas plc and after the merger with Hellenic Petroleum he worked in the section of Electrical and Instrumentation to Elefsina Refinery. From 2004 he is a member of the Board of Directors of the Panhellenic Workers Association ELPE. In February of 2013 he has been elected as the representative of the workers in the BoD

Panagiotis Ofthalmidis, employee representative

Holds a degree in Electrical Engineering from the Technological Educational Institute of Kavala. He has been working for HELLENIC PETROLEUM SA since 1989, in the department of Electrical Maintenance of Refinery and Chemical Plants of Industrial Installations in Thessaloniki. He has been President of the

Pan-Hellenic Labour Union of the Company. In March 2008 he was elected as employee representative in the Company's BoD.

Theodoros Pantalakis, independent member, minority shareholders representative

Holds a degree in Business Administration from the Piraeus University. From 1980 to 1991 he worked at the National Bank of Investments & Industrial Development (ETEBA). Additionally, from 1983 to 1985 he was associate of the Deputy Minister of National Economy, Kostis Vaitsou and from 1985 to 1988 was the Office Director of the Deputy Minister of National Economy, Theodoros Karantzas. From 1991 to 1996 he was Assistant General Manager in the Interamerican group. From March 1996 to April 2004 he held the position of Deputy Governor of the National Bank of Greece, while at the same time he served as Chairman, Vice-Chairman or member of the BoD in several of the bank's subsidiaries. He was also Vice-Chairman of the Athens Stock Exchange, President of the Central Depository, and President of the Executive Committee of the Hellenic Bank Association et.al. On May 2004 he was appointed Vice-Chairman of the BoD of Piraeus Bank and from January 2009 to December 2009 he was the Vice-Chairman and Deputy-CEO of the Piraeus Bank Group. He was also Chairman of the BoD of Piraeus AEEAP (now Trastor AEEAP) and the Chairman of Europaiki Pisti AEGA insurance company. He served as Chairman of the BoD of ATE Bank between 2009 and 2012. He is a member of the BoD of Attiki Odos and serves in the Board of a number of other companies.

Spyridon Pantelias, independent member, minority shareholders representative

Holds a PhD and Master's Degree in Economics from the University of Washington, St. Louis, as well as a Degree in Economics from the University of Athens. He is a banker with significant experience in the financial services sector. He has been the General Manager of the Bank of Cyprus group – Head of investment banking, asset management and brokerage. From 2005 to 2007 he held the position of Deputy General Manager at Emporiki Bank, from 2002 to 2004 General Manager of EFG Telesis Finance and in 2000 to 2002 Deputy General Manager at Geniki Bank. He has also worked in the National Bank of Greece, the Hellenic Bank Association and the Reuters News Agency. He currently acts as a Consultant to the Administration of the BoG.

3. Statement of the Chairman, Chief Executive Officer and one Director on the true presentation of the Annual Financial Report

Statement of the Chairman, Chief Executive Officer and one Director on the true presentation of the Annual Financial Report

(Pursuant to article 4 par. 2 of Law no. 3556/2007)

Pursuant to provisions of article 4, par. 2(c) of Law 3556/2007, we state that, to our best knowledge:

a. The Annual Financial Statements, which were prepared in accordance with the applicable International Financial Reporting Standards, fairly represent the assets and liabilities, the equity and results of the parent company HELLENIC PETROLEUM S.A. for 2013, as well as of the companies that are included in the consolidation taken as a whole.

b. The Annual Report of the Board of Directors fairly represents the performance, results of operations and financial position of the parent company Hellenic Petroleum S.A. and of the companies included in the consolidation taken as a whole, as well as a description of the main risks and uncertainties they face.

Athens, 26 February 2015

Ioannis Papathanassiou	Ioannis Costopoulos	Theodoros-Achilleas Vardas
President	Chief Executive Officer	Executive Member

4. Independent Auditor's Report on the Annual Financial Statements and the Annual Financial Report

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.

PricewaterhouseCoopers SA, 268 Kifissias Avenue, 15232 Halandri, Greece
T:+30 210 6874400, F:+30 210 6874444, www.pwc.gr
17 Ethnikis Antistassis Str, 55134 Thessaloniki, T:+30 2310 488880 F:+30 2310 459487

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.
SOEL Reg. No. 113

Konstantinos Michalatos
SOEL Reg.No. 17701

5. Complementary information and data pursuant to decision no. 7/448/11.10.07 of the Capital Market Commission

5.1 Information required as per article 10 of L. 3401/2005

Pursuant to decision 7/448/11.01.2007 article 1 of the Capital Market Commission's Board of Directors and the provision of article 10 of L. 3401/2005, the company informs investors of the following announcements issued to the Athens Stock Exchange and Capital Market Commission supervisory authorities, in accordance with applicable law during the financial year 2014.

