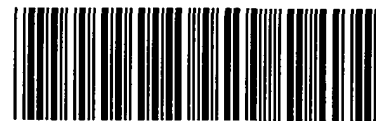

Hellenic Petroleum Cyprus Limited

*Report and
financial
statements*

31 December 2014



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Hellenic Petroleum Cyprus Limited

Annual report and financial statements 31 December 2014

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Hellenic Petroleum Cyprus Limited

Board of Directors and other officers

Board of Directors

Akis Pegasiou (Chairman)
Andreas Shiamishis
David Hywel Jones
Garry John Pegg
Petros Karalis
Stelios Livadiotis
Victor Papaconstantinou
Panayiotis Daveros

Company Secretary

Theodora Papadimitriou
17 Chlm Ethnikis Odou Athinwn - Korinthou
Aspropyrgos, 19300
Greece

Registered office

125 Old Broad Street
London EC2N 1AR

Registered number

00454043

Hellenic Petroleum Cyprus Limited

Strategic Report

1 The Board of Directors presents its strategic report together with the audited financial statements of the Company for the year ended 31 December 2014.

Principal activities

2 The principal activity of the Company, which is unchanged from last year, is to buy, sell and otherwise deal in petroleum products in Cyprus through a local branch. It is the intention of the board of directors that this business will continue for the foreseeable future.

Review of developments, position and performance of the Company's business

3 The profit of the Company for the year ended 31 December 2014 was €11.426.879 (2013: profit of €8.843.846) and the total comprehensive income was €10.041.623 (2013: total comprehensive income of €10.580.954). On 31 December 2014 the total assets of the Company were €77.854.621 (2013: €88.286.927) and the net assets were €52.453.242 (2013: net assets €57.411.619). The financial position, development and performance of the Company as presented in these financial statements are considered satisfactory.

Principal risks and uncertainties

4 The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to the price fluctuations of oil in the international markets. Principal risks and uncertainties faced by the Company are also disclosed in Notes 1, 3, 4 and 27 of the financial statements.

Business risks

5 Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using key performance indicators (KPI's) is not necessary for an understanding of the development, performance or position of the business. The Company measures its performance against a five year business plan which includes revenue and profits.

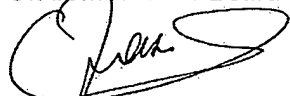
Hellenic Petroleum Cyprus Limited

Strategic Report (continued)

Operating environment

6 The Cyprus economy has been adversely affected from the crisis of the Cyprus banking system in conjunction with the inability of the Republic of Cyprus to borrow from International markets. For further details, refer to Note 1 of the financial statements.

On behalf of the Board



Akis Pegasiou
Chairman

19 February 2015

Hellenic Petroleum Cyprus Limited

Report of the Board of Directors

1 The Board of Directors present its directors' report together with the audited financial statements of the Company for the year ended 31 December 2014.

Financial risk management

2 The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, commodity price risk and fair value interest rate risk), credit risk, liquidity risk and capital risk management.

(i) Market risk - foreign exchange risk

The Company imports petroleum products from overseas and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency. Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

(ii) Market risk - commodity price risk

The Company is exposed to commodity price risk through its purchases and distribution of petroleum products within Cyprus. Management monitors the price fluctuations on a continuous basis and acts accordingly.

(iii) Market risk - fair value interest rate risk

As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's interest rate risk arises principally from short-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

(iv) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. Where debt finance is utilised, this is subject to pre-approval by the board of directors and such approval is limited to reputable financial institutions. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually.

(v) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities. The management maintains flexibility in funding by maintaining availability under committed credit lines.

Hellenic Petroleum Cyprus Limited

Report of the Board of Directors (continued)

Financial risk management (continued)

(vi) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

Supplier payment policy

3 The Company's policy is to agree the terms of payment at the start of business with each supplier, to ensure suppliers are aware of those terms and to abide by them. The Company's creditor days (year end trade creditors divided by purchases) for its continuing business for the year were 12 days (2013: 15 days).

Future developments of the Company

4 The Board of Directors does not expect any material changes or developments in the operations, financial position and performance of the Company in the foreseeable future.

Results

5 The Company's results for the year are set out on page 9. The Board of Directors recommends the payment of a dividend as detailed below.

Dividends

6 During the year the Board of Directors declared an interim dividend of €33,8337 per share amounting to a total dividend of €15.000.000 (2013: €10.000.000). However, as a result of the economic conditions and restrictions enforced on 25 March 2013 in Cyprus, the Central Bank of Cyprus approved the payment of only €6.000.000 of this dividend and the remaining €9.000.000 was payable at the year end.

Hellenic Petroleum Cyprus Limited

Report of the Board of Directors (continued)

Board of Directors

7 The directors who held office during the year and at the date of signing the financial statements are shown on page 1.

Charitable donations

8 During the year the Company made charitable donations of €36.794 (2013: €16.321).

Statement of Directors' Responsibilities

9 The directors are responsible for preparing the Strategic Report, Report of the Board of Directors' and the financial statements in accordance with applicable law and regulations.

10 Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

11 The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

12 The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Branches

13 The Company currently operates through a branch in Cyprus.

Hellenic Petroleum Cyprus Limited

Report of the Board of Directors (continued)

Events after the balance sheet date

14 There were no material post balance sheet events, which have a bearing on the understanding of the financial statements.

Independent Auditors and Disclosure of Information to Auditors

15 So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are not aware. The Directors have taken all the relevant steps that they ought to have taken in their duty as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

16 This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

17 The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, PricewaterhouseCoopers LLP shall be deemed to be re-appointed as auditors for a further term.

Company number: 00454043

On behalf of the Board



**Akis Pegasiou
Chairman**

19 February 2015

Independent auditors' report to the members of Hellenic Petroleum Cyprus Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Hellenic Petroleum Cyprus Limited, comprise:

- the Balance Sheet as at 31 December 2014;
- the Income statement and the Statement of comprehensive income for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Board of Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Hellenic Petroleum Cyprus Limited

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Stephney Dallmann (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 February 2015

Hellenic Petroleum Cyprus Limited

Income statement for the year ended 31 December 2014

	Note	2014 €	2013 €
Revenue	6	288.412.453	319.803.787
Cost of sales		<u>(256.036.524)</u>	<u>(286.955.394)</u>
Gross profit		32.375.929	32.848.393
Selling and distribution costs		(17.258.064)	(18.782.756)
Administrative expenses		(1.956.528)	(2.911.923)
Other gains - net	7	<u>44.595</u>	<u>84.972</u>
Operating profit		13.205.932	11.238.686
Finance income	11	14.166	-
Finance cost	5	<u>(423.210)</u>	<u>(963.421)</u>
Profit before income tax		12.796.888	10.275.265
Income tax expense	12	<u>(1.370.009)</u>	<u>(1.431.419)</u>
Profit for the year		<u>11.426.879</u>	<u>8.843.846</u>

The notes on pages 15 to 54 are an integral part of these financial statements.

Hellenic Petroleum Cyprus Limited

Statement of comprehensive income for the year ended 31 December 2014

	Note	2014 €	2013 €
Profit for the year		<u>11.426.879</u>	<u>8.843.846</u>
Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefit obligations	12	<u>(1.385.256)</u>	<u>1.737.108</u>
		<u>(1.385.256)</u>	<u>1.737.108</u>
Total other comprehensive (expense)/income for the year, net of tax		<u>(1.385.256)</u>	<u>1.737.108</u>
Total comprehensive income for the year		<u>10.041.623</u>	<u>10.580.954</u>

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in Note 12.

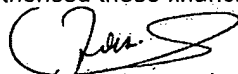
The notes on pages 15 to 54 are an integral part of these financial statements.

