ASPROFOS ENGINEERING S.A.

Annual Financial Statements

in accordance with

International Financial Reporting

Standards (IFRS)

for the fiscal year ended 31 December 2012

ASPROFOS S.A.

COMPANY (S.A.) REGISTRATION No.: **4712/01 NT/B/86/654**

REGISTERED OFFICES: 284, EL. VENIZELOU AVE, KALLITHEA, ATHENS 17675

Table of Contents

Amounts in EUR thousand

Company Details:

Board of Directors:	Adamantios Lentsios, Chairman of the Board (from 13/01/2012) Aristides Vakirlis, Chairman & Managing Director (until 12/01/2012) Ioannis Fotopoulos, Managing Director (from 13/01/2012) Nikolaos Skandalis, Vice Chairman Sarantos Kyriakopoulos, member (until 12/01/2012) Georgios Dimogiorgas, member Antonios Trifyllis, member (until 04/02/2013) Dionysios Routsis, member Nikolaos Fragkakis, member (until 04/02/2013) Haralambos Silamianos, member (until 04/02/2013) Aristides Doudonis, member Vasiliki Makrygianni, member (until 04/02/2013) Ioannis Douras, member (Employee Representative)
Registered Offices:	284, El. Venizelou Ave, Athens 17675
COMPANY (S.A.) REGISTRATION No.:	4712/01NT/B/86/654
Audit Firm:	PricewaterhouseCoopers LLP, Independent Auditors 268, Kifisias Avenue, Halandri, Athens 152 32, Greece

Audit Report of the Independent Certified Auditor and Accountant

To the Shareholders of the Company ASPROFOS ENGINEERING S.A.

Report on the Financial Statements

We have audited the attached financial statements of the Company "ASPROFOS ENGINEERING S.A.", comprising the statement of financial position as at 31st December 2012, as well as the statement of comprehensive income, the statement of changes in equity and the statement of cash flows of the fiscal year that ended on the above date, along with a summary of important accounting policies and methods and other explanatory notes.

Management's Responsibility for Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards, as adopted by the European Union, as well as for those internal safeguards that the management has determined are necessary to enable the preparation of financial statements free of material misstatements due to fraud or error.

Auditor's Responsibility

It is our responsibility to express an opinion on these financial statements on the basis of our audit. We have conducted our audit in accordance with the International Auditing Standards. These standards require that we comply with the code of ethics and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence with regard to the amounts and disclosures contained in the financial statements. The procedures are selected at the auditor's discretion and include an assessment of the risk of material misstatement in the financial statements, whether due to fraud or error. To assess such risk, the auditor shall consider the internal safety principles relating to the preparation and fair presentation of the company's financial statements in order to design audit procedures appropriate to the circumstances and not to express an opinion on the effectiveness of the company's internal safety principles. Such audit also includes an evaluation of the appropriateness of the accounting principles and methods used and the fairness of accounting estimates made by management, as well as an evaluation of the overall presentation of the financial statements.

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

Opinion

In our opinion, the attached financial statements constitute an appropriate presentation, in all material aspects, of the financial position of the "ASPROFOS ENGINEERING S.A." as at 3st December 2012, and of its financial performance and its cash flows for the year that ended on the above date, in accordance with the International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Issues

a) We have verified the agreement and reconciliation of the Board of Directors Management Report with the attached financial statements, in the context of the provisions of articles 43(a) and 37 of Codified Law 2190/1920.
b) According to note 2.1.1 to the financial statements the Company's equity at the end of the closing year was less than 1/2 of its share capital and therefore the conditions for implementation of the provisions of Article 47 of Cod. Law 2190/1920 apply.

Athens, 25 April 2013
The Certified Auditor-Accountant
Marios Psaltis
SOEL Reg. No. 38081

PriceWaterhouseCoopers SA
Independent Auditing Company
Certified Auditors & Accountants
SOEL Reg. No.:113

(amounts in EUR thousand)

Statement of Financial Position

	Note	31 December 2012	31 December 2011
ASSETS fixed assets			
Tangible assets – property, plant and equipment	**5**	3,745	4,125
Intangible assets	**6**	27	55
Other non-current receivables		2	1.0
		3,774	**4,190**
Current assets			
Trade and other receivables	**7**	3,625	8,533
Cash and cash equivalents	**d.**	486	60
		4,111	**8,593**
Total Assets		**7,885**	**12,783**
EQUITY			
Share capital	**9**	5,027	5,027
Reserves	**10**	1,720	1,720
Results carried forward		(6,032)	(3,014)
Total equity		**715**	**3,733**
LIABILITIES			
Non-current liabilities			
Provisions for personnel retirement	**12**	4,081	5,729
Other long-term liabilities	**13**	2	
		4,083	**5,729**
Current liabilities			
Suppliers and other liabilities	**11**	3087	3321
		3,087	3,321
Total liabilities		**7,170**	**9,050**
Total Equity and Liabilities		**7,885**	**12,783**

The notes on pages 11 to 35 form an integral part of these financial statements.

Chairman of the BoD	Managing Director	Finance & Administrative Services Director	Head of Financial Services
Adamantios Lentsios	Ioannis Fotopoulos	Konstandinos Vathis	Sophocles Georgilas

(amounts in EUR thousand)

Statement of Comprehensive Income

	Note	Year ended 31 December 2012	31 December 2011
Turnover (sales)		**14,651**	**18,055**
Cost of sales	**15**	(13,886)	(14,910)
Gross profit		**765**	**3,145**
Administration and distribution costs	**15**	(3,798)	(3,228)
Other operating costs/net income	**16**	65	102
Operating profit/(loss)		**(2,968)**	**19**
Financial gross income		5	25
Financial expenses		(54)	(31)
Financing (costs)/net income	**17**	(49)	(6)
Profit/ (loss) before tax		(3,017)	13
Taxes	**18**	(1)	(5)
Net profits/ (losses) for the fiscal period		**(3,018)**	**8**
Other overall operating costs/net income arising from taxes		-	-
Total comprehensive income after taxes		**(3,018)**	**8**

The notes on pages 11 to 35 form an integral part of these financial statements.

