



A STAR ALLIANCE MEMBER 

AEGEAN AIRLINES S.A.

**Societe Anonyme Reg. No.: 32603/06/B/95/3
31 Viltanioti Street, Kifissia, Attica**

**Annual Financial Report
for the period
(1st January to 31st December 2014)**

In accordance to art. 4 of Law 3556/2007 and the Board of Directors'
Resolutions of the Hellenic Capital Market Commission

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A. Statements of the Board of Directors' Members
(in accordance to art. 4 paragraph 2 of Law 3556/2007)

It is hereby stated that, to the best of our knowledge the Annual Financial statements of "Aegean Airlines S.A." for the period 1 January 2014 to 31 December 2014 which were prepared in accordance to the International Financial Reporting Standards, they truly reflect all Assets, Liabilities and Shareholders' Equity along with the Income Statement of the Company as well as of the companies included in the consolidation considered as a total.

It is also declared that, to the best of our knowledge the Board of Directors' Annual Report truly reflects the business developments, the performance and the position of the Company as well as of the companies included in the consolidation considered as a total including the key risks and prospects it's facing.

Kifissia, March 26th 2015

The undersigned

Theodore Vassilakis

Dimitrios Gerogiannis

Eftichios Vassilakis

Chairman of the BoD

Chief Executive Officer

Vice Chairman of the BoD

**B. ANNUAL REPORT OF THE BOARD OF DIRECTORS
of the company "AEGEAN AIRLINES S.A."
for the period 1 January 2014 to 31 December 2014**

This report was compiled according to Law 2190/1920 article 43a, Law 3556/2007 article 4 and the Hellenic's Capital Market Board of Directors' resolutions and contains financial and other information of the company "AEGEAN AIRLINES S.A." (hereinafter called the «Company») and its subsidiary company Olympic Air S.A. (hereinafter called the «Group», jointly with the Company). It aims to provide an overview to the shareholders and investors of the Company's general course, financial position and results for the period (01/01/2014 – 31/12/2014) as well as highlight major events that incurred during the period and their impact on the annual financial statements. There is also a description of the main risks and uncertainties which the Company is currently facing or may face in the foreseeable future and finally disclosure of material transactions between the Company and related parties.

Financial review, business developments and major events for 2014

2014 was the second consecutive year of Greek tourism recovery, resulting from the improved attractiveness of the Greek product. The increase in the touristic flows to the country is demonstrated at the data of international tourist arrivals by SETE which confirm that major airports passenger traffic increased by 15.4%.

Tourist flows increased in most Greek airports, while Athens recorded an increase of 770 thousand passengers or 29.4% more than 2013 based on data by SETE. Despite this substantial increase, Athens is still the only major airport that remains below the 2007-2008 traffic volume figures. Looking into the regional airports, traffic in Thessaloniki increased by 16.6%, Rhodes increased by 8.2%, Kos increased by 9.2%, Heraklion increased by 5.4%, Chania increased by 11.8% and Corfu increased by 13.1%.

2014 was a year of growth for Greece as well as for its main regional competitors like Spain and Portugal, which benefited from another year of political instability in the Eastern Mediterranean region. An important factor behind the higher growth of the Greek market is the consistency of private efforts to upgrade the Greek product that now begins to pay off.

In terms of geographical distribution of incoming visitors, according to Bank of Greece 2014 nine months data of travelling non-residents in Greece by country of origin, it appears that the main countries of origin remain broadly unchanged as in 2013: Germany, UK, France, Russia and Italy.

Out of those origin countries, only Russian traffic had a negative trend in 2014, as visitors have been affected by the challenging economic environment in Russia, ruble depreciation against the euro, and bankruptcies of major travel agencies, albeit traffic volumes remain considerably higher than 2012 levels.

In the domestic market, increased competition with lower fares, but also the increased number of transit passengers, coupled with the increased interest of tourists to combine a visit to Athens with the islands had a positive impact on traffic.

Despite the challenging economic conditions, the significant increase in competition from low-cost carriers offering increased capacity, the Company continued focusing into its main objectives, improving the connectivity of its network and exploiting further synergies and economies of scale.

The Company invested its capacity during 2014 in its main base in Athens, taking advantage of the increased demand, serving 47 international destinations, from 32 a year earlier and just 22 in 2012, while at the same time continued to support and further develop all regional bases. Overall, the Company served 119 destinations in 2014 from 104 last year. Extending the network with an increased fleet and achieving synergies with Olympic Air helped the Company take advantage of the increased tourist flow and increased traffic of Greek passengers.