The full text of these announcements can be found on the company's website at the following electronic address: www.helpe.gr.

A) INTERIM FINANCIAL STATEMENTS

27.02.14	HELLENIC PETROLEUM S.A. & GROUP 2013 Annual Financial Statements
27.05.14	HELLENIC PETROLEUM S.A. & GROUP 1st quarter 2014 Interim Financial Statements
30.07.14	HELLENIC PETROLEUM S.A. & GROUP 1st half/2nd quarter 2014 Interim Financial Statements
10.11.14	HELLENIC PETROLEUM S.A. & GROUP nine month/3rd quarter 2014 Interim Financial Statements

B) PRESS RELEASES REGARDING THE INTERIM FINANCIAL STATEMENTS

27.02.14	Press release for the annual results of financial year 2013
27.05.14	Press release for the 1st quarter results of financial year 2014
30.07.14	Press release for the 1st half/ 2nd quarter results of financial year 2014
10.11.14	Press release for the nine month/3rd quarter results of financial year 2014

C) GENERAL SHAREHOLDERS' MEETINGS / GENERAL MEETING RESOLUTIONS / DIVIDENDS

17.06.14	Invitation to the Annual Ordinary General Shareholders' Meeting
01.07.14	Resolutions of the Annual Ordinary General Meeting of Shareholder
19.11.14	Invitation to the Extraordinary General Shareholders' Meeting
15.12.14	Resolutions of the Extraordinary General Meeting of Shareholders
15.12.14	Announcement for the distribution of special tax reserves according to article 72 of L.4172/2013

D) CORPORATE ACTIVITY

14.05.14	Signing of lease agreement for Patraikos Gulf.
30.05.14	RAE Draft Decision issue for DESFA

E) SENIOR EXECUTIVES AND ORGANISATIONAL CHANGES

27.02.14	Announcement of Chairman's Replacement
18.12.14	Announcement of Deputy CEO

F) MISCELLANEOUS

27.02.14	Financial Calendar 2014
08.05.14	Announcement for the issue of USD denominated Eurobond
12.05.14	Announcement of $400m Eurobond issue
21.05.14	Financial Calendar 2014 (Update)
05.06.14	Financial Calendar 2014 (Update)
10.06.14	Announcement of proposed amendments to the articles of association to Hellenic Petroleum SA
26.06.14	Announcement of €325m Eurobond issue
27.06.14	Eurobond issue results
17.07.14	Financial Calendar 2014 (Update)
23.10.14	Financial Calendar 2014 (Update)

2 Published Summary Financial Statements

HELLENIC PETROLEUM S.A.

General Commercial Registry 000296601000 (A.R.M.A.E. 2443/06/B/86/23)

FINANCIAL DATA AND INFORMATION FOR THE YEAR FROM **1 JANUARY 2014** TO **31 DECEMBER 2014** (Published in compliance to L.2190/20, art. 135 for companies that prepare annual financial statements in accordance with IFRS)

The following financial data and information are only for general information purposes with regard to the financial position and results of HELLENIC PETROLEUM Group and the parent company. We, therefore, recommend to the reader, before making any investment decision, or proceeding to any transaction with the company, to refer to the company's internet address, where the annual financial statements in accordance with International Financial Reporting Standards are available, together with the auditors' report.

COMPANY

Head office Address:	8A, CHIMARRAS STR. - 15125 MAROUSI
Website :	http://www.helpe.gr
Approval date of the annual financial statements by the Board of Directors:	26 FEBRUARY 2015
The Certified Auditor:	KONSTANTINOS MICHALATOS, (SOEL reg.no.17701)
Auditing Company:	PRICEWATERHOUSECOOPERS S.A, (SOEL reg.no.113)
Type of Auditor's Report:	UNQUALIFIED

Board of Directors :