(amounts in EUR thousand)

Statement of Changes in Equity

	Note	Share capital	Reserves	Results carried forward	Total equity
Balance as at 1 January 2011		5,027	1,720	(3,022)	3,725
Other comprehensive income					
Net profits/ (losses) for the fiscal period		-	-	8	8
Comprehensive income for the year		-		8	8
Balance as at 31 December 2011		**5,027**	**1,720**	**(3,014)**	**3,733**
Balance as at 1 January 2012		5,027	1,720	(3,014)	3,733
Other comprehensive income			-	-	-
Net profits/ (losses) for the fiscal period		-	-	(3,018)	(3,018)
Comprehensive income for the year		-	-	(3,018)	(3,018)
Balance as at 31 December 2012		**5,027**	**1,720**	**(6,032)**	**715**

The notes on pages 11 to 35 form an integral part of these financial statements.

(amounts in EUR thousand)

Cash Flow Statement

	Note	Year ended 31 December 2012	31 December 2011
Cash flows generated from operating activities			
Cash flows generated from operating activities	**19**	488	(121)
Net cash flows from operating activities		488	(121)
Cash flows from investment activities			
Purchases of tangible and intangible assets	**5.6**	(13)	(58)
Income from interest	**17**	5	25
Net cash flows from investment activities		**(8)**	**(33)**
Cash flows from financing activities			
Interest paid	**17**	(54)	(54)
Net Cash flows from financing activities		**(54)**	**(54)**
Net increase/(decrease) in cash and cash equivalents		**426**	**(185)**
	8	60	245
Cash and cash equivalents at start of fiscal year		426	(185)
Increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at end of fiscal year	**8**	**486**	**60**

The notes on pages 11 to 35 form an integral part of these financial statements.

Notes on the financial statements

1 General information

ASPROFOS S.A. is a wholly owned subsidiary of HELLENIC PETROLEUM S.A. The Company provides specialized services in the field of industrial investments with a focus on investments in refineries, natural gas and infrastructure projects which range from the preparation of feasibility studies and basic and detailed designs to construction supervision and start-up services.

The Company is based in Greece, with registered offices at 284, El. Venizelou Str., Kallithea, 17675. The Company's website is at ***www.asprofos.gr***.

The accounting principles applied for the calculation and recognition of accounting figures are the same as those applied int he consolidated accounting statements of the Hellenic Petroleum Group as at 31 December 2012. The functional currency and the reporting currency of the Company is the Euro and the financial figures presented in these financial statements are expressed in thousands unless otherwise mentioned.

These financial statements have been approved for issue by the Board of Directors on **23 April 2013**. The Company's Shareholders can amend the Financial Statements after Publication.

2 Summary of Significant Accounting Policies

The accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied for all fiscal periods presented, unless otherwise stated.

2.1 Basis of preparation of the Financial Statements

The financial statements of ASPROFOS ENGINEERING S.A. for the fiscal year ended December 31, 2012 have been prepared by management in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and according to the interpretations of the International Financial Reporting Standards Interpretations Committee, as adopted by the European Union.

These financial statements presented were prepared based on the historical cost convention. The preparation of financial statements in accordance with International Accounting Standards demands the exercise of judgment on the part of the management of the Company as well as the use of estimates in the process of applying the accounting principles to calculate various accounting values. Areas requiring a greater degree of subjectivity, or of increased complexity, or where assumptions and estimates are significant for the financial statements, are referred to under Note 4, "Significant accounting estimates and assumptions". These estimates are based on the perception of events and actions by the management of the Company and actual events may differ from such estimates.

2.1.1 Going concern

The financial statements as at December 31, 2012, prepared in accordance with International Financial Reporting Standards (IFRS), fairly present the Company's financial position, profits and losses and cash flows based on the principle of its operation as a going concern. In assessing the implementation of the going concern principle, Management evaluated the following:

Macroeconomic environment: As a result of the economic crisis and political instability in Greece during 2012, the financial environment remains challenging. Nevertheless, it is estimated that recent developments (the successful completion of the bond swap program, the new coalition government that has made a commitment towards continuing the reforms to support competitiveness, the voting of the new measures by the Greek parliament, the injection of liquidity into the economy by international lenders) had a positive effect on the evaluation of the policies and financial risks of the Greek economy.

Refinancing of the Hellenic Petroleum Group: Due to significant lending obligations that ended within 2012 or in January of 2013, the Group processed an overall refinancing plan in order to secure the necessary amounts and by extension the unhindered operation of the Group.

Development of business activities: The revenue forecasts for 2013 depend, to a substantially reduced extent, on the provision of services to the parent company. At the same time, ongoing promotional efforts which began 2 years ago are continuing, specifically in the markets of Eastern Europe and the Middle East. These efforts have already begun to bring in contracts for the provision of services there in 2012. The development of a strategic study to systematically develop new markets abroad is also underway, and is accompanied by appropriate arrangements for the formation of strategic alliances. Lastly, the Company is proceeding with substantial cutbacks in operating costs, primarily through a programme of restructuring accompanied by drastic cuts across all its operational expenses.

On 31.12.12 the Company's total equity stood at less than 1/2 of its shares capital, meaning that the provisions of Article 47 of Cod. Law 2190/1920 apply. It is therefore anticipated that a decision will be made to increase the Share Capital in the near future.

2.1.2 Changes in standards and interpretations

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for accounting periods beginning during the current reporting period or later. The Company's evaluation of the effect of these new standards, amendments and interpretations is presented below.