Key operating and financial data for the Group for 2014 as follows:

- Total number of passengers for 2014 was 10.1 m., increased by 14.4% compared with 2013¹.
- Total capacity offered in ASKs increased by 13.6%
- Average load factor increased to 77.3% from 74.4% in 2013¹
- Revenue for 2014 amounted to € 911.8 mil. from € 850.0 mil. in 2013¹, an increase of 7%.
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) were at € 118.8 mil. from € 90.9 mil. in 2013¹
- Earnings before Tax amounted to a profit of € 94.6 mil. from € 70.9 m. in 2013¹
- Cash flow from operating activities were improved with net inflows of € 111.5 mil., compared to net inflows of € 104.8 mil. in 2013
- The healthy capital structure was maintained with zero debt and liabilities from financial leasing contracts amounting to € 58.4 mil., while cash and cash equivalents (€ 207.5 mil.) and investments in corporate bonds (€ 10.9mil.) amounted € 218.4 mil.
- As at 31.12.2014 Group's fleet consisted from 50 aircraft from 45 at 31/12/2013

Prospects

Looking forward in 2015, the strategic priorities of the company are to further expand its international network, offer increased connectivity from the base of Athens and upgrade the base of Cyprus. The Company considers the development of new destinations from Athens as a critical and necessary competitive advance, adding incremental incoming traffic in the city and further strengthening Athens airport profile as a hub.

A key prerequisite for the development of the strategic plan of the Company is the fleet development. In August 2014 the Company renegotiated with Airbus the pending order of 5 new A320s, achieving better terms and increased the order for 7 new A320 that will be delivered in 2015 (4) and 2016 (3). In light of this development, the Company is enhancing its operational capabilities, but also strengthens one of its main competitive advantages: its young fleet.

In relation to the network expansion plans in 2015, the following 16 new destinations are scheduled in nine new countries: Helsinki, Toulouse, Deauville, Metz, Pisa, Malta, Amsterdam, Alexandria, Sharm-el-Sheikh, Paphos, Riyadh, Tallinn, Oslo, Tehran, Yerevan and Dubrovnik. Despite the large number of new routes, a relatively small amount of new capacity is placed to those destinations, as the vast majority of the extra capacity is invested in the routes launched in 2013/2014 in the form of increased frequencies and optimized connectivity.

The second major strategic initiative for 2015 is the expansion of the Cypriot market. Aegean is active in Cyprus for 10 years while during the last 5 years has an operational base in Larnaca. Expansion plans have been accelerated after Cyprus Airways discontinued its operations. Effective from the beginning of the summer season, 4 A320s will be based in Larnaca, while the number of destinations being directly connected with Cyprus will increase to 14 for the high peak summer months. The total offered capacity will increase between 1.2 and 1.5 million seats for direct connections with Greece, and other seven countries. The increased frequencies to Athens will further improve connectivity with the rest of the European network. Cyprus connections include London, Paris, Munich, Milan and Zurich but also Tel Aviv, Kiev and Beirut.

¹ For comparison purposes, 2013 financial and operating data include subsidiary Olympic Air on a pro forma basis

The first indications in terms of demand for 2015 are positive and traffic volumes are expected to improve further. On the other hand the Greek economy is in a transitional phase; therefore domestic traffic is expected to be rather stable after the significant increase of 2014. Overall, the prospects of the Company are considered positive for 2015 provided that the macroeconomic environment does not change significantly.

As far as competition environment is concerned, last years' positive trends led to increased competition and capacity in the domestic market. It is expected that competition will particularly affect the winter months.

The significant recent decline of the euro against the US dollar and the significant drop of oil prices are factors that affect considerably the profitability of the Company. In order to actively manage and stabilize its cost base, the Company has adopted an extensive hedging program.

Furthermore, the operational quality and competitiveness of Greek airports remain a very important aspect for the company. Modern infrastructure and competitive rates will form the basis of success looking forward.

Given the challenges in the economic environment and the increased competition the Company has set the following strategic priorities:

- Strengthen its network so that it can support connectivity on domestic and international routes.
- Further reduce unit cost, with an emphasis on distribution costs, ground handling and aircraft maintenance where economies of scale are still evident
- Further increase of the ancillary revenues per passenger from the unbundling of additional air traffic services, but also from the successful rollout of hotels and car rentals.
- Improved flight productivity, both by increased seat capacity per aircraft and with higher load factors.
- Further improvement coming from the synergies from the acquisition of Olympic Air both at network and at cost level.

- **Key Performance Indicators Measurement**

The Group measures its efficiency by making particular use of the following performance indicators used internationally in the field of aviation economics:

- RASK (Revenue per Available Seat Kilometer)
- CASK (Cost per Available Seat Kilometer excluding lease costs)
- Passenger yield

The above indicators for 2014 compared with the previous year are as follows:

(in € cents)	2014	2013²
RASK	7,6	8,0
CASK – EBITDAR level	5,8	6,3
CASK – EBITDAR level (excluding fuel cost)	3,9	4,2
Passenger yield	9,6	10,2

- **Related Parties' Transactions**

The Company's transactions with related parties during 2014 were on usual commercial terms and they had no substantial fluctuation from the relevant previous period except the transactions with the recently acquired subsidiary OLYMPIC AIR.