Hellenic Petroleum Cyprus Limited

Balance Sheet at 31 December 2014

	Note	2014 €	2013 €
Assets			
Non-current assets			
Property, plant and equipment	15	27.625.326	28.909.016
Intangible assets	16	111.456	113.979
Investment in subsidiaries	17	<u>610.586</u>	<u>610.586</u>
		<u>28.347.368</u>	<u>29.633.581</u>
Current assets			
Inventories	18	8.512.525	15.017.294
Trade and other receivables	19	30.065.928	35.505.075
UK corporation tax refundable		-	108.029
Cash and bank balances	20	<u>10.928.800</u>	<u>8.022.948</u>
		<u>49.507.253</u>	<u>58.653.346</u>
Total assets		<u>77.854.621</u>	<u>88.286.927</u>
Equity and liabilities			
Capital and reserves			
Ordinary share capital	21	6.284.140	6.284.140
Other reserves		316.783	1.702.039
Retained earnings		<u>45.852.319</u>	<u>49.425.440</u>
Total equity		<u>52.453.242</u>	<u>57.411.619</u>
Non-current liabilities			
Deferred tax liabilities	23	364.206	355.928
Pension liabilities	24	<u>2.809.632</u>	<u>1.478.043</u>
		<u>3.173.838</u>	<u>1.833.971</u>
Current liabilities			
Trade and other payables	26	21.982.705	26.308.015
Borrowings	22	-	2.250.837
Cyprus corporation tax payable		<u>244.836</u>	<u>482.485</u>
		<u>22.227.541</u>	<u>29.041.337</u>
Total liabilities		<u>25.401.379</u>	<u>30.875.308</u>
Total equity and liabilities		<u>77.854.621</u>	<u>88.286.927</u>

On 19 February 2015 the Board of Directors of Hellenic Petroleum Cyprus Limited authorised these financial statements for issue.


Akis Pegazios, Chairman

The notes on pages 15 to 54 are an integral part of these financial statements.

Hellenic Petroleum Cyprus Limited

Statement of Changes in Equity for the year ended 31 December 2014

	Note	Share capital €	Other reserves (1) €	Retained earnings €	Total €
Balance at 1 January 2013		<u>6.284.140</u>	<u>(35.069)</u>	<u>50.581.594</u>	<u>56.830.665</u>
Comprehensive income					
Profit for the year		-	-	<u>8.843.846</u>	<u>8.843.846</u>
Other comprehensive income					
Remeasurement of post employment benefit obligations (net of tax)		-	<u>1.737.108</u>	-	<u>1.737.108</u>
Other comprehensive income for the year		-	<u>1.737.108</u>	-	<u>1.737.108</u>
Total comprehensive income for the year		-	<u>1.737.108</u>	<u>8.843.846</u>	<u>10.580.954</u>
Transactions with owners					
Dividend relating to 2013		-	-	<u>(10.000.000)</u>	<u>(10.000.000)</u>
Balance at 31 December 2013/ 1 January 2014		<u>6.284.140</u>	<u>1.702.039</u>	<u>49.425.440</u>	<u>57.411.619</u>
Comprehensive income					
Profit for the year		-	-	<u>11.426.879</u>	<u>11.426.879</u>
Other comprehensive income					
Remeasurement of post employment benefit obligations		-	<u>(1.385.256)</u>	-	<u>(1.385.256)</u>
Total other comprehensive income		-	<u>(1.385.256)</u>	-	<u>(1.385.256)</u>
Total comprehensive income for the year		-	<u>(1.385.256)</u>	<u>11.426.879</u>	<u>10.041.623</u>
Transactions with owners					
Dividend relating to 2014	29(v)	-	-	<u>(15.000.000)</u>	<u>(15.000.000)</u>
Balance at 31 December 2014		<u>6.284.140</u>	<u>316.783</u>	<u>45.852.319</u>	<u>52.453.242</u>

(1) Other reserves include a revaluation reserve of €317.130 (2013: €317.130) and a general reserve of €1.269.956 (2013: €1.269.956). Additionally, other reserves include a balance of -€1.270.303 (2013: €114.953) as a result of the adoption of the revised IAS19 which allows remeasurements to be presented within equity.

The notes on pages 15 to 54 are an integral part of these financial statements.

Hellenic Petroleum Cyprus Limited

Statement of Cash Flows for the year ended 31 December 2014

	Note	2014 €	2013 €
Cash flows from operating activities			
Profit before income tax		12.796.888	10.275.265
Adjustments for:			
Depreciation of property, plant and equipment	15	3.065.456	3.346.335
Amortisation of intangible assets	16	3.595	3.716
Loss on sale of property, plant and equipment	15	16.204	99.174
Interest received	11	(14.166)	-
Interest paid	5	332.921	872.994
Employment benefits obligations		<u>(1.373.671)</u>	<u>1.552.159</u>
		14.827.227	16.149.643
Changes in working capital:			
Inventories		6.504.769	975.846
Trade and other receivables		5.439.147	1.550.534
Trade and other payables		(3.325.313)	(8.253.374)
Net movement in pension liabilities		<u>1.331.589</u>	<u>(806.866)</u>
Cash generated from operations		24.777.419	9.615.783
UK Corporation Tax received		108.029	-
Cyprus Corporation Tax paid		(1.661.756)	(987.217)
Interest paid		<u>(282.127)</u>	<u>(881.057)</u>
Net cash generated from operating activities		<u>22.941.565</u>	<u>7.747.509</u>
Cash flows from investing activities			
Purchases of property, plant and equipment	15	(1.804.930)	(1.194.808)
Proceeds from sale of property, plant and equipment	15	6.960	12.619
Purchases of intangibles	16	(17.313)	(5.413)
Proceeds from sale of intangibles		16.241	-
Interest received		<u>14.166</u>	<u>-</u>
Net cash used in investing activities		<u>(1.784.876)</u>	<u>(1.187.602)</u>
Cash flows from financing activities			
Dividends paid to Company's shareholders		<u>(16.000.000)</u>	<u>(2.000.000)</u>
Net cash used in financing activities		<u>(16.000.000)</u>	<u>(2.000.000)</u>
Net increase in cash and cash equivalents		5.156.689	4.559.907
Cash and cash equivalents at beginning of year		<u>5.772.111</u>	<u>1.212.204</u>
Cash and cash equivalents at end of year	20	<u>10.928.800</u>	<u>5.772.111</u>

The notes on pages 15 to 54 are an integral part of these financial statements.

Hellenic Petroleum Cyprus Limited

Notes to the financial statements

1 General information

Country of incorporation

The Company is incorporated in the United Kingdom as a private limited liability company operating through a branch in Cyprus. Its registered office is at 125 Old Broad Street, London EC2N 1AR, United Kingdom.

Principal activities

The principal activity of the Company, which is unchanged from last year, is to buy, sell and otherwise deal in petroleum products in Cyprus through a local branch. It is the intention of the board of directors that this business will continue for the foreseeable future.

Operating environment of the Company

(i) Operating environment of the Company

The Cyprus economy has been adversely affected from the crisis in the Cyprus banking system in conjunction with the inability of the Republic of Cyprus to borrow from international markets. As a result, the Republic of Cyprus entered into negotiations with the European Commission, the European Central Bank and the International Monetary Fund (the "Troika"), for financial support, which resulted into an agreement and the Eurogroup decision of 25 March 2013. The decision included the restructuring of the two largest banks in Cyprus through "bail in". Additionally, during 2013 and 2014 the Cyprus economy contracted further with a decrease in the Gross Domestic Product.

The uncertain economic conditions in Cyprus, the unavailability of financing, the restructuring of the banking sector through "bail in" for Laiki Bank and Bank of Cyprus, and the imposition of capital controls together with the current situation of the banking system and the continuing overall economic recession, have affected (1) the ability of the Company's trade and other debtors to repay the amounts due to the Company and (2) the cash flow forecasts of the Company's management in relation to the impairment assessment for financial and non-financial assets.

The Company's management has assessed:

1) Whether any impairment allowances are deemed necessary for the Company's financial assets carried at amortised cost by considering the economic situation and outlook at the end of the reporting period. Impairment of trade receivables is determined using the "incurred loss" model required by International Accounting Standard 39 "Financial Instruments: Recognition and Measurement". This standard requires recognition of impairment losses for receivables that arose from past events and prohibits recognition of impairment losses that could arise from future events, no matter how likely those future events are.

Hellenic Petroleum Cyprus Limited

1 General information (continued)

2) Whether the net realisable value for the the Company's inventory exceeds cost. Where net realisable value is below cost, the excess should be charged to the profit or loss for the year.

The Company's management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Company.

The Company's management believes that it is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current business and economic environment.

2 Summary of significant accounting policies

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

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The Company continues to adopt the going concern basis in preparing its financial statements.

As of the date of the authorisation of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2014 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39 "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Group financial statements

The company is itself a subsidiary company and is exempt from the requirement to produce group accounts by virtue of Section 400 of the Companies Act 2006. These financial statements therefore present financial information about the company as an individual undertaking and not about the group.

Hellenic Petroleum Cyprus Limited

2 Summary of significant accounting policies (continued)

Group financial statements (continued)

The results of the subsidiary undertaking are consolidated within the group financial statements of the ultimate parent undertaking, Hellenic Petroleum S.A., a company registered in Greece. Copies of the consolidated financial statements can be obtained from the Company Secretary at 17 Chlm Ethnikis Odou Athinwn - Korinthou, Aspropyrgos, 19300, Greece.

New standards, amendments and interpretations adopted by the Company

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2014. This adoption did not have a material effect on the accounting policies of the Company:

- IFRS 10, 'Consolidated financial statements'. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess
- IFRS 11, "Joint Arrangements". IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer permitted
- IFRS 12, "Disclosures of Interests in Other Entities". IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 sets out the required disclosures for entities reporting under the two new standards: IFRS 10, Consolidated financial statements, and IFRS 11, Joint arrangements, and replaces the disclosure requirements currently found in IAS 28, Investments in associates. IFRS 12 requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. To meet these objectives, the new standard requires disclosures in a number of areas, including significant judgments and assumptions made in determining whether an entity controls, jointly controls, or significantly influences its interests in other entities, extended disclosures on share of non-controlling interests in group activities and cash flows, summarised financial information of subsidiaries with material non-controlling interests, and detailed disclosures of interests in unconsolidated structured entities

Hellenic Petroleum Cyprus Limited

2 Summary of significant accounting policies (continued)

New standards, amendments and interpretations adopted by the Company (continued)

- IAS 27, "Separate Financial Statements" was changed and its objective is now to prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The guidance on control and consolidated financial statements was replaced by IFRS 10, Consolidated Financial Statements.
- Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32. The amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Company's financial statements.
- Novation of Derivatives and Continuation of Hedge Accounting - Amendments to IAS 39. The amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated (i.e parties have agreed to replace their original counterparty with a new one) to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. The amendment did not have a significant effect on the Company's financial statements.
- IFRIC 21 - Levies (issued on 20 May 2013 and effective for annual periods beginning 17 June 2014). The interpretation clarifies the accounting for an obligation to pay a levy that is not income tax. The obligating event that gives rise to a liability is the event identified by the legislation that triggers the obligation to pay the levy. The fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern assumption, does not create an obligation. The same recognition principles apply in interim and annual financial statements. The application of the interpretation to liabilities arising from emissions trading schemes is optional.

New standards, amendments and interpretations not yet adopted

At the date of approval of these financial statements a number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company:

Hellenic Petroleum Cyprus Limited

2 Summary of significant accounting policies (continued)

New standards, amendments and interpretations not yet adopted (continued)

- IFRS 9 “Financial Instruments: Classification and Measurement” *(issued in July 2014 and effective for annual periods beginning on or after 1 January 2018). Key features of the new standard are:
 - i. Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
 - ii. Classification for debt instruments is driven by the entity’s business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets’ cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.
 - iii. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.
 - iv. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.
 - v. IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a ‘three stage’ approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.
 - vi. Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

Hellenic Petroleum Cyprus Limited

2 Summary of significant accounting policies (continued)

New standards, amendments and interpretations not yet adopted (continued)

- IFRIC 21 - Levies (issued on 20 May 2013 and effective for annual periods beginning 17 June 2014). The interpretation clarifies the accounting for an obligation to pay a levy that is not income tax. The obligating event that gives rise to a liability is the event identified by the legislation that triggers the obligation to pay the levy. The fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern assumption, does not create an obligation. The same recognition principles apply in interim and annual financial statements. The application of the interpretation to liabilities arising from emissions trading schemes is optional.
- Defined Benefit Plans: Employee Contributions - Amendments to IAS 19 (issued in November 2013 and effective for annual periods beginning 1 July 2014). The amendment allows entities to recognise employee contributions as a reduction in the service cost in the period in which the related employee service is rendered, instead of attributing the contributions to the periods of service, if the amount of the employee contributions is independent of the number of years of service.

Hellenic Petroleum Cyprus Limited

2 Summary of significant accounting policies (continued)

New standards, amendments and interpretations not yet adopted (continued)

- Annual Improvements to IFRSs 2012 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014, unless otherwise stated below). The improvements consist of changes to seven standards. IFRS 2 was amended to clarify the definition of a 'vesting condition' and to define separately 'performance condition' and 'service condition'; The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014. IFRS 3 was amended to clarify that (1) 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, and (2) all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Amendments to IFRS 3 are effective for business combinations where the acquisition date is on or after 1 July 2014. IFRS 8 was amended to require (1) disclosure of the judgements made by management in aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics, and (2) a reconciliation of segment assets to the entity's assets when segment assets are reported. The basis for conclusions on IFRS 13 was amended to clarify that deletion of certain paragraphs in IAS 39 upon publishing of IFRS 13 was not made with an intention to remove the ability to measure short-term receivables and payables at invoice amount where the impact of discounting is immaterial. IAS 16 and IAS 38 were amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. IAS 24 was 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 ('the management entity'), and to require to disclose the amounts charged to the reporting entity by the management entity for services provided.

Hellenic Petroleum Cyprus Limited

2 Summary of significant accounting policies (continued)

New standards, amendments and interpretations not yet adopted (continued)

- Annual Improvements to IFRSs 2013 (issued in December 2013 and effective for annual periods beginning on or after 1 January 2015). The improvements consist of changes to four standards. The basis for conclusions on IFRS 1 is amended to clarify that, where a new version of a standard is not yet mandatory but is available for early adoption; a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented. IFRS 3 was amended to clarify that it does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself. The amendment of IFRS 13 clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39 or IFRS 9. IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination.
- Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38 (issued on 12 May 2014 and effective for the periods beginning on or after 1 January 2016). In this amendment, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.
- IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2017). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed.
- Equity Method in Separate Financial Statements - Amendments to IAS 27 (issued on 12 August 2014 and effective for annual periods beginning 1 January 2016). The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

Hellenic Petroleum Cyprus Limited

2 Summary of significant accounting policies (continued)

New standards, amendments and interpretations not yet adopted (continued)

- Annual Improvements to IFRSs 2014 (issued on 25 September 2014 and effective for annual periods beginning on or after 1 January 2016). The amendments impact 4 standards. IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7. The amendment also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34. The amendment to IAS 19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise. IAS 34 will require a cross reference from the interim financial statements to the location of "information disclosed elsewhere in the interim financial report".

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for the sale of goods and services in the ordinary course of the Company's activities, net of value added taxes, returns and discounts. Revenues earned by the Company are recognised on the following bases:

(i) Sales of goods and related commissions

Sales of goods and related commissions are recognised when significant risks and rewards of ownership of the goods have been transferred to the customer, which is usually when the Company has sold or delivered goods to the customer, the customer has accepted the goods and collectibility of the related receivable is reasonably assured.

(ii) Interest income

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

(iii) Management fee income

Management fee income is recognised on an accruals basis to R.A.M. Oil Limited, a company under common control.

Hellenic Petroleum Cyprus Limited

2 Summary of significant accounting policies (continued)

Revenue recognition (continued)

(iv) Other income

Other income relates to sale of goods and other services which are recognised when significant risks and rewards of ownership of goods and services have been transferred to the customer, which is usually when the Company has sold or delivered goods to the customer, the customer has accepted the goods and services and collectibility of the related receivable is reasonably assured.

Employee benefits

The Company and the employees contribute to the Government Social Insurance Fund based on employees' salaries. This Fund is treated as a defined contribution scheme. The scheme is funded by payments from employees and by the Company. The Company's contributions are expensed as incurred and are included in staff costs. The Company has no further payment obligations once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. In addition the Company operates two defined benefit retirement schemes the assets of which are held in a separate trustee-administered Fund. Details are provided in note 24.

Foreign currency translation

(i) Functional and presentation currency

Items included in the Company's 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.

(ii) 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 re-measured. 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 under finance costs.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Hellenic Petroleum Cyprus Limited

2 Summary of significant accounting policies (continued)

Current and deferred income tax (continued)

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which 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. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, 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 transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively 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 only 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 the Company where there is an intention to settle the balances on a net basis.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the year in which the dividends are appropriately authorised and are no longer at the discretion of the Company. More specifically, interim dividends are recognised as a liability in the period in which these are authorised by the Board of Directors and in the case of final dividends, these are recognised in the period in which these are approved by the Company's shareholders.

Property, plant and equipment

Property, plant and equipment are stated at their historical cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Certain tangible fixed assets reflect a previous revaluation which was carried out as at 1 January 1987 (other than fixed assets in territories occupied by Turkish forces).