<u>Standards and Interpretations mandatory for the current fiscal year</u>

IFRS 7 (Amendment) "Financial instruments: Disclosures"- transfers of financial assets

This amendment sets out disclosure requirements for transferred financial assets not derecognised in their entirety as well as for transferred financial assets derecognised in their entirety but in which the Group has continuing involvement. It also provides guidelines for application of the disclosure requirements. This amendment has no effect on the Company's financial statements.

<u>Standards and Interpretations mandatory for fiscal periods starting 1 January 2013 or later.</u>

IFRS 9 "Financial Instruments" (<u>applies to annual periods starting on or after 1 January 2015</u>**)**

IFRS 9 is the first phase of the International Accounting Standards Board's project to replace IAS 39 and refers to the classification and measurement of financial assets and financial liabilities. The IASB intends to expand IFRS 9 in subsequent phases in order to add new requirements for impairment and hedge accounting. The Company is currently investigating the impact of IFRS 9 on its financial statements.IFRS 9 cannot be adopted for the time being by the Company as it has not yet been adopted by the European Union. Only once it is adopted will the Company decide whether it will apply IFRS 9 before 1 January 2015.

IAS 12 (Amendment) "Income taxes" (<u>applies to annual periods starting on or after 1 January 2013</u>**)**

The amendment to IAS 12 provides a practical approach for measurement of deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in accordance with IAS 40 "Investment Property". This amendment does not apply for the Company.

IFRS 13 "Fair Value Measurement" (<u>applies to annual periods starting on or after 1 January 2013</u>**)**

IFRS 13 provides new guidelines regarding fair value measurement and disclosure requirements. The requirements of this standard do not extend the use of fair value accounting, but provide clarifications as to how it should be applied in cases where its use is already required by other standards. IFRS 13 provides a precise definition of fair value as well as instructions concerning the measurement of fair value and disclosure requirements which are independent of the standard based on which fair value is used. In addition, disclosure requirements are expanded to apply to all assets and liabilities measured at fair value, not just financial ones.

IFRIC 20 "Stripping Costs in the Production Phase of a surface mine" (<u>applies to annual accounting periods starting on or after 1 January 2013</u>**)**

This interpretation sets out the accounting for the costs of overburden waste removal (stripping) in the production phase of a mine. The interpretation may require mining entities to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body.The interpretation applies only to stripping costs incurred in surface mining activity, and does not address underground mining activity or activities related to extraction of oil or natural gas.

IAS 1 (Amendment) "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 July 2012)

The amendment requires business entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future.

IAS 19 (Amendment) "Employee Benefits" (applies to annual periods starting on or after 1 January 2013**)**

This amendment makes significant changes to the recognition and measurement of defined benefit plan expenses as well as pension and termination benefits (eliminating the corridor approach) and to disclosures concerning all employee benefits. The key changes relate mainly to recognition of actuarial gains and losses, recognition of past service cost / curtailment, measurement of pension expenses, disclosure requirements, treatment of expenses and taxes relating to defined employee benefit plans and to the distinction between "short-term" and "long-term" benefits.

IFRS 7 (Amendment) "Financial instruments: Disclosures" (applies to annual periods starting on or after 1 January 2013**)**

The IASB has published this amendment in order to incorporate additional information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements with respect to financial assets, including the off-set right associated with the entity's recognized financial assets and liabilities, on the entity's financial position.

IAS 32 (Amendment) "Financial instruments: Presentation" (applies to annual periods starting on or after 1 January 2014**)**

This amendment to the application guidelines of IAS 32 clarifies some of the requirements for offsetting financial assets and financial liabilities in the statement of financial position.

Group of standards with regard to the consolidation and joint arrangements (they are implemented during the annual accounting periods starting on or after January 1st, 2014)

The IASB published five new standards in relation to consolidation and joint arrangements: IFRS 10, IFRS 11, IFRS 12, IAS 27 (Amendment), IAS 28 (Amendment). These standards apply to the annual annual periods starting on or after 1 January 2014. Their early implementation is allowed only if all five of these standards are implemented at the same time. The Company is currently investigating the impact of the new standards on its financial statements. The main terms of the standards are the following:

IFRS 10 "Consolidated Financial Statements"

IFRS 10 replaces all the guidelines with regard to the instructions regarding audit and consolidation that are provided in IAS 27 and SIC 12. The new standard changes the definition of control as a decisive factor in order to decide whether a financial entity must be consolidated. The standard provides extensive clarifications that dictate the different ways in which an economic entity (investor) can control another economic entity (investment). The revised definition of control focuses on the need to simultaneously have the right (the possibility of directing the activities that significantly affect the performances) and the variable returns (positive, negative or both) in order to have control. The new standard also provides clarifications with regard to substantive and protective rights, as well as agency relationships.

IFRS 11 "Joint Arrangements"

IFRS 11 provides a more realistic reflection of joint arrangements by focusing on the rights and obligations, rather than their legal form. There are two types of arrangements: joint operations and joint ventures. The proportional consolidation method is no longer allowed. Participants in joint ventures must apply consolidation with the equity method. Economic entities participating in joint operations apply similar accounting with what participants in jointly controlled assets or jointly controlled operations apply for the time being. The standard also provides clarifications with regard to the participants in joint arrangements, without having joint control.

IFRS 12 "Disclosure of Interests in Other Entities"

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

IAS 27 (Amendment) "Separate Financial Statements"

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

IAS 28 (Amendment) "Investments in Associates and Joint Ventures"

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

IFRS 10, IFRS 11 and IFRS 12 (Amendment) "Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance"
(applies to annual periods starting on or after 1 January 2013).

The amendment to the transition requirements in IFRSs 10, 11 and 12 clarifies the transition guidance in IFRS 10 and limits the requirements to provide comparative information for IFRS 12 disclosures only to the period that immediately precedes the first annual period of IFRS 12 application. Comparative disclosures are not required for interests in unconsolidated structured entities. The amendments have not yet been endorsed by the EU.

IFRS 10, IFRS 12 and IAS 27 (Amendment) "Investment entities" (applies to annual periods starting on or after 1 January 2014)

The amendment to IFRS 10 defines an investment entity and introduces an exception from consolidation. Many investment funds and similar entities that meet the definition of investment entities are exempted from the requirement on consolidation of most subsidiaries, which are accounted for as investments at fair value through profit or loss, although control is exercised. The amendments to IFRS 12 introduce the disclosure requirements that an investment entity must meet. The amendments have not yet been endorsed by the EU.

Amendments to standards that form part of the IASB's annual improvements project for 2011.

The amendments set out below describe the key changes to IFRSs following the publication in May 2012 of the results of the IASB's annual improvements project. These amendments apply to the annual accounting periods starting on or after the 1st of January 2013 and have not been endorsed yet by the European Union.

IAS 1 "Presentation of Financial Statements"

This amendment provides clarifications with regard to the necessary disclosures for the comparative information when an economic entity compiles one more balance sheet or (a) as required by IAS 8 "Accounting policies, changes in accounting estimates and errors" or (b) on a voluntary basis.

IAS 16 "Property, plant and equipment"

The amendment clarifies that spare parts and the other stand-by equipment and servicing equipment are classified as property, plant and equipment and not as reserves when they meet the definition of property, plant and equipment, that is, when they are used for more than one periods.

IAS 32 "Financial instruments: Presentation"

The amendment clarifies that the income tax related to distribution is recognised in results and the income tax related to transaction expenses directly in equity, is recognised in equity, according to IAS 12.

IAS 34 "Interim Financial Reporting"

The amendment clarifies the necessary clarifications for the assets and liabilities of the segments in the interim financial report, according to IFRS 8 "Operating segments".

2.2 Foreign exchange conversions

(a) Functional currency and presentation currency

The items in the Company's financial statements are measured in the currency of the primary economic environment in which each Company operates ("functional currency"). Financial statements are reported in Euros, which is the functional currency and the presentation currency of the Company.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the date of transaction. Profits and losses from foreign exchange differences that arise from the settlement of such transactions during the fiscal year and from the translation of monetary items into foreign exchange at current rates applicable on the balance sheet date are recorded in profit and loss, except where they are transferred directly to equity since they relate to cash flow hedging and net investment hedging activities.

Profits/losses due to profits/losses and which arise from the estimated value of Cash and Cash Equivalents are recorded as financial profits/losses.

2.3 Tangible assets – property, plant and equipment

Tangible assets mainly include offices. Tangible assets are shown at acquisition cost less accumulated depreciation and impairment, with the exception of land which is valued at cost less impairment. Acquisition costs include all expenses directly attributable to the acquisition of assets. Subsequent expenditure is added to the book value of tangible assets or as a separate asset only where it is probable that future financial benefits associated with the asset will accrue to the Company, and that their cost can be measured reliably. The cost of repairs and maintenance is removed from the results when it occurs.

Land is not depreciated. Depreciation of other tangible assets is calculated using the straight line method over their useful life as follows:

- Land	Not applicable
- Buildings	20 years
- Other equipment	5 years

The residual values and useful economic life of tangible assets (property, plant and equipment) are subject to reassessment at least at each balance sheet date.

When the book values of tangible assets exceed their recoverable value, the difference (impairment) is entered in the income statement as an expense.

Profits or losses from the sale of tangible assets are determined by the difference between the amount accruing and their net book value. These profits or losses are written off in the profit and loss statement as part of other net income (expenses).

2.4 Intangible assets

Software

The software cost includes the cost of obtaining software licenses. The cost of software user licenses is capitalized on the basis of acquisition and development costs for the specific software. These costs are depreciated using the straight-line method over the length of its useful life (3 years).

2.5 Impairment of non-financial assets

Assets with an indefinite useful life are not depreciated, and are subject to impairment testing on an annual basis, and whenever certain events or changes in circumstances suggest that their book value may not be recoverable. Assets which are depreciated are subject to impairment audits when there are indications that their book value is not recoverable. Impairment losses are recognized to the extent of the amount by which the book value of the asset exceeds its recoverable value. The recoverable value is the higher of fair value, reduced by disposal cost, and use value (current value of expected future cash flows accruing in view of management's estimates of future financial and operating conditions). To assess impairment, loss assets are placed in the smallest possible cash-generating units. Any non-financial assets, apart from goodwill, which have undergone impairment, are reassessed for possible impairment reversal on each balance sheet date.

2.6 Financial Assets

The financial assets of the Company are classified into the "loans and receivables" category. This category includes non-derivative financial assets with fixed or predefined payments which are not traded in active markets and there is no intention of selling them. They are included in current assets, apart from those with maturities longer than 12 months after the balance sheet date, which are included in non-current assets. Receivables are included in the balance sheet either in the category of "Trade and other receivables" or the category "Cash and Cash Equivalents" and are presented at amortized cost using the effective interest rate (see note 2.7).

2.7 Trade and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Impairment losses for doubtful accounts are recognized when there is objective evidence that the Company is not in a position to collect all amounts due to it under the contractual terms.

Serious problems faced by the customer, the probability of bankruptcy or financial restructuring or the inability to meet scheduled payments are considered evidence that the receivable value has been impaired. The amount of the impairment provision is the difference between the book value of receivables and the present value of estimated future cash flow, {\expndtw-1 discounted at the effective interest rate.} The amount of the impairment loss is recognized in profit and loss and included under the "Administrative and sales expenses" account.

The nominal value less provisions for doubtful receivables and payables is estimated to approach their true value.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash, sight deposits, and short-term investments of up to 3 months, with high liquidity and low risk and bank overdrafts.

2.9 Share capital

Share capital includes the Company's ordinary shares. Direct expenses for the issue of shares are shown following subtraction of the relevant income tax, reducing the proceeds from the issue.

2.10 Employee benefits

(a) Obligations due to retirement

The Company has both defined contribution and defined benefit schemes in place.

The pension plan is a defined contribution plan under which the company makes fixed payments to a separate legal entity. The Company has no legal obligation to pay additional contributions if the fund does not have sufficient assets to pay all employees' benefits relating to their service in this and previous periods.

In respect of other defined contribution plans the company pays contributions to state pension funds on a mandatory basis. The Company has no other obligation once it has paid its contributions. The contributions are recognized as personnel expenses when due. Prepaid contributions are recognized as an asset where they may be refunded or can be offset against new debt.

The pension scheme is a defined benefit plan that sets aside a specific amount for payment of a pension that an employee will receive when he retires, which usually depends on one or more factors such as age, years of experience and level of earnings. The Company does not fund a defined pension benefit plan.

The liability recognized in balance sheet for defined benefit plans is the present value of the liability for defined benefit minus the fair value of the assets forming part of the scheme, the changes arising from the unrecognized actuarial gains and losses and past service costs. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is calculated by discounting future cash flows at a discount rate equivalent to the interest rate on long-term Greek government bonds with a duration approximately equal to that of the pension plan.

The cumulative actuarial gains and losses resulting from adjustments based on historical data and the assumptions of the actuarial study which exceed 10% of the value of assets of the scheme or 10% of defined contribution liability are recognized in profit and loss through the expected average of the remaining insured working life of the participants in the plan.

The cost of past service is directly recognized in profit and loss, except for cases where changes in the scheme depend on the remaining working life of company employees. In such cases past service costs are recorded in the profit and loss using the straight line method within the maturity period.

b) Employment termination benefits

Employment termination benefits are payable when employees leave before their retirement date or when the employee leaves voluntarily in exchange for such benefits. The Company recognizes these benefits when it has made the commitment to do so, either when terminating employment of current employees in accordance a detailed formal plan without the alternative of refusal, or when it offers such benefits as an incentive for voluntary redundancy. When such termination benefits are deemed payable in periods that exceed twelve months from the Balance Sheet date, then they must be discounted at their current value.

2.11 Provisions

Provisions for risks and liabilities are made when the company has legal contractual obligations arising from past actions, or is likely to require future outflows for the settlement of such obligations and these obligations can be estimated with reasonable accuracy. Restructuring provisions include fines in respect of termination of salary contracts and fees related to employee termination of service. Provisions may not be made in respect of potential future operating losses.

Provisions are calculated at the present value of management's best estimates of the expenditure required to settle expected liabilities at the end of the reporting period. The discount rate used reflects market conditions and the time value of money as well as increases specific to the liability.

2.12 Suppliers and other liabilities

Trade and other payables are recognized initially at fair value and subsequently measured according to the amortized cost using the effective interest method. Accounts payable are classified as short-term if payment is due in one year or less. If not they are shown as long term liabilities.

2.13 Current and deferred taxation

Deferred income tax is determined using the liability method in respect of temporary differences arising between the book value and the tax bases of assets and liabilities shown in the financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither the accounting or the taxable gains or losses. Deferred tax is determined using the tax rates and laws in force as of the date of the balance sheet, and which are expected to be in force when the deferred tax receivables accrue or deferred tax liabilities are repaid.

Deferred tax receivables are recognized to the extent that there will be future taxable gains making use of the temporary difference that gives rise to deferred tax receivables.

Deferred tax receivables and liabilities are offset only if the offsetting of tax receivables and liabilities is permitted by law, and provided that deferred tax receivables and liabilities are determined by the same tax authority for the tax paying entity or other different entities, and the intention has been expressed to proceed to settlement by way of offset.
These financial statements do not contain recognized deferred tax provisions as the Company estimates that there will be sufficient taxable profits in subsequent years to offset the total loss.

2.14 Recognition of revenues

Revenue is comprised of the fair value of services provided in the field of design studies - technical services, and is net of Value Added Tax, discounts and rebates. Revenue is recognized as follows:

a) Revenue from the provision of services

Revenue from services provided, based on framework contracts, is recognized on the basis of costs accruing in the period plus a margin of profit.

(b) Fixed Price Contracts

Revenue based on fixed price contracts are recognized in the period services are provided, based on the stage of completion of the service in relation to total income receivable for the services rendered.

(c) Income from Interest

Income from interest is calculated pro rata over time using the effective interest rate. When a receivable is impaired, the book value is reduced to its recoverable amount, which is the present value of expected future cash flows discounted at the original effective interest rate, allocating the discount as income from interest.

2.15 Leasing

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases.. Finance leases are capitalized at the start of the leasing period at the lower of the fair value of the leased asset and the current value of the minimum lease payments. Each lease payment is apportioned between the reduction of the liability and the financial expenses so that a fixed rate is achieved on the residual financial liability. The respective lease liabilities, net of financing charges, are included in long-term liabilities. That portion of the costs of financing the lease which corresponds to interest is recognized in the income statement over the term of the lease such that a fixed rate of interest is established on the balance of the liability remaining in each period. Fixed assets acquired through finance leases are depreciated over the shorter period between their useful life and the term of the lease.

The Company has not made any financial leasing arrangements.

Leases under which the risks and rewards incidental to ownership remain with the lessor are classified as operating leases. The payments made for operating leases (net of any incentives offered by the lessor) are recognized in the income statement using the straight line method over the period of the lease.

For the purposes of preparation of these financial statements, the Company has entered into operating leases as presented in note 21.

2.16 Comparative data

Certain comparative items of the previous year were reclassified to become comparable to those of the current year.

(amounts in EUR thousand)

3 Financial risk management

Financial risk factors

The business activities of the Company are conducted in the Greek market, and the greater part of its activity involves transactions with its parent company Hellenic Petroleum S.A. As such the Company has limited exposure to market risk. The same applies to currency exchange, credit and cash flow risks, and the risk associated with changes in fair value due to fluctuations in interest rates. On the other hand, the Company is exposed to liquidity risk.