² For comparison purposes, 2013 financial and operating data include subsidiary Olympic Air on a pro forma basis

The most significant transactions of the Company with related parties according to IAS 24, are transactions with companies owned by the majority shareholder, immaterial for the size of the Company and they appear on the following table:

Amounts in thousand Euros	Income	Expenses	Receivables	Liabilities
OLYMPIC AIR S.A.	4.895,76	57.733,98	1.546,47	3.124,74
AUTOHELLAS HERTZ S.A.	614,17	1.569,72	71,83	237,35
TECHNOCAR S.A.	11,08	59,52	15,29	2,29
VACAR S.A.	0,00	4,97	2,30	0,00
VELMAR S.A.	11,47	15,70	6,57	0,00
AUTOTECHNICA S.A.	89,71	2,24	0,00	0,68

Finally, the compensation of the Company's directors' and Board of Directors' members for the period 1/1-31/12/2014 was € 4.833,60 thousand, while the relevant amount for the Group was €5.858,90. As at 31/12/2014 the obligations towards the directors' were € 801,68 thousand while there were no receivables towards/from the directors' and the Board of Directors' both for the Company and the Group.

- **Corporate Governance**

I. Principals of Corporate Governance

The company has adopted the Principles of Corporate Governance in compliance with existing Greek legislation and international practices. Corporate Governance establishes a framework of rules, principles and control mechanisms based on which the company conducts its business with transparency, aiming at the protection of the interests of its shareholders as well as general corporate interests.

II. Corporate Governance Code

The Company has decided to adopt the Code of Corporate Governance of Hellenic Exchanges S.A. regarding the Listed Companies (called hereinafter "Code"). This Code can be found at the following link :

<http://www.helex.gr/documents/10180/2227277/ESED+Kodikas+FEB+2015+--+A4+--+FINAL+--+Internet.pdf/a1b406ab-52e4-4d76-a915-9abefd0a9d09>

The Company may amend from time to time the Code and the Principals of Corporate Governance that is applying.

III. Deviations from the Corporate Governance Code and justification of them.

Role and Responsibilities of the Board of Directors

- The Board of Directors has not established a separate committee, which manages the procedure for candidates seeking election in the Board of Directors and prepares proposals in the Board of Directors concerning the compensation of the members of the Board of Directors given that the policy concerning these compensations is stable and formed.

Size and Composition of the Board

- 1/3 of the Board of Directors does not consist of independent non-executive members free of conflicts of interest with the company, and of close ties with the Management, the major shareholders or the Company. The Board of Directors consists of three executive and nine non-executive members of which two are independent

- The Board of Directors does not appoint an independent Vice President, appointed by the independent members, but instead an executive Vice President, as his contribution to the exercise of the executive duties of the President is considered of utmost importance.

Duties and behavior of the members of the Board

- There is no obligation of any disclosure of professional commitments of Board members (including important non-executive commitments to companies and non-profit institutions) before their appointment to the Board, or restriction on the number of Boards of listed companies in which they can participate, as long as all Board members can meet their duties, devote sufficient time to them and keep abreast of developments in the matters relating to their duties.
- The appointment of an executive member to a company that is not affiliated or associated does not require an approval by the Board.

Nomination of candidates for the Board of Directors

- There is no committee for selecting candidates for the Board of Directors, as due to the structure and operation of the Company this committee is not evaluated as necessary at this time.

Operation of the Board

- In the beginning of each calendar year the Board of Directors does not adopt a calendar of meetings and a 12-month program of action, as the convergence and the meeting of the Board is easy, when the needs of the Company or the law render it necessary, without a predetermined plan of action.
- The President does not meet with the non-executive directors on a regular basis, without the presence of the executive members, to discuss the performance and remuneration of the latter and other related issues, as any matter is discussed in the presence of all members.
- There are no introductory programs in place by the Board for new Board members, or continuing vocational training for other members, as only individuals with proven expertise and management skills are proposed for election as members.
- There is no specific provision for supply of adequate resources to the committees of the Board to fulfill their duties and recruiting external consultants, as the resources are allocated from the Company's management per case, based on individual business needs.

Evaluation of the Board

- There is no institutional procedure to evaluate the effectiveness of the Board and its committees or evaluation of the performance of the Chairman of the Board during which process is headed by the Vice President or other independent non-executive board member in case of absence of an independent Vice-President. This procedure is not considered necessary in view of the organizational structure of the Company.
- Members and non-executive directors do not convene without the presence of executive directors in order to evaluate the performance of the executive members and to establish their wages.
- The Board does not outline in the annual corporate governance statement the evaluation procedure of it and of its committees, as there are no relative evaluation procedures.

Internal Audit

- The Internal Audit office does not report to the Chief Executive Officer. The staff of the Internal Audit and the members of the Audit Committee perform their duties independently and hierarchically do not fall under any other department of the Company. The Head of Internal Audit is supervised by the Audit Committee. The Head of Internal Audit is appointed by the Board of Directors and has all necessary qualifications and experience.
- The Internal Audit provides annual reports, rather than on a quarterly basis, which are reviewed and evaluated by the Audit Committee.

- The Board of Directors does not perform an annual evaluation of the internal audit procedures as the Audit Committee reviews and reports to the Board of Directors on the Internal's Audit Annual Report.

Audit Committee

- There is no special or specific rule for the operation of the Audit Committee, as its main duