MANAGEMENT REPORT
THE BOARD OF DIRECTORS
«OFC AVIATION FUEL SERVICES S.A.»
FOR THE SIXTEENTH YEAR 01.01.2014 – 31.12.2014
TO
THE ANNUAL SHAREHOLDERS' GENERAL ASSEMBLY

Spata, 26/02/2015

Ladies and Gentlemen Shareholders,

In accordance with the provisions of Codified Law 2190/20, article 43ª, par.3, we are proud to submit for approval the Management Report of the Board of Directors and the attached financial statements for the sixteenth year for the period 1.1.2014 to 31.12.2014.

A. COMPANY TURNOVER FOR THE YEAR 2014

The estimated fuel volume for 2014 was to 380.000 m^3, whereas the actual fuel volume amounted to 440.093,46 m^3, noting an increase by 15,81% compared to the estimated one. The total Company revenue, as per the Statement of Comprehensive Income on 31 December 2014 amounted to 9.870.310,81 € and collectively came from:

a. The amount of 7.509.932 € regarding the charge of Throughput Fee,

b. The amount of 2.231.273,54 € regarding the Airport Fee which is collected from customers and is thereby attributed unchanged to AIA,

c. The amount of 117.252,89 € regarding revenue deriving from services provided to 3rd parties,

d. The amount of 11.852,38 € regarding other revenue deriving from interest on bank deposits.

The total expenses realized for the year, including depreciations as well as provisions for unforeseen risks, amounted to 5.968.744,86 €. It is noted that the above mentioned expenses do not include the Airport Fee (mentioned above in point –b-) which was attributed unchanged to AIA.

Actual profits before taxes for the year 2014 amounted to 1.670.292,41 € compared to the estimated 2.010.000 €. The decrease in budgeted profits is due to entering provisions for unforeseen risks.

Based on the above, the net profits for the year 2014 after taxes, amounted to 1.199.317,82 €.

Following deductions of income tax and the addition of previous years' profits, retained earnings amount to 7.081.866,03 €.

B. FIXED ASSETS

Within the year 2014, the fixed assets of the Company increased by 26.090,97 €, primarily due to fixed assets improvements.

C. PROFITS DISTRIBUTION - DIVIDENDS

The proposed dividend for distribution, according to the current agreements with AIA, amounts to 1.468.286,94€, which after retaining of tax for dividend distribution, is formed at 1.459.675,69 € which is suggested to be finally distributed to the Shareholders.

D. BOND LOAN

The balance of the Bond Loan on 31/12/2014 is 6.704.755 €.

E. OPERATIONAL RESULTS FOR THE YEAR 2014

The main accomplishments of 2014 are the following:

1. Quality of Operation Services
Implementation of all annual objectives for the year 2014.

1.1 Implementation of all inspections' recommendations.
1.2 Execution of Business Risk Assessment (BRA) according to JIG requirements (Best Practices and Common Processes).
1.3 Co-operation with 3rd Party Company in familiarization with Automation Systems PLC/SCADA and implementing improvements in the above Systems.
1.4 Obtaining the highest ever score by our customers' satisfaction rating since the introduction of the Company's certification per ISO 9001, ISO 14001 & OHSAS 18001, in 2006.
1.5 Revision of 107 Procedures, Work Instructions and Work Forms.
1.6 Execution of major preventive maintenance of Power Generator, Transformers and diesel engines of the firefighting pumps.

2. Fuel Quality (JIG)

Uninterrupted aircraft fuelling meeting all JIG requirements.

3. Operation & Maintenance Budget Execution

Operation and Maintenance actual costs were restrained at 206.893€ compared to 328.300€ of the annual budget, which suggests a saving by 36,9 %.

The main reasons for the above mentioned decrease were:

a. Execution of technical works by OFC personnel (e.g. TCS annual performance check, various electrical works, metallic constructions, etc.).
b. Avoiding Equipment faults by performing preventive maintenance.
c. Saving on electric energy by replacing the old peripheral lights of the Tank Farm external areas with new ones.
d. Decrease in the price of fuels.

4. Training

The annual training program was executed in full.