(a) Market risk

Currency exchange risk : The functional currency of the Company is the Euro. Currency exchange risks for the Company are considered to be limited given that its transactions are conducted in the functional currency.

(b) Credit risk

The Company has no significant concentrations of credit risk since the majority of receivables originate with companies in the HELLENIC PETROLEUM Group. Customers outside the Group are Companies which have a proven record of creditworthiness.

The table below shows the distribution of customer receivables:

	31 December 2012	**31 December 2011**
Total customer receivables	3,534	8,335
Of which:		
Balance for the credit period not impaired	2,414	2,183
Impaired Balance	98	53
	3,436	**8,282**

(amounts in EUR thousand)

Provisions for doubtful receivables

The maximum exposure to credit risk at balance sheet date is the fair value of each class of receivable referred to above. Provisions are made for doubtful receivables for which it estimated that failure to collect will create losses.

The breakdown of customer receivables with maturity dates outside the credit period but not considered impaired, is as follows:

	31 December 2012	31 December 2011
Up to 30 days	894	1,218
30-90 days	986	572
More than 90 days	534	393
Total	**2,414**	**2,183**

The breakdown of maturation dates of impaired trade receivables:

	31 December 2012	31 December 2011
Up to 30 days	-	-
30-90 days	-	-
More than 90 days	98	53
Total	**98**	**53**

The balance of impaired receivables comes from other wholesale customers who are in financial difficulties, though it is expected that part of these will be collected.

(c) Liquidity risk

Liquidity risk is handled by the Company's Finance Department in collaboration with the parent company. The free flow of cash within the Company is dependent on the cash liquidity management at Group level, given that the Company has a high concentration of receivables in HELLENIC PETROLEUM S.A..

Given market developments during 2012, the liquidity risk is greater and cash management has become a more pressing imperative. The Company has no outstanding financial liabilities for the year ended December 31, 2012 so liquidity risk management is limited to liabilities to trade suppliers and other creditors. The liabilities on 31 December 2012, come to 1.392 thousand euros (31.12.2011: 880 thousand euros) that fall due within one year and are equal with the current balances, also their discount effect in not significant.

(d) Cash flow risk and risk from changes in fair value due to changes in interest rates

The Company is not exposed to risks associated with changes in fair value due to changes in interest rates since it does not have any standing loan arrangements during the fiscal years covered by the financial statements.

(e) Management of capital risk

The Company's goals in relation to capital management are to ensure its uninterrupted operation in the future, with the aim of providing satisfactory returns for shareholders and other stakeholders, as well as maintaining optimum capital allocation and thus minimize the opportunity cost of capital employed.

The Company has no outstanding loans in the fiscal periods in question, and shows positive cash and cash equivalent balances.

4 Significant accounting estimates and assumptions

The company makes certain estimates and assumptions in relation to the future. By definition therefore these estimates will seldom coincide exactly with actual events, are mentioned below. The estimates and assumptions involving a significant risk of revaluation of the book value of assets and liabilities in the subsequent financial period are indicated below.

Estimates and assumptions are continually reassessed and are based on past experience adjusted in accordance with current market conditions and other factors, including expectations of future events.

(a) Income Tax

The Company is subject to tax and judgment must be used to determine income tax provisions. There are transactions and calculations for the determination of the tax.

The Company has not set aside a provision for liabilities arising from anticipated tax audits or due to accumulated tax losses, but estimates that significant future tax liabilities will not arise from such audits. If the final tax amount is different from that initially recognized, such differences will impact income tax as recognized in the income statement.

Management believes that it is unlikely that there will be sufficient taxable profits to offset the total of tax losses and therefore there are no recognized deferred tax assets.

(b) Pension plans

The present value of pension provisions depends on a number of factors determined by actuarial methods and assumptions. One such actuarial assumption is the discount rate used to calculate the cost of the provision.

The Company determines the appropriate discount rate at the end of each year. This is defined as the rate that should be used to determine the present value of future cash flows which would be necessary to meet pension plan obligations. In order to determine the appropriate discount rate, the Company uses the interest rate of low-risk corporate bonds, converted into the currency in which the liability is paid, with a due date near to that of the relevant pension plan liability.

Other important assumptions relating to pension plan obligations are based in part on current market conditions. Further information is presented in Note 14 of this document.

(amounts in EUR thousand)

5 Tangible fixed assets - property, plant and equipment

	Land	Buildings	Vehicles	Furniture & other equipment	Total
Cost					
Balance as at 1 January 2011	**1,283**	**7,580**	**-**	**1,472**	**10335**
Additions	-	-	-	25	25
Sales/disposals	-	.	-	(331)	(331)
Balance as at 31 December 2011	**1,283**	**7,580**	**-**	**1,166**	**10,029**
Accumulated depreciation					
Balance as at 1 January 2011	**-**	**4,470**	**.**	**1,335**	**5,805**
Amortization for the period	-	371	-	59	430
Sales/disposals	-		-	(331)	(331)
Balance as at 31 December 2011	**-**	**4,841**	**-**	**1,063**	**5,904**
Net book value as of 31 December 2011	**1,283**	**2,739**	**-**	**103**	**4,125**
Cost					
Balance as of 1 January 2012	**1,283**	**7,580**		**1,166**	**10,029**
Additions	-	2	-	7	9
Sales/disposals	-	-	-	-	-
Balance as at 31 December 2012	**1,283**	**7,582**	**_**	**1,173**	**10,038**
Accumulated depreciation					
Balance as of 1 January 2012	**-**	**4,841**	**-**	**1,063**	**5,905**
Amortization for the period	-	342	-	46	388
Sales/disposals	-		-	-.	-
Balance as at 31 December 2012	**-**	**5,183**	**_**	**1,109**	**6,293**
Net book value as of 31 December 2012	**1,283**	**2,399**	**-**	**64**	**3,745**

The Company has not committed any tangible assets as security against its loan obligations.