IOANNIS PAPATHANASIOU - Chairman of the Board (since 27/02/2014)	VASSILIOS NIKOLETOPOULOS
CHRISTOS KOMNINOS - Chairman of the Board (up to 23/02/2014)	PANAGIOTIS OFTHALMIDES
JOHN COSTOPOULOS - Chief Executive Officer	THEODOROS PANTALAKIS
THEODOROS-ACHILLEAS VARDAS	SPYRIDON PANTELIAS
ANDREAS SIAMISHIS	KONSTANTINOS PAPAGIANNOPOULOS
	CHRISTOS RAZELOS
	IOANNIS RAPTIS
	IOANNIS SERGOPOULOS
	AGGELOS CHATZIDIMITRIOU

STATEMENT OF FINANCIAL POSITION

(Amounts in thousands €)

	GROUP		COMPANY	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
ASSETS				
Property, plant and equipment	3.398.170	3.463.119	2.767.874	2.804.714
Intangible assets	131.978	143.841	11.477	10.776
Other non-current assets	993.911	861.900	977.379	821.866
Inventories	637.613	1.005.264	543.783	882.040
Trade and other receivables	708.227	742.513	899.057	870.823
Cash & cash equivalents	1.847.842	959.602	1.593.262	739.311
Available-for-sale non-current assets	1.547	1.163	50	45
TOTAL ASSETS	**7.719.288**	**7.177.402**	**6.792.882**	**6.129.575**
EQUITY AND LIABILITIES				
Share capital	666.285	666.285	666.285	666.285
Share premium	353.796	353.796	353.796	353.796
Retained earnings and other reserves	598.061	1.078.874	156.606	586.288
Capital and reserves attributable to Company Shareholders (a)	**1.618.142**	**2.098.955**	**1.176.687**	**1.606.369**
Non-controlling interests (b)	110.404	115.511		
TOTAL EQUITY (c) = (a) + (b)	**1.728.546**	**2.214.466**	**1.176.687**	**1.606.369**
Long-term borrowings	1.811.995	1.311.804	1.760.493	1.226.430
Provisions and other long term liabilities	161.766	163.602	89.113	89.422
Short-term borrowings	1.177.645	1.338.384	1.010.114	1.145.820
Other short-term liabilities	2.839.336	2.149.146	2.756.475	2.061.534
Total liabilities (d)	**5.990.742**	**4.962.936**	**5.616.195**	**4.523.206**
TOTAL EQUITY AND LIABILITIES (c) + (d)	**7.719.288**	**7.177.402**	**6.792.882**	**6.129.575**

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD

(Amounts in thousands €)

	GROUP		COMPANY	
	1/1/2014-31/12/2014	1/1/2013-31/12/2013	1/1/2014-31/12/2014	1/1/2013-31/12/2013
Turnover	9.478.444	9.674.324	8.750.184	8.946.258
Gross profit	144.836	305.152	(123.307)	55.821
Earnings Before Interest & Tax	(288.912)	(195.312)	(248.004)	(196.720)
(Loss) / Profit before Tax	(484.895)	(338.126)	(426.795)	(359.541)
Less : Taxes	116.305	65.661	113.245	65.911
(Loss) / Profit for the year	**(368.590)**	**(272.465)**	**(313.550)**	**(293.630)**
Attributable to:				
Owners of the parent	(365.292)	(269.229)		
Non-controlling interests	(3.298)	(3.236)		
	(368.590)	**(272.465)**		
Other comprehensive (loss)/income for the year, net of tax	(51.549)	39.032	(52.298)	38.520
Total comprehensive (loss) / income for the year	**(420.139)**	**(233.433)**	**(365.848)**	**(255.110)**
Attributable to:				
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 (in Euro per share)	**(1,20)**	**(0,88)**	**(1,03)**	**(0,96)**
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	**(87.078)**	**26.633**	**(110.391)**	**(42.466)**

STATEMENT OF CHANGES IN EQUITY

(Amounts in thousands €)

	GROUP		COMPANY	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Total equity at beginning of the year (1/1/2013 & 1/1/2012)	**2.214.466**	**2.496.231**	**1.606.369**	**1.907.073**
Total comprehensive (loss) / income for the year	(420.139)	(233.433)	(365.848)	(255.110)
Dividends to shareholders of the parent	-	(45.845)	-	(45.845)
Dividends to minority shareholders	(1.827)	(2.739)	-	-
Distribution of tax free reserves	(64.205)	-	(64.085)	-
Other transactions directly recorded in equity	251	252	251	251
Total equity at the end of the year	**1.728.546**	**2.214.466**	**1.176.687**	**1.606.369**

STATEMENT OF CASH FLOW

(Amounts in thousands €)