Hellenic Petroleum Cyprus Limited

2 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

Land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values, over their estimated useful lives. The annual depreciation rates are as follows:

	%
Buildings	3-4
Furniture, fixtures and office equipment	10-20
Motor vehicles	10-20
Plant and machinery	10
Land	nil

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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.

Expenditure for repairs and maintenance of property, plant and equipment is charged to the profit or loss of the year in which they were incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset 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.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and these are included in the income statement.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Goodwill

Goodwill relates to the acquisition of a service station.

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 the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Hellenic Petroleum Cyprus Limited

2 Summary of significant accounting policies (continued)

Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure, which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programmes are charged to the profit or loss of the year in which they were incurred. Computer software costs are amortised using the straight line method over their estimated useful lives, not exceeding a period of five years. Amortisation commences when the computer software is available for use and is included within administrative expenses.

The annual amortisation rate is 33,33%.

Impairment of non-financial assets

Assets that have an indefinite useful life, including goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Investments in subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company 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.

Investments in subsidiaries are measured at cost less impairment. Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through profit or loss 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. An impairment loss recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount.

Hellenic Petroleum Cyprus Limited

2 Summary of significant accounting policies (continued)

Transactions with equity owners/subsidiaries

The Company enters into transactions with shareholders and subsidiaries. When consistent with the nature of the transaction, the Company's accounting policy is to recognise (a) any gains or losses with equity holders and other entities which are under the control of the ultimate shareholder, directly through equity and consider these transactions as the receipt of additional capital contributions or the payment of dividends; and (b) any losses with subsidiaries as cost of investment in subsidiaries. Similar transactions with non-equity holders or subsidiaries, are recognised through the profit or loss in accordance with IAS 39, 'Financial Instruments Recognition and Measurement'.

Derivative financial instruments

Derivative financial instruments which include foreign exchange contracts, are initially recognised in the balance sheet at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices, discounted cash flow models and options pricing models as appropriate. Derivatives are included within financial assets at fair value through profit or loss when fair value is positive and within financial liabilities at fair value through profit or loss when fair value is negative.

Changes in the fair value of derivatives are recognised in profit or loss within other gains.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the 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 (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

Hellenic Petroleum Cyprus Limited

2 Summary of significant accounting policies (continued)

Trade receivables

Trade receivables 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 receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within "selling and marketing costs". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "selling and marketing costs" in the income statement.

Share capital

Ordinary shares are classified as equity.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

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 prepayment (for liquidity services) and amortised over the period of the facility to which it relates.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably.

Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Hellenic Petroleum Cyprus Limited

2 Summary of significant accounting policies (continued)

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks with original maturity of three months or less and bank overdrafts. In the balance sheet bank overdrafts are shown within borrowings in current liabilities.

Comparatives

Where necessary, corresponding figures have been adjusted to conform to the presentation of the current year amounts.

3 Financial risk management

(i) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, commodity price risk and fair value interest rate risk), credit risk and liquidity risk.

- **Market risk**

- Commodity price risk**

- The Company is exposed to commodity price risk through its purchases and distribution of petrol within Cyprus.

- Management monitors the price fluctuations on a continuous basis and acts accordingly, by seeking to pass any change in market price to its customers to minimise the profit and loss impact.

- As a result of passing changes in prices to its customers, the impact on profit and loss is immaterial.

Hellenic Petroleum Cyprus Limited

3 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Market risk (continued)**

- Commodity price risk (continued)**

- Foreign exchange risk**

- The Company imports petroleum products from overseas and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency.

- Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

- In 2014 the Company in an attempt to hedge foreign exchange risk, it entered into forward contracts with the bank that expire within the next three months after the balance sheet date. The Company's marine sales are mainly in US dollars. The risk management policy of the Company is to hedge between 75% and 100% of the anticipated cashflows (marine receivable balances).

- At 31 December 2014, if the Euro had weakened/strengthened by 15% against the US Dollar with all other variables held constant, post-tax profit for the year would have been €96.538 (2013: €110.138) higher/lower mainly as a result of foreign exchange gains/losses on translation of US Dollar denominated trade receivables.

- Fair value interest rate risk**

- As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

- The Company's interest rate risk arises from short-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

- For the year ended 31 December 2014, no fair value interest rate risk arises since the Company had no short-term borrowings. At 31 December 2013, if interest rates on Euro-denominated borrowings had been 0,5% higher/lower with all other variables held constant, post-tax profit for the year would have been €11.254 lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

- The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

Hellenic Petroleum Cyprus Limited

3 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk**

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. Where debt finance is utilised, this is subject to pre-approval by the board of directors and such approval is limited to reputable financial institutions. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually.

- **Liquidity risk**

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months, with the exception of borrowings, equal their carrying balances as the impact of discounting is not significant.

	Up to 1 month €	1 to 3 months €
At 31 December 2013		
Borrowings	2.250.837	-
Trade and other payables	<u>13.292.162</u>	<u>13.015.853</u>
	<u>15.542.999</u>	<u>13.015.853</u>
	€	€
At 31 December 2014		
Borrowings	-	-
Trade and other payables	<u>9.985.039</u>	<u>11.997.663</u>
	<u>9.985.039</u>	<u>11.997.663</u>

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. Management maintains flexibility in funding by maintaining availability under committed credit lines.

(ii) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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.

Hellenic Petroleum Cyprus Limited

3 Financial risk management (continued)

(ii) Capital risk management (continued)

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

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

	2014 €	2013 €
Total borrowings (Note 22)	-	2,250,837
Less: cash and bank balances (Note 20)	<u>(10,928,800)</u>	<u>(8,022,948)</u>
Net debt	<u>(10,928,800)</u>	<u>(5,772,111)</u>
Total equity	<u>52,453,242</u>	<u>57,411,619</u>
Total capital as defined by management	<u>41,524,442</u>	<u>51,639,508</u>
Gearing ratio	-26%	-11%

The decrease in the gearing ratio during 2014 resulted primarily from borrowings repaid during the year.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

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 discussed below.

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit 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 current and deferred income tax assets and liabilities in the period in which such determination is made.

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4 Critical accounting estimates and judgements (continued)

(i) Critical accounting estimates and assumptions (continued)

- **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 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 25.

- **Contingency**

Significant judgement is required in determining whether any contingencies relating to pending events require further provision or disclosure.

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

These are assessed based on consultation with legal counsel. The facts and circumstances relating to a particular case are evaluated in determining whether it is probable that there will be a future outflow of funds.

Accordingly, significant management judgement relating to contingent liabilities is required, since the outcome of litigation is difficult to predict.

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5 Finance costs

	2014 €	2013 €
Bank charges	90.291	90.427
Interest expense:		
Bank borrowings	6.783	6.750
Bank overdraft	318.711	866.244
Overdue taxation	<u>7.425</u>	<u>-</u>
	<u>423.210</u>	<u>963.421</u>

6 Revenue

	2014 €	2013 €
Sales of goods	294.985.168	328.250.969
Commissions	(8.335.022)	(9.929.539)
Management fee income (note 29(i))	427.580	427.580
Other income	<u>1.334.727</u>	<u>1.054.777</u>
	<u>288.412.453</u>	<u>319.803.787</u>

7 Other gains - net

	2014 €	2013 €
Property, plant and equipment:		
Loss on sale (Note 15)	<u>(16.204)</u>	<u>(99.174)</u>
VAT recovery on bad debts	<u>60.799</u>	<u>184.146</u>
Total other gains - net	<u>44.595</u>	<u>84.972</u>

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8 Expenses by nature

	2014 €	2013 €
Changes in inventories of petroleum products	250.069.488	280.571.631
Other direct costs	5.967.036	6.383.764
Depreciation, amortisation and impairment charges (Notes 15 and 16)	3.069.051	3.350.051
Repairs and maintenance	1.874.799	1.980.552
Operating lease payments	4.240.288	4.194.307
Insurance	75.340	78.081
Auditors' remuneration	60.000	60.100
Trade receivables - impairment charge for receivables (Note 19)	448.000	593.211
Staff costs (Note 9)	4.121.595	5.546.198
Marketing	787.766	373.631
Other expenses	391.338	306.609
Trade receivables - discounting	(93.725)	381.463
Trade receivables - write offs	95.418	-
Indirect taxes	282.882	347.662
Training expenses	42.112	16.602
Travelling expenses	277.169	246.737
Utilities	121.354	146.625
Telecommunications expenses	80.693	92.393
Consultancy and services expenses	1.123.597	1.304.446
Secondary Inland Transport	2.216.915	2.676.010
Total cost of goods sold, selling and distribution costs, administrative expenses and other expenses	275.251.116	308.650.073

The professional fees stated above include fees of €nil (2013: €2.773) for other non-assurance services charged by the Company's statutory audit firm.