Training hours amounted to 589, out of which, 43 by 3rd Parties (Occupational Safety Engineer and AIA Environmental Department).
24% of the training hours was invested in Health-Safety-Environment issues, 21% in Management Systems, 20% in JIG and the rest in Automation (SCADA) and Maintenance topics.

5. Safety, Health, Environment

All safety, Health and Environmental objectives were implemented.

Major accomplishments:

5.1 Zero accidents and environmental pollution.

5.2 Execution of large scale annual fire exercise on 5/3/2014 designed by AIA Fire Brigade. The scenario included explosion followed by fire at TANK No 2 and one OFC employee being injured, requiring search and rescue.

5.3 The annual Safety Day using audio visual material provided by "SHELL & MOH AVIATION" Company, took place on 17/6/2014 with the participation of all OFC personnel. This year's motto was "Achieving Goal Zero".

5.4 The annual environmental inspection by AIA showed very good results.

5.5 Underground and aboveground water analysis results, as well as waste, were measured to be within the limits of their respective laws.

5.6 Execution of external Audit in Health-Safety and Environment according to JIG requirements (HSSE MS) by an independent Party (TÜV Austria Hellas) with excellent results, showing full compliance with above JIG requirements.

5.7 Personnel refresher training on Cardiopulmonary resuscitation (CPR) by the Company's Occupational Doctor.

6. Inspections

The annual Joint Inspection Group (JIG) inspection was carried out by AIR BP. It was for the 7th consecutive year that OFC achieved excellent results obtaining a JIG distinction for Operational Excellence; a distinction that has not been achieved by any of the other 170 similar Companies inspected annually by JIG.

Additionally, inspections were carried out by two Airlines (FEDEX & Singapore Airlines) with excellent results and zero findings.

7. Fuel Stock Management

The Fuel Inventory audits conducted by the State Authorities (Customs and Chemical Laboratory Department) resulting in a surplus equal to 113,7m^3, i.e. 0,026% on the fuel volume transferred to aircrafts in 2014, which presents a very efficient stock management within the contractual limits of the Fuel Supplier Agreement, also complying also with JIG Standards of ± 0,1%.

8. Management Systems

The Accredited Company (TÜV Austria Hellas) conducted the annual inspection of Management Systems ISO 9001, ISO 14001 & OHSAS 18001 with excellent results.

F. PENDING COMPANY LITIGATIONS AND PENDING COMPANY CASES

Following No. 5206/2014 Decision of the First Instance Court of Athens, the Company has a call to pay 768.081,37 € plus statutory interest to a supplier, for a case dating back to the construction period of the fuel hydrant facility. The company is going to appeal against the decision of the First Instance Court of Athens, which is about to be submitted until 09.03.2015. For this sum the Company has formed a provision of 1.584.765,49 € in the Financial Statements.

Additionally, following No. 298/2012 Decision of the First Instance Court of Athens, which dismissed legal action against the Company amounting 223.730,32 €, the opposite part has timely filed an appeal against that decision, the hearing of which has been determined on the 10^{th}/ 3/2015, and the relevant amount is depicted on the company's contingent liabilities in the financial statements.

G. FINANCIAL RISK MANAGEMENT

a. Capital Risk Management

The Company manages its capital so as to ensure that it remains viable. Under the current Concession Agreement existing between the Company and AIA, on one hand, the share capital of the Company is fully ensured and is gradually saved up in a dedicated bank account, in order to be attributed unchanged to the Company's shareholders at the Concession's expiry date, and on the other hand, the Company's annual returns in the form of dividends are also ensured, provided that the Company meets its contractual obligations towards AIA, which up to date is fully achieved.

b. Financial Risk Management

The Company does not engage in financial instruments transactions, including financial derivatives, for speculative purposes. On the contrary, it ensures the maximum possible return on cash, through deposit rates at zero risk.

c. Credit Risk

The Credit Risk of the Company concerns mainly receivables from customers and other receivables and is considerably limited because:

- Cash is deposited in the National Bank of Greece which is considered one of the most reliable Greek banks.
- The Company has a significant concentration of its assets, a good percentage of which regards a limited number of customers.
- The Company has signed contracts defining transactions with its customers, according to which collection of receivables is realized simultaneously with the completion of services provided per month.
- The Company received Letters of Guarantee from its customers, to ensure its assets equal to at least double their monthly debt.

d. Liquidity Risk

There is no liquidity risk because of the cash balance available in the Company's bank accounts.