(amounts in EUR thousand)

6 Intangible assets

	Software	**Total**
12 month period to 31 December 2011		
Cost		
Balance as at 1 January 2011	**1,213**	**1,213**
Additions	33	33
Balance as at 31 December 2011	**1246**	**1246**
Accumulated depreciation		
Balance as at 1 January 2011	1,149	1,149
Amortization for the period	42	42
Balance as at 31 December 2011	**1,191**	**1,191**
Net book value as of 31 December 2011		
	55	**55**
Cost		
Balance as of 1 January 2012	**1246**	**1246**
Additions	4	4
Balance as at 31 December 2012	**1,250**	**1,250**
Accumulated depreciation		
Balance as of 1 January 2012	1,191	1,191
Amortization for the period	32	32
Balance as at 31 December 2012	**1,223**	**1,223**
Net book value as at 31 December 2012	**27**	**27**

(amounts in EUR thousand)

7. Trade and other receivables

	31 Δεκεμβρίου 2012	**31 Δεκεμβρίου 2011**
Trade	3,534	8,335
Less: Provision for impairment of receivables	(98)	(53)
Net trade receivables	**3,436**	**8,282**
Other receivables	189	251
Total	**3,625**	**8,533**

The book values of the above receivables represent their fair values.

Other assets include receivables from personnel, withheld taxes and accrued expenses deferred.

The movement in provisions for impairment of trade receivables is as follows:

	31 Δεκεμβρίου 2012	**31 Δεκεμβρίου 2011**
Balance as at 1 January	53	-
Charges/(Credits) in income statement	45	53
Balance as at 31 December	98	53

The movement in provisions for doubtful debts has been recorded in the income statement as an administrative and distribution expense.

(amounts in EUR thousand)

8 Cash and cash equivalents

	31 December 2012	31 December 2011
Cash available	486	60
Total liquid assets available	**486**	**60**

The weighted average current interest rate was:

Euro	31 December 2012	31 December 2011
	0.75%	1.25%

9 Share Capital

	Number of Shares	Share capital
31 December 2011	**171,300**	**5,027**
31 December 2012	**171,300**	**5,027**

The share capital of the Company is fully paid up and the shares have been issued and assigned to shareholders. The nominal value of one share in the Company is € 29.35 (31 December 2008: 29.35)

(amounts in EUR thousand)

10 Reserves

	Statutory Reserves	Untaxed Reserves	Total
Balance as at 31st December 2011	**206**	**1,514**	**1,720**
Balance as at 31st December 2012	**206**	**1,514**	**1,720**

Statutory reserves

According to Greek law, companies are required to transfer at least 5% of annual net profits, according to their accounting books, to a statutory reserve until that reserve is equivalent to one third of their share capital. This reserve may not be distributed, but can be used to offset losses.

Untaxed reserves

Untaxed reserves concern:

- Profits untaxed under the applicable tax and institutional framework in force at the time. If the distribution of profits will be taxable under the tax rate which will apply at the time of distribution to shareholders or their conversion to equity.
- Partially taxable reserves taxed at a rate which is below the applicable effective rate in force at the time. If the distribution of profits will be taxable under the tax rate which will apply at the time of distribution to shareholders or their conversion to equity.

11 Suppliers and other liabilities

	31 December 2012	31 December 2011
Trade payables	817	1,635
Value Added Tax	1,086	469
Insurance organisations and other taxes	701	980
Accrued expenses	397	96
Other liabilities	86	141
Total	**3,087**	**3,321**

Other liabilities refer to obligations to other creditors.

(amounts in EUR thousand)

12 Personnel retirement benefit liabilities

	31 December 2012	31 December 2011
Balance sheet liabilities for:		
Retirement benefits	4,081	5,729
Total	**4,081**	**5,729**

	31 December 2012	31 December 2011
Income statement charge:		
Retirement benefits	2,414	560
Total	**2,414**	**560**

The amounts recorded in the Balance Sheet have been determined as follows:

	31 December 2012	31 December 2011
Present value of non-financed liabilities	3,201	5,514
Unrecognized actuarial profits/(losses)	880	215
Unrecognized past service cost	-	-
Total	**4,081**	**5,729**

The amounts entered in the Income Statement are as follows:

	31 December 2012	31 December 2011
Current employment costs	268	312
Interest costs	213	223
Current profits / (losses)		-
Total	**481**	**535**
Additional voluntary redundancy plan expenses	1,933	25
Total included in personnel costs	**2,414**	**560**

The change in liabilities recorded in the balance sheet is as follows:

(amounts in EUR thousand)

	31 December 2012	**31 December 2011**
Opening balance	5,729	5,308
Total expenses charged in the profit and loss statement	2,414	560
Contributions paid	(4,062)	(139)
Closing balance	**4,081**	**5,729**

The main actuarial assumptions used are as follows:

	31 December 2012	**31 December 2011**
Discount rate	4.0%	4.5%
Future salary increases	0.5%	2.0%
Average remaining working life	15 years	13 years

13 Other long-term liabilities

	31 December 2012	**31 December 2011**
Rent guarantees	2	-
Closing balance	**2**	**-**

14 Employee benefits

	Year ended	
	31 December 2012	**31 December 2011**
Wages and salaries	8,183	9,271
Payment of social insurance contributions	1,721	1,901
Payment of pension plan costs	313	341
Other employee benefits	115	161
Compensation under L. 2112/20	1,948	32
Less Manpower Employment Organization subsidies	-	(329)
Total	**12,280**	**11,377**

Other benefits include medical benefits and insurance, and provisions for training and further education.