9 Staff costs

	2014 €	2013 €
Wages and salaries	3.117.145	3.617.147
Cyprus Government social insurance costs	378.133	382.313
Defined benefit pension schemes (Note 25)	282.349	1.257.982
Stakeholder pension scheme	120.581	135.271
Other	223.387	153.485
	4.121.595	5.546.198

The average monthly number of persons (including executive directors) employed by the Company during the year was:

By activity

	2014	2013
Selling and distribution	36	39
Administration	18	20

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10 Directors' emoluments

	2014 €	2013 €
Aggregate emoluments	188.243	501.303
Company contributions to money purchase pension schemes	-	12.593
	<u>188.243</u>	<u>513.896</u>
Highest paid director		
Wages and salaries	171.216	180.918
Accrued benefits under the defined benefit scheme	-	114.236

Retirement benefits are accruing for none (2013: one) director under a defined benefit scheme.

11 Finance income

	2014 €	2013 €
Interest income:		
Bank balances	<u>(14.166)</u>	<u>-</u>

12 Income tax expense

	2014 €	2013 €
Current tax:		
Corporation tax	<u>1.373.316</u>	<u>1.360.736</u>
Total current tax	<u>1.373.316</u>	<u>1.360.736</u>
Deferred tax (Note 23):		
Origination and reversal of temporary differences	<u>(3.307)</u>	<u>70.683</u>
Total deferred tax	<u>(3.307)</u>	<u>70.683</u>
Income tax expense	<u>1.370.009</u>	<u>1.431.419</u>

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

	2014 €	2013 €
Profit before tax	<u>12.796.888</u>	<u>10.275.265</u>
Tax calculated at the applicable corporation tax rate of 12,5% (1)	1.599.611	1.284.408
Tax effect of expenses not deductible for tax purposes	9.982	19.649
Tax effect of allowances and income not subject to tax	(236.277)	-
Tax effect of rate change	-	56.679
Deferred tax	<u>(3.307)</u>	<u>70.683</u>
Income tax charge	<u>1.370.009</u>	<u>1.431.419</u>

(1) Effective from 1 January 2012, the Company has adopted the Foreign Branch Profit Election for UK tax purposes. From 2012 the Company was exempted for the relevant profits attributable to the Cyprus branch from taxation in the UK. As a result the Company is subject only to Cyprus corporation tax on taxable profits at the rate of 12,5%.

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12 Income tax expense (continued)

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

Tax effects of components of other comprehensive income

	Year ended 31 December					
	2014			2013		
	Before tax €	Tax (charge)/ credit €	After tax €	Before tax €	Tax (charge)/ credit €	After tax €
Defined benefit obligations:						
Remeasurements of post employment benefit obligations	<u>(1.373.671)</u>	<u>(11.585)</u>	<u>(1.385.256)</u>	<u>1.544.096</u>	<u>193.012</u>	<u>1.737.108</u>
Other comprehensive income	<u>(1.373.671)</u>	<u>(11.585)</u>	<u>(1.385.256)</u>	<u>1.544.096</u>	<u>193.012</u>	<u>1.737.108</u>

Based on current capital investment plans, the Company expects to continue to be able to claim capital allowances in excess of depreciation in future years at a similar level to the current year.

13 Financial instruments by category

	Loans and receivables €
31 December 2013	
Assets as per balance sheet	
Trade and other receivables (excluding prepayments)	31.838.221
Cash and bank balances	<u>8.022.948</u>
Total	<u>39.861.169</u>
	Other financial liabilities €
Liabilities as per balance sheet	
Borrowings	2.250.837
Trade and other payables	<u>26.308.015</u>
Total	<u>28.558.852</u>
	Loans and receivables €
31 December 2014	
Assets as per balance sheet	
Trade and other receivables (excluding prepayments)	26.418.824
Cash and bank balances	<u>10.928.800</u>
Total	<u>37.347.624</u>
	Other financial liabilities €
Liabilities as per balance sheet	
Borrowings	-
Trade and other payables	<u>21.982.705</u>
Total	<u>21.982.705</u>

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14 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	2014 €	2013 €
Trade receivables		
Counterparties without external credit rating		
Group 1	303.388	93.944
Group 2	<u>25.483.825</u>	<u>31.574.462</u>
	<u>25.787.213</u>	<u>31.668.406</u>
Fully performing other receivables		
Group 3	<u>631.611</u>	<u>169.815</u>
	2014 €	2013 €
Cash at bank and short-term bank deposits⁽¹⁾		
Ca	-	788.251
Caa2	33.489	2.550
Caa3	5.984.221	814.217
no external rating	<u>858.842</u>	<u>2.151.015</u>
	<u>6.876.552</u>	<u>3.756.033</u>

⁽¹⁾ The rest of the balance sheet item 'cash and bank balances' is cash in hand.

As at 31 December 2014 the 'cash and bank balances' include an amount of €4,048.161 which represents cheques received in December 2014 but not deposited to the bank. These cheques were deposited in January 2015.

As at 31 December 2013 the 'cash and bank balances' include an amount of €4,265.300 which represents cheques received in December 2013 but not deposited to the bank. These cheques were deposited in January 2014.

Group 1 – new customers and related parties (less than 6 months).

Group 2 – existing customers and related parties (more than 6 months) with no defaults in the past.

Group 3 – other receivables

None of the financial assets that are fully performing has been renegotiated in the last year.

None of the loans and receivables from related parties is past due or impaired.

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15 Property, plant and equipment

	Land and buildings €	Plant and machinery €	Furniture, fixtures and office equipment €	Motor vehicles €	Total €
At 1 January 2013					
Cost	22,185,606	42,301,102	822,889	2,257,302	67,566,899
Accumulated depreciation	(5,901,796)	(28,463,870)	(412,063)	(1,616,834)	(36,394,563)
Net book amount	<u>16,283,810</u>	<u>13,837,232</u>	<u>410,826</u>	<u>640,468</u>	<u>31,172,336</u>
Year ended 31 December 2013					
Opening net book amount	16,283,810	13,837,232	410,826	640,468	31,172,336
Additions	404,852	779,549	18,107	(7,700)	1,194,808
Disposals	(71,093)	(21,948)	(2,607)	(16,145)	(111,793)
Depreciation charge (Note 8)	(436,283)	(2,577,286)	(54,391)	(278,375)	(3,346,335)
Closing net book amount	<u>16,181,286</u>	<u>12,017,547</u>	<u>371,935</u>	<u>338,248</u>	<u>28,909,016</u>
At 31 December 2013					
Cost	22,499,470	42,759,217	835,725	2,113,075	68,207,487
Accumulated depreciation	(6,318,184)	(30,741,670)	(463,790)	(1,774,827)	(39,298,471)
Net book amount	<u>16,181,286</u>	<u>12,017,547</u>	<u>371,935</u>	<u>338,248</u>	<u>28,909,016</u>
Year ended 31 December 2014					
Opening net book amount	16,181,286	12,017,547	371,935	338,248	28,909,016
Additions	399,256	1,384,249	21,380	45	1,804,930
Disposals	-	(23,164)	-	-	(23,164)
Depreciation charge (Note 8)	(444,105)	(2,368,139)	(58,021)	(195,191)	(3,065,456)
Closing net book amount	<u>16,136,437</u>	<u>11,010,493</u>	<u>335,294</u>	<u>143,102</u>	<u>27,625,326</u>
At 31 December 2014					
Cost	22,898,726	44,118,975	857,105	2,113,120	69,987,926
Accumulated depreciation	(6,762,289)	(33,108,482)	(521,811)	(1,970,018)	(42,362,600)
Net book amount	<u>16,136,437</u>	<u>11,010,493</u>	<u>335,294</u>	<u>143,102</u>	<u>27,625,326</u>

In the cash flow statement, proceeds from sale of property, plant and equipment comprise:

	2014 €	2013 €
Net book amount	23,164	111,793
Profit/(loss) on sale of property, plant and equipment (Note 7)	<u>(16,204)</u>	<u>(99,174)</u>
Proceeds from sale of property, plant and equipment	<u>6,960</u>	<u>12,619</u>