H. KEY FINANCIAL RATIOS (Compared to previous year)

	Ratio	2014	2013
1.	$\frac{\text{Current Assets}}{\text{Total Assets}}$	45,19%	39,03%
2.	$\frac{\text{Tangible Fixed Assets}}{\text{Total Assets}}$	54,81%	60,96%

The above mentioned ratios show the proportion of capital that has been allocated in these two categories.

	Ratio	2014	2013
3.	$\frac{\text{Equity}}{Total\_Liabilities}$	148,53%	159,38%
4.	$\frac{Total\_Liabilities}{\text{Total\_Liabilities and \_Equity}}$	40,23%	38,55%
5.	$\frac{Equity}{Total\_Liabilities\_and\_Equity}$	59,76%	61,45%
6.	$\frac{CurrentA\_Assets}{Short-Term\_Liabilities}$	385,99%	353,65%

Depicts the general Company liquidity that is present by which current assets can cover short term liabilities.

	Ratio	2014	2013
7.	$\frac{Cash}{Short-term\_Liabilities}$	367,24%	337,26%

Depicts the special liquidity of the Company. It determines whether the maturing liabilities are covered at a given time (31.12.14) by Company Cash.

RETURN ON EQUITY RATIOS:

	Ratio	2014	2013
8.	$\frac{Net\_Income\_before\_tax}{Equity}$	11,21%	15,20%
9.	$\frac{Gross\_Income}{Sales(Inventory\_\&\_Services)}$	42,60%	39,82%

10. ***Net Profit margin ratio:***

$$\frac{Net\_Profits}{Sales(Inventory\_\&\_Sales)}$$ 17,14% 26,68%

The above mentioned ratios depict the gross and net profit margin of the Company. The higher the ratios, the better is the Company's financial position, in terms of profit.

MANAGEMENT POLICY RATIOS:

11. *Debtors' ratio:*

$$\frac{Trade\_Receivables}{Sales\_on\_credit(Inventory\_\&\_Services)}x360$$

11,9 days (2014) 15,47 days (2013)

12. *Creditors' ratio:*

$$\frac{Trade\_Payables}{Purchases\_on\_credit}x360$$

60,73 days (2014) 36,57 days (2013)

The above mentioned ratios depict Company credit policy towards customers and suppliers.

I. ANTICIPATED COURSE OF THE COMPANY IN 2015

For the current year, there has been a forecast for fuel volume equal to 440.000 m^3, to be handled through the facility, while in 2014 the fuel volume transferred was 440.093,46 m^3.

We believe that the forecast for fuel volume stabilization during 2015 at 440.000 m^3, is quite conservative because all up to date facts show that fuel volume will probably have an upward trend.

More specifically, during the first two months of 2015, a fuel volume increase of 25% has already been noted as compared to the corresponding period of 2014. There are also reports from AIA that new routes will be included in the flight schedule, from the spring season onwards.

Moreover, the Throughput Fee remains the same to that of the last 5 months of 2014, i.e. 16€/m^3, and in case where there is a substantial increase in fuel volumes for the current year, a further decrease of the Throughput Fee during 2015 will be considered.

Finally, it should be stressed that any fluctuation in fuel volumes will not affect the Company's profitability for the year 2015 because revenue is fully ensured through the allowable adjustment of the Throughput Fee provided by the "Fuel Concession Agreement".

By authorization of the Board of Directors of "OFC Aviation Fuel Services S.A."

CHAIRMAN OF THE BOARD	MANAGING DIRECTOR	FINANCIAL MANAGER
VASILIOS TSIATOURAS **ID No.: AI 100209**	**NIKOLAOS KONTAXIS** **ID No.: AB 594320**	**PETROS KATROS** **ID No.: Σ 124630** **Lic. No.: OEE 2830/ A' CLASS**