(amounts in EUR thousand)

15 Expenses by category

	Year ended 31 December 2012	31 December 2011
Personnel fees and expenses	12,280	11,706
Less Manpower Employment Organization subsidies		(329)
Provisions for employee compensation	368	528
Provisions for doubtful debts	45	-
Depreciation of tangible assets	388	431
Repair and maintenance costs for property, plant and equipment	115	136
Maintenance costs for intangible assets	159	164
Depreciation of intangible assets	32	42
Insurance Premiums	77	90
Operating lease rents	133	151
Travel/transport costs	335	298
Office stationery/printed items	28	45
Conference expenses and advertising	42	15
Other Professionals' Fees	2,707	3,338
Subcontractors	325	828
Recoverable expenses	42	80
Other Taxes/Duties	418	199
Miscellaneous expenses	7	30
Other	183	386
Total	**17,684**	**18,138**
Attributable to:		
Cost of goods sold	13,886	14,910
Administrative expenses	3,037	2,688
Distribution costs	761	540
	17,684	**18,138**

16 Other income/(expenses)

	Year ended 31 December 2012	31 December 2011
Income from subsidies	42	19
Services to third parties	1	17
Income from unused provisions	3	40
Income from leasing/rental	19	26
Total	**65**	**102**

(amounts in EUR thousand)

17 Financial expenses (net)

	Year ended	
	31 December 2012	**31 December 2011**
Interest payments on outstanding debt		
Other financial expenses	(54)	(31)
	(54)	(31)
Interest receivable		
Income from interest	5	25
	5	**25**
Financial operating profits/(losses)	**(49)**	**(6)**

18 Taxes

	Year ended	
	31 December 2012	**31 December 2011**
Tax of income abroad	(1)	(5)
Total	**(1)**	**(5)**

(amounts in EUR thousand)

19 Cash flows generated from operating activities

	Note	Year ended	
		31 December 2012	**31 December 2011**
Fiscal Period Profits/(Losses)		**(3,017)**	**13**
Depreciations of tangible and intangible assets	**5.6**	420	472
Financial (income)/expenses	**19**	49	6
Provisions		(1,648)	421
		(4,196)	**912**
Changes in working capital (Increase) / decrease in receivables		4916	(1,867)
Increase /(decrease) of payables		(231)	839
Other taxes	**18**	(0)	(5)
		4,684	**(1,033)**
Net cash flows from operating activities		**488**	**(121)**

20 Contingent liabilities and litigation

a) The Company is involved in various legal cases and has various outstanding matters pending in relation to the Company's ordinary course of business. Based on information available to date, management believes that the outcome of these cases will have no material effect on the Company's results or financial position, and therefore has made no provisions in this respect.

b) ASPROFOS S.A. has been tax audited for the periods up to 2004 inclusive ASPROFOS S.A. has not been subjected to a tax audit for fiscal years 2005 through 2010. Management estimates that there will be no significant tax encumbrances from future audits, and has therefore formed no relevant provision.

c) As of December 31, 2012 the Company has outstanding bank letters of guarantee for good performance of projects undertaken amounting to € 1,308 thousand.

(amounts in EUR thousand)

21 Commitments and other contractual obligations

The sole contractual obligation to which the Company is committed is the financial leasing of 21 private passenger cars. Future total lease payments due under operating leases are as follows:

TABLE

	31 December 2012	**31 December 2011**
Up to 1 year	55	58
From 1-5 years	165	232
Over 5 years	-	
Total	**220**	**290**

The costs of leasing recorded in the income statement for the fiscal period were €72 thousand (€75 thousand for 2011).

22 Transactions with related parties

i. Sales of goods and services

	Year ended	
	31 December 2012	**31 December 2011**
Sales of services		
HELLENIC PETROLEUM SA	11,147	14,518
Other Group Companies	195	238
Other associated companies	1,598	2,247
	12,940	**17,003**

(amounts in EUR thousand)

ii. Other balances for the fiscal periods arising from sales/purchases of goods/services

	Year ended	
Receivables from related parties:	**31 December 2012**	**31 December 2011**
Group companies—Other customers		
HELLENIC PETROLEUM SA	1,482	5,607
Other Group Companies	43	100
Other associate companies - Balances from related parties	1,096	1,457
	2,621	**7,164**
The balance in respect of related parties includes a sum of €49 thousand receivable from Olympic Airways SA which has been impaired in its entirety.		
Payables to related parties:		
Group companies		
- Balances to customers (advance payments) of Hellenic Petroleum S.A.	-	-
- Balances of supplies of Hellenic Petroleum S.A.	328	695
Other associate companies – Balances from related parties	–	–
	328	**695**
Net balance from related parties	**2,293**	**6,469**

Transactions with related parties are conducted under normal trading and commercial terms which the Company adopts for corresponding transactions with third parties.

Transactions and balances with related companies concern the following:

a) The Company HELLENIC PETROLEUM S.A. and the subsidiary companies.

b) Related parties under common control with the Group due to shareholdings and control rights of the Hellenic State:

- Public Power Corporation Hellas

c) Associated Companies of the Group which are consolidated under the equity method:

- Athens Airport Fuel Pipeline Company S.A. (EAKAA)
- Public Gas Corporation of Greece S.A. (DEPA)
- Hellenic Gas Transmission System Operator S.A. (DESFA)
- TransBalkan Pipeline B.V.
- HELPE - THRACE

iii. Board of Directors' fees

The total fees of the Board of Directors during year 2012 amounted to €346 thousand of which an amount of € 215 thousand concerns fees of the employees' representatives and the payroll cost of the Managing Director.

Correspondingly, in year 2011 they amounted to €387 thousand of which an amount of €269 thousand concerns fees of the employees' representatives and the payroll cost of the Managing Director.

23 Post balance sheet events

There are no other significant events occurring between the balance sheet date 31 December 2012 and the date of submission of this Report.