	GROUP		COMPANY	
	1/1/2014-31/12/2014	1/1/2013-31/12/2013	1/1/2014-31/12/2014	1/1/2013-31/12/2013
Cash flows from operating activities				
(Loss) / Profit before Tax	(484.895)	(338.126)	(426.795)	(359.541)
Adjustments for:				
Depreciation and amortisation of tangible and intangible assets	204.930	224.073	139.890	155.614
Amortisation of government grants	(3.096)	(2.128)	(2.277)	(1.360)
Interest expense	223.871	217.337	193.840	180.808
Interest income	(8.841)	(8.050)	(20.589)	(16.116)
Share of operating profit of associates and dividend income	(28.245)	(57.391)	(68.974)	(17.122)
Provisions for expenses and valuation charges	37.712	31.903	12.303	27.296
Foreign exchange (gains) / losses	9.198	(9.082)	5.540	(1.871)
Loss/(Gain) on sale of share of subsidiary	-	-	-	-
Gain on sale of fixed assets	(3.936)	(1.002)	(19)	1
	(53.302)	**57.534**	**(167.081)**	**(32.291)**
Changes in working capital				
(Increase) / decrease in inventories	369.439	194.666	337.893	143.329
(Increase) / decrease in trade and other receivables	17.416	38.267	(15.852)	(226.861)
Increase / (decrease) in payables	541.979	210.939	536.310	199.626
Less:				
Income tax paid	(22.750)	(8.808)	(13.440)	-
Net cash generated from / (used in) operating activities (a)	**852.782**	**492.598**	**677.830**	**83.803**
Cash flows from investing activities				
Purchase of tangible & intangible assets	(135.880)	(105.149)	(107.783)	(85.101)
Acquisition of subsidiary, net of cash acquired	-	(6.631)	-	-
Cash from sale of plant and equipment & tangible assets	4.981	4.097	-	2
Proceeds from the sale of subsidiary, net of cash owned	-	-	-	-
Interest received	8.841	8.050	20.589	16.116
Dividends received	39.221	12.802	48.171	13.748
Payments from share capital decrease to non-controlling interests	-	-	-	-
Participation in share capital (increase) / decrease of subsidiaries and associates	(76)	(2.504)	(13)	(3.504)
Net cash used in investing activities (b)	**(82.913)**	**(89.335)**	**(39.036)**	**(58.739)**
Cash flows from financing activities				
Interest paid	(196.886)	(184.305)	(168.930)	(151.517)
Dividends paid	(2.190)	(46.445)	(363)	(43.706)
Loans to affiliated companies	-	-	-	(137.900)
Proceeds from borrowings	1.111.611	1.276.000	1.045.119	1.154.700
Repayments of borrowings	(827.781)	(1.384.182)	(694.169)	(729.854)
Net cash generated from / (used in) financing activities (c)	**84.754**	**(338.932)**	**181.657**	**91.723**
Net (decrease) / increase in cash & cash equivalents (a)+(b)+(c)	**854.623**	**64.331**	**820.451**	**116.787**
Cash & cash equivalents at the beginning of the year	**959.602**	**901.061**	**739.311**	**627.738**
Exchange gains / (losses) on cash & cash equivalents	33.617	(5.790)	33.500	(5.214)
Cash & cash equivalents at end of the year	**1.847.842**	**959.602**	**1.593.262**	**739.311**