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16 Intangible assets

	Goodwill €	Computer software €	Total €
At 1 January 2013			
Cost	106.145	1.221.119	1.327.264
Accumulated amortisation and impairment	-	(1.214.982)	(1.214.982)
Net book amount	<u>106.145</u>	<u>6.137</u>	<u>112.282</u>
Year ended 31 December 2013			
Opening net book amount	106.145	6.137	112.282
Additions	-	5.413	5.413
Amortisation charge (Note 8)	-	(3.716)	(3.716)
Closing net book amount	<u>106.145</u>	<u>7.834</u>	<u>113.979</u>
At 31 December 2013			
Cost	106.145	1.226.532	1.332.677
Accumulated amortisation and impairment	-	(1.218.698)	(1.218.698)
Net book amount	<u>106.145</u>	<u>7.834</u>	<u>113.979</u>
Year ended 31 December 2014			
Opening net book amount	106.145	7.834	113.979
Additions	-	17.313	17.313
Disposals	(16.241)	-	(16.241)
Amortisation charge (Note 8)	-	(3.595)	(3.595)
Closing net book amount	<u>89.904</u>	<u>21.552</u>	<u>111.456</u>
At 31 December 2014			
Cost	89.904	1.243.845	1.333.749
Accumulated amortisation and impairment	-	(1.222.293)	(1.222.293)
Net book amount	<u>89.904</u>	<u>21.552</u>	<u>111.456</u>

In October 2011 R.A.M. Oil Cyprus Limited sold and transferred, absolutely and unconditionally, the Goodwill of the Service Station situated at 11 Pafos Road, Limassol, Cyprus to the Company for a total consideration of €128.145. During 2011, the Company disposed €22.000 of this goodwill (representing the rights to use the petrol station until 30/06/2012) to a third party. During 2014, the Company disposed further €16.241 of this goodwill (representing the rights to use the petrol station until 30/06/2015) to a third party.

17 Investments in subsidiaries

	2014 €	2013 €
At beginning of year	<u>610.586</u>	<u>610.586</u>
At end of year	<u>610.586</u>	<u>610.586</u>

The Company's interest in its subsidiary, which is unlisted, was as follows:

Name	Principal activity	Country of incorporation	2014 % of ordinary shares	2013 % of ordinary shares
Superlube Limited	Blending of lubricating oils	Cyprus	65	65

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18 Inventories

	2014 €	2013 €
Petroleum Products	<u>8.512.525</u>	<u>15.017.294</u>

The cost of inventories recognised as expense and included in "cost of sales" amounted to €250.069.488 (2013: €280.571.631).

19 Trade and other receivables

	2014 €	2013 €
Trade receivables	29.103.379	33.793.234
Less: Provision for impairment of trade receivables	<u>(3.414.140)</u>	<u>(2.966.140)</u>
Trade receivables - net	25.689.239	30.827.094
Receivables from related parties (Note 29(v))	97.974	841.312
Other receivables	631.611	169.815
Prepayments	<u>3.647.104</u>	<u>3.666.854</u>
	<u>30.065.928</u>	<u>35.505.075</u>

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

As of 31 December 2014, trade receivables of €25.689.239 (2013: €30.827.094) were fully performing.

As of 31 December 2014, trade receivables of €3.414.140 (2013: €2.966.140) were impaired and provided for. The individually impaired receivables mainly relate to wholesalers, which are in an unexpectedly difficult economic situation. It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

	2014 €	2013 €
Over 6 months	<u>3.414.140</u>	<u>2.966.140</u>

Movements on the Company's provision for impairment of trade receivables are as follows:

	2014 €	2013 €
At 1 January	2.966.140	2.372.929
Provision	<u>448.000</u>	<u>593.211</u>
At 31 December	<u>3.414.140</u>	<u>2.966.140</u>

The other classes within trade and other receivables do not contain impaired or past due assets.

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivable mentioned above. At 31 December 2014, the Company holds bank guarantees of €2.975.000 (2013: €2.336.500) as security.

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19 Trade and other receivables (continued)

Bank Guarantee from Laiki Bank of €450.000 in favour of the Company has not yet been officially renewed by the Bank of Cyprus which was forced by law to take over the business of "good" Laiki Bank. The Bank of Cyprus has orally confirmed to the Company that these guarantees will be renewed during 2015.

The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

	2014 €	2013 €
Euro - functional and presentation currency	27.859.341	33.057.572
US Dollar	<u>2.206.587</u>	<u>2.447.503</u>
	<u>30.065.928</u>	<u>35.505.075</u>

20 Cash and bank balances

	2014 €	2013 €
Cash at bank and in hand	<u>10.928.800</u>	<u>8.022.948</u>

The effective interest rate on short term bank deposits was 0% (2013: 0%) and these deposits can be withdrawn on demand.

Cash and bank balances and bank overdrafts include the following for the purposes of the cash flow statement:

	2014 €	2013 €
Cash and bank balances	10.928.800	8.022.948
Less:		
Bank overdrafts (Note 22)	<u>-</u>	<u>(2.250.837)</u>
Cash and cash equivalents	<u>10.928.800</u>	<u>5.772.111</u>

Cash and cash equivalents are denominated in the following currencies:

	2014 €	2013 €
Euro - functional and presentation currency	8.262.311	8.022.851
US Dollar	<u>2.666.489</u>	<u>97</u>
	<u>10.928.800</u>	<u>8.022.948</u>

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21 Ordinary share capital

	2014			2013		
	Number of shares	STG£	€	Number of shares	STG£	€
Authorised						
Shares of STG£10 each	<u>443 345</u>	<u>4,433,450</u>		<u>443 345</u>	<u>4,433,450</u>	
Issued and fully paid						
Shares of STG£10 each	<u>443 345</u>	<u>4,433,450</u>	<u>6,284,140</u>	<u>443 345</u>	<u>4,433,450</u>	<u>6,284,140</u>

The total authorised number of ordinary shares is 443 345 shares (2013: 443 345 shares) with a par value of GB£10 per share. All issued shares are fully paid. (Exchange rate of STG£/€ 1.42)

22 Borrowings

	2014 €	2013 €
Current		
Bank overdrafts (Note 20)	<u>-</u>	<u>2,250,837</u>

The weighted average effective interest rates at the balance sheet date were as follows:

	2014 %	2013 %
Bank overdrafts	-	11,47

The Company's bank overdrafts are arranged at both fixed and floating rates.

	2014 €	2013 €
6 months or less	<u>-</u>	<u>2,250,837</u>

The Company has the following undrawn borrowing facilities:

	2014 €	2013 €
Floating rate:		
Expiring beyond one year	<u>22,000,000</u>	<u>21,704,000</u>

The facilities expiring within one year are annual facilities subject to review at various dates during 2015.

The carrying amounts of bank overdrafts and short-term bank loans approximate their fair value.

The carrying amounts of the Company's borrowings are denominated in the following currencies:

	2014 €	2013 €
Euro - functional and presentation currency	<u>-</u>	<u>2,250,837</u>

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23 Deferred tax assets and liabilities

Deferred 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 taxes relate to the same fiscal authority.

The amounts included in the balance sheet include the following:

	2014 €	2013 €
Deferred income tax liabilities:		
- Deferred tax liabilities to be settled after more than twelve months	<u>364.206</u>	<u>355.928</u>
	2014 €	2013 €
At beginning of year (as restated)	355.928	478.257
Charge / (credit) included in profit or loss (Note 12)	(3.307)	70.683
Tax charge / (credit) relating to components of other comprehensive income	<u>11.585</u>	<u>(193.012)</u>
At end of year	<u>364.206</u>	<u>355.928</u>

The movement on the deferred tax account is as follows:

Deferred tax liabilities/(assets)

	Difference between depreciation and capital allowances (1) €	Retirement benefit obligation (2) €	Total €
At 1 January 2013 (as restated)	296.830	181.427	478.257
Charged/(credited) to:			
Profit or loss (Note 12)	70.683	-	70.683
Other comprehensive income	-	(193.012)	(193.012)
At 31 December 2013	<u>367.513</u>	<u>(11.585)</u>	<u>355.928</u>
At 1 January 2014	367.513	(11.585)	355.928
Charged/(credited) to:			
Profit or loss (Note 12)	(3.307)	-	(3.307)
Other comprehensive income	-	11.585	11.585
At 31 December 2014	<u>364.206</u>	<u>-</u>	<u>364.206</u>

(1) Prior to 1 January 2012, the deferred tax asset/liability has been recognised on the temporary differences arising under UK tax rules at the UK tax rate, as these have generally been higher than the temporary differences under Cyprus tax rules. However, as a result of the Company making the Foreign Branch Profit Election, from 1 January 2012, for UK tax purposes, the assets are deemed to be used for non qualifying activities from 1 January 2012, and as such are considered to be ineligible for capital allowance purposes. Therefore, although there are temporary differences, the reversal of those temporary differences will not be taxed in the UK and therefore the deferred tax asset/liability on those temporary differences has been measured under Cyprus tax rules.

(2) Deferred tax on the remeasurements of the post employment benefits obligations is treated as deductible because the timing of realisation cannot easily be established. As a result the deferred tax asset has been reversed.

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24 Pension liabilities

	2014 €	2013 €
Pension liabilities (Note 25)	<u>2.809.632</u>	<u>1.478.043</u>

25 Defined benefit plans

The Company operates the following defined benefit arrangements:

1. the Non-contributory pension fund ("Pension Fund")
2. the Guaranteed Value of Provident Fund ("GVPF")
3. the Differential retirement benefit ("Top-up")

All of the plans are final salary pension plans which provide benefits to members in the form of a guaranteed level of pension payable for life or as a lump sum. The level of benefits provided depends on member's length of service and their salary in the final years leading up to retirement.

Using their assumptions, management estimates the payments which will be made in respect of the Plans throughout the future working lifetimes of existing members. By discounting future cash flows, they calculate the amount of money sufficient to meet the benefits in the future. Management has used the Projected Unit Credit Method to attribute the cost in respect of benefits arising from service before the valuation date (past service) and from service after the valuation date (future service).

The amount of €815.440 relates to past service cost for the Pension Scheme as at 1 January 2013. This has derived from the recent amendments in the Social Insurance Scheme (SIS) law, which states that the SIS normal retirement age will gradually increase from 63 to 65, with effect from 1 January 2013. There is no impact on the year ended 31 December 2014 as a result of this.

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25 Defined benefit plans (continued)

The amount recognised in the balance sheet is determined as follows:

	2014 €	2013 €
Present value of obligations	8,558,822	7,057,234
Fair value of plan assets	<u>(5,749,190)</u>	<u>(5,579,191)</u>
Net Liability in Balance Sheet (Note 24)	<u>2,809,632</u>	<u>1,478,043</u>

The amount recognised in the profit and loss is determined as follows:

Service cost	239,853	347,336
Net interest on the net defined benefit liability	42,496	95,206
Recognition of past service cost	-	815,440
Total profit and loss charge (Note 9)	<u>282,349</u>	<u>1,257,982</u>

The movement in the defined benefit obligation over the year is as follows:

	2014 €	2013 €
At 1 January	1,478,043	2,284,909
Current service cost	239,853	347,336
Interest expense	42,496	95,206
Recognition of past service cost	-	815,440
Remeasurements:		
- Return on plan assets, excluding amounts included in interest expense	12,150	132,371
- (Gain)/Loss from change in financial assumptions	1,582,992	(1,804,977)
Experience (gains)/losses	<u>(221,471)</u>	<u>128,510</u>
	1,373,671	(1,544,096)
Contributions:		
- Employer	<u>(324,431)</u>	<u>(520,752)</u>
As at 31 December	<u>2,809,632</u>	<u>1,478,043</u>
Reconciliation of benefit obligation		
DBO at start of year	7,057,234	8,198,822
Service cost	239,853	347,336
Interest Cost	244,718	294,005
Benefits paid from the Fund	(344,504)	(921,902)
Past Service Cost	-	815,440
Actuarial (gain)/loss	<u>(221,471)</u>	<u>128,510</u>
Actuarial loss/(gain) - financial assumptions	1,582,992	(1,804,977)
DBO at end of year	<u>8,558,822</u>	<u>7,057,234</u>
Reconciliation of plan assets		
Market value at start of year	5,579,191	5,913,913
Expected return	202,222	198,799
Company contributions	324,431	520,752
Fund Benefits	(344,504)	(921,902)
Asset loss	<u>(12,150)</u>	<u>(132,371)</u>
Fair value of plan assets at end of year	<u>5,749,190</u>	<u>5,579,191</u>

Hellenic Petroleum Cyprus Limited

25 Defined benefit plans (continued)

The actual gain on plan assets was €190.072 (2013: gain of €66.428).

Plan assets are comprised as follows:

	2014		2013	
	€	%	€	%
Equity instruments	1 624 534	28	1 412 097	25
Debt instruments	1 800 085	31	1 591 730	29
Bank balances	359 580	6	911 260	16
Property	1 424 484	25	1 664 104	30
Other	540 507	10	-	-
	<u>5 749 190</u>	<u>100</u>	<u>5 579 191</u>	<u>100</u>

The plan did not own any of the Company's financial instruments, property or any other assets.

Contributions expected to be paid to the plan during the annual period beginning after the balance sheet date amount to €350.998 (2013: €282.349).

As at the last valuation date, the present value of the defined benefit obligation was comprised of 50 (2013: 51) active employees, 1 (2013: 1) relating to deferred members, 17 (2013: 16) relating to members in retirement and 1 (2013: 1) relating to widow's member.

Valuation Assumptions

The significant actuarial assumptions were as follows:

Discount rate of 1,85% (2013: 3,52%)

Price inflation of 2% (2013: 2%)

Salary growth rate of 0% (2013: 0%)

Pension growth rate of 0% (2013: 0%)

Increase in insurable earnings of 3% (2013: 3%)

Social Insurance Scheme pension increases of 0% (2013: 0%)

Discount rate

IAS19 requires that the discount rate should reflect the rate at which the liabilities could effectively be settled. It recommends using the rates of return on high quality fixed income investments of the appropriate maturity. In general, we would consider the long and medium term yields on government bonds and AA-rated corporate bonds, depending on the average duration of the liabilities of each plan or country. The yields used as a reference to set the discount rate should be at a duration consistent with the duration of the liabilities.

The annual yield on the iBoxx corporate €AA10+ years bond index as at 31 December 2014 was 1,49% (31 December 2013: 3,17%)

As per IAS19 the Company has adopted the Full Yield Curve approach on the projected pension scheme cash flows, and as a result, a weighted average discount rate as at 31 December 2014 of 1,85% p.a was adopted (2013: 3,52%).

Hellenic Petroleum Cyprus Limited

25 Defined benefit plans (continued)

Price Inflation

As a base point for the financial assumptions, we need to establish an assumption for future increases in Cypriot price inflation (CPI). According to the Eurostat inflation expectations for the euro area over the medium to long term continue to be firmly anchored in line with the Governing Council's aim of maintaining inflation rates below, but close to 2%.

Pension liabilities are long term in nature and it would be unusual to make ad-hoc adjustments to inflation assumptions based on current economic conditions. Future inflation expectations are priced into the market-related measures that most companies are using and we wouldn't expect a change in the assumptions relative to those measures.

Considering all the above we have retained the long-term inflation assumption of 2,00% pa.

Salary growth rate

Salary growth for the Company's employees comprises three elements: general pay increases, COLA (Cost of living allowance) increases and individual promotional/merit increases.

Given the negative economic outlook for Cyprus, the Company is not expecting any overall salary increases up until 2016. Therefore an assumption of 0,00% p.a has been adopted.

Pension growth rate

Given the negative economic outlook for Cyprus, the Company is not expecting any pension increases up until 2016. Therefore an assumption of 0,00% p.a has been adopted.

Increase in Insurable Earnings Limit

The limit is assumed to increase at a rate of 1,00% pa above inflation. Therefore, an assumption of 3,00% pa has been adopted.

Social Insurance Scheme (SIS) Pension increases

According to the terms of the Memorandum agreed between the Cyprus Government and Troika, increases to the SIS supplementary pensions will be nil until 2016. Therefore an assumption of 0,00% pa has been adopted.

Post-retirement mortality:

Assumptions regarding future mortality are based on EVK2000 tables for males and females.

It is believed that these tables are a reasonable representation of expected mortality in the Cypriot oil industry. The expected life expectancy at birth is 78,8 and 82,1 years for males and females respectively.

Hellenic Petroleum Cyprus Limited

25 Defined benefit plans (continued)

Pre-retirement mortality:

No allowance has been made for mortality before retirement.

Withdrawals

No allowance has been made.

Retirements

It is assumed that all members will retire at age 60. No allowance for early retirement has been made.

Commutation

Members are assumed to commute the maximum possible, allowing for the provisions of Section 88 (1) of the Cyprus Social Insurance Law 1980. The commutation factor is 15,0.

26 Trade and other payables

	2014 €	2013 €
Trade payables	1.026.428	811.314
Payables to related parties (Note 29(v))	7.372.867	10.484.248
Payables to shareholders (Note 29(v))	9.000.000	10.000.000
Other payables	3.713.398	3.931.574
Accrued expenses	<u>870.012</u>	<u>1.080.879</u>
	<u>21.982.705</u>	<u>26.308.015</u>

The fair value of trade and other payables which are due within one year approximates their carrying amount at the balance sheet date.

The carrying amounts of the Company's trade and other payables are denominated in the following currencies:

	2014 €	2013 €
Euro - functional and presentation currency	<u>21.982.705</u>	<u>26.308.015</u>

Hellenic Petroleum Cyprus Limited

27 Contingencies

i) Relocation of Oil and LPG terminals

The deliberations with the Government for the relocation of Oil and LPG Companies from Larnaca to Vasilico continue. The Minister of Interior has been actively involved with the relocation and organised meetings with the Oil and LPG Companies for this purpose. The firm decision of the Government to relocate the Companies was clearly expressed and at the same time the Government's determination to compensate the Companies only by way of change of use of their land at Larnaca was also communicated. The Minister of Interior endorsed on the 30th of January 2014 a Decree, which was issued by the Larnaca Municipality, whereby the use of all of the Oil and LPG terminals within the administrative boundaries of the Larnaca Municipality shall be terminated within a period of three years from the date of the endorsement. The critical path for this exercise is the relocation of LPG terminals, which are of higher risk. The Government has indicated the area at Vasilico for the LPG Terminal but no terms have yet been given. The LPG Companies have submitted a Study to the Ministry of Energy for the LPG Terminals Relocation to Vasilico. The Study covers all aspects of the relocation including a feasibility study and conditions required by the companies to undertake the financing and construction of a joint terminal at Vasilico. The Study will be discussed with the Ministry and based on the outcome, proposals will be submitted by the LPG Companies to their Boards for final decisions. As regards the Fuels Terminal Relocation, the Company has examined so far the options of using the terminals of VTTV and Petrolina at Vasilico and expects details for leasing land from the Government for constructing its own terminal. When all options are examined and evaluated a decision will be taken. A more realistic time for the relocation to Vasilico of the Companies from Larnaca is around four years.

ii) Bank guarantees

The Company has contingent liabilities in respect of bank guarantees arising in the ordinary course of business from which it is anticipated that no material liability will arise. These guarantees amounted to €738.730 (2013: €1.107.215).

iii) Legal cases

- The Commission for the Protection of Competition has decided to re-open its investigation against the Petroleum companies in Cyprus (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 €14.269.000 against the Company. The re-examination of the case will be conducted on the basis of the documents collected in the context of the previous 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 financial statements.

Hellenic Petroleum Cyprus Limited

27 Contingencies (continued)

- Premier Maritime Ltd has commenced arbitration proceedings against the Company in London alleging breach and unlawful termination of an alleged Time Charter Agreement for the use of the vessel Navigas. The Company disputes the existence of such an agreement. On 4 June 2014 the final award was issued ordering the Company to pay to Premier Maritime Ltd the amount of USD672.685 together with interest at a rate of 5% per annum from 1 April 2012 until the date of payment; and the Company shall bear the costs of final award of £25,120 plus interest at a rate of 5% per annum from the date of payment until the date of reimbursement. In July 2014 the Company has filed an appeal against the above Final Award which is pending. The Board of Directors believes that there are grounds to appeal the award on the basis, amongst other, of the lack of jurisdiction. Therefore no provision has been made in the financial statements.

- Additional to the above cases, as at 31 December 2014 there were other pending claims against the Company in relation to its activities. Based on legal advice, the Company's Board of Directors believes that there is sufficient defense against these claims and no probable loss is expected to arise for the Company. Therefore no provision has been made in the financial statements in relation to these claims.

28 Commitments

(i) Derivative Financial Instruments

The notional amounts of the outstanding forward foreign exchange contracts at 31 December 2014 were €2,563,211 (2013: €0). The fair value movement of the derivatives between the date initiated to the balance sheet date were immaterial to be recognised.

(ii) Operating lease commitments – where the Company is the lessee

The Company leases its offices and various petrol stations under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The lease expenditure charged to the income statement during the year is disclosed in Note 8.

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

	2014 €	2013 €
No later than 1 year	3,806,681	3,873,565
Later than 1 year and no later than 5 years	13,872,412	14,108,815
Later than 5 years	<u>23,771,367</u>	<u>25,633,928</u>
	<u>41,450,460</u>	<u>43,616,308</u>

Hellenic Petroleum Cyprus Limited

29 Related party transactions

The immediate parent undertaking is Hellenic Petroleum International A.G.

The ultimate parent undertaking of the group of undertakings for which group accounts are drawn up, and of which the Company is a member, and the ultimate controlling party is Hellenic Petroleum S.A. which is the smallest and largest group to consolidate these financial statements. Copies of Hellenic Petroleum S.A. financial statements can be obtained from the Company Secretary at 17th Km National Road Athens-Corinth, 19 300 Aspropyrgos, Athens, Greece.

(i) Sales of goods and services

	2014 €	2013 €
Sales of goods:		
Superlube Limited	4.591	4.682
R.A.M.Oil Cyprus Limited	<u>56.214.261</u>	<u>62.103.042</u>
	<u>56.218.852</u>	<u>62.107.724</u>
Sales of management services:		
Superlube Limited	81.071	81.071
R.A.M.Oil Cyprus Limited	<u>346.509</u>	<u>346.509</u>
	<u>427.580</u>	<u>427.580</u>

All the transactions with related parties are of a trading nature.

(ii) Purchases of goods and services

	2014 €	2013 €
Purchases of goods:		
Hellenic Petroleum S.A.	231.744.676	261.012.391
EKO ABEE	397.271	453.526
Superlube Limited	<u>862.703</u>	<u>891.501</u>
	<u>233.004.650</u>	<u>262.357.418</u>
Purchases of services:		
Superlube Limited	227.206	145.878
Helpe Consulting	<u>100.000</u>	<u>100.000</u>
	<u>327.206</u>	<u>245.878</u>

All the transactions with related parties are of a trading nature.

(iii) Key management personnel compensation

The compensation of key management personnel and the close members of their family is as follows:

	2014 €	2013 €
Salaries and other short-term employee benefits	<u>669.992</u>	<u>1.015.762</u>
	<u>669.992</u>	<u>1.015.762</u>

Hellenic Petroleum Cyprus Limited

29 Related party transactions (continued)

(iv) Directors' remuneration

The total remuneration of the Directors (included in key management personnel compensation above) was as follows:

	2014 €	2013 €
Aggregate emoluments	188.243	501.303
Company contributions to money purchase pension schemes	-	12.593
	<u>188.243</u>	<u>513.896</u>

(v) Year-end balances

	2014 €	2013 €
Receivables from related parties (Note 19):		
Superlube Limited	1.156	1.130
Hellenic Petroleum S.A.	96.818	-
R.A.M.Oil Cyprus Limited	-	840.182
	<u>97.974</u>	<u>841.312</u>
Payables to related parties (Note 26):		
Superlube Limited	209.622	275.242
Hellenic Petroleum S.A.	5.751.571	10.145.943
EKO ABEE	86.029	38.063
R.A.M.Oil Cyprus Limited	1.300.645	-
Helpe Consulting	25.000	25.000
	<u>7.372.867</u>	<u>10.484.248</u>
Payable to shareholders (Note 26):		
Dividend payable (1)	<u>9.000.000</u>	<u>10.000.000</u>
	<u>9.000.000</u>	<u>10.000.000</u>

The above balances bear no interest and are repayable on demand.

(1) The board of Directors declared an interim dividend of €15.000.000 (2013: €10.000.000) in respect of the profit for the year ended 31 December 2014 of which €9.000.000 (2013: €10.000.000) is payable as at 31 December 2014.

30 Events after the balance sheet date

There were no material events after the balance sheet date, which have a bearing on the understanding of the financial statements.