ADDITIONAL INFORMATION

1. Note **No. 35** of the annual consolidated financial information includes all subsidiary and associated companies and their related information. 2. No company shares are owned either by the parent company or any of the subsidiaries as at the end of the period. 3. The parent company HELLENIC PETROLEUM S.A. has not been subject to a tax audit for the fiscal year 2010,(**Note 27** of the annual consolidated financial information). 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, (**Note 32** of the annual consolidated financial information). The Company has been evaluated its further actions; however it believes that no additional liabilities will arise over and above the respective provisions recognized in its financial statements. 4. These consolidated financial statements of Hellenic Petroleum S.A. for the year ended 31 December 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union ("EU"), as outlined in **Note 2** of the annual consolidated financial information of 31 December 2014. Where necessary, comparative figures have been reclassified to conform to changes in the presentation of the current financial year. 5. As mentioned in **Note 32** of the annual consolidated financial information, the Group's entities are involved in a number of legal proceedings and have various unresolved claims pending arising in the ordinary course of business. Based on currently available information, management believes the outcome will not have a significant impact on the Group's operating results or financial position. 6. The EGM held on 30 January 2012 approved a Memorandum of Understanding with the Greek State (controlling shareholder of DEPA Group) agreeing to participate in a joint sales process for the Group's 35% shareholding in DEPA. At the final stage of the sales process one binding offer for the purchase of 66% of DESFA shares (100% subsidiary of DEPA SA) was received. The offer is for €400 million for 66% of DESFA, i.e. €212,1 million for HELPE's 35% effective shareholding. The EGM of 2 September 2013 approved the transaction. As at 31 December 2014, DEPA Group's carrying value in the Group's accounts is €590 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 be concluded, management considers it appropriate to maintain the policy of including DEPA Group as an associate at the date of this, annual financial information (**Note 8**). 7. On 16 May 2014 the Group successfully completed the issue of a 2-year, $400 million Eurobond, with an annual fixed coupon of 4,625%. The notes, issued by HELLENIC PETROLEUM FINANCE PLC, are unsecured and fully guaranteed by HELLENIC PETROLEUM SA. The notes are listed on the Luxembourg Stock Exchange. The proceeds of the issue will be used to refinance existing facilities and for general corporate purposes., as explained in **Note 16** of the consolidated financial information. 8. As mentioned in **Note 16** of the consolidated financial information, in July 2014 the Group successfully completed the issue of a 5-year, €325 million Eurobond, with an annual fixed coupon of 5,25%. The notes, issued by HELLENIC PETROLEUM FINANCE PLC, are unsecured and fully guaranteed by HELLENIC PETROLEUM SA. The notes are listed on the Luxembourg Stock Exchange. The proceeds of the issue will be used to refinance existing facilities and for general corporate purposes. Further more, in July 2014 the Group proceeded with the refinancing of existing term loans the outstanding balance of which was €552 million, by concluding two new facilities of a total €400 million at more favourable terms. 9. In line with L 4172/2013, on 15 December 2014 the EGM of HELLENIC PETROLEUM S.A. approved the one off taxation of the company's tax free reserves and the distribution of the remaining amount, equal to €64 million (Note 30 of the annual consolidated financial information). 10. Number of employees at 31/12/2014 in Greece: **Company: 1.863**, **Group: 2.622** (31/12/2013: Company: 1.905, Group: 2.661).

10. The amount of provisions included in the Statement of Financial Position are as follows:

	GROUP	COMPANY
a) for pending legal cases	4.684	3.000
β) for tax matters	8.051	3.906
c) for SLI	92.728	74.495
d) for other provisions relating to expenses	5.944	5.853

11. Other comprehensive income for the period, net of tax, for the Group and the parent company are as follows:

	GROUP		COMPANY	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Fair value gains/(losses) on available-for-sale financial assets	375	(105)	-	-
Fair value gains/(losses) from cash flow hedges	(45.875)	40.867	(48.359)	40.869
Actuarial gains/(losses) on defined benefit pension plans	(6.234)	(679)	(3.939)	(2.349)
Other movements and currency translation differences	185	(1.051)	-	-
Net income/(expense) recognised directly in equity	(51.549)	39.032	(52.298)	38.520

12. Transactions and balances with related parties for the Group and the parent company (in thousands of €) are as follows:

	GROUP	COMPANY
Sales of goods and services	804.212	3.640.418
Purchases of goods and services	828.148	883.709
Receivables	40.905	561.155
Payables	36.562	111.638
Board members and senior management remuneration & other benefits	4.484	4.376
Amounts due to/(from) Board members and senior management	-	-

Athens, 26th of February 2015

CHAIRMAN OF THE BOARD	CHIEF EXECUTIVE OFFICER	GROUP CHIEF FINANCIAL OFFICER	ACCOUNTING DIRECTOR
IOANNIS D. PAPATHANASIOU	JOHN A. COSTOPOULOS	ANDREAS N. SIAMISHIS	ROBERTO A. KARAHANNAS
ID. Number AH 588430	ID. Number 702932584	ID. Number AA 010147	ID. Number K00153889

5.3 Website

The annual financial statements of the Hellenic Petroleum Group and the parent company on a consolidated and non-consolidated basis, the Independent Auditors' Report and the Annual Report of the Board of Directors are available on the internet at www.helpe.gr.

The annual financial statements of the consolidated companies of EKO SA are available on the internet at www.eko.gr

The annual financial statements of the consolidated companies of Hellenic Fuels SA are available on the internet at www.hellenicfuels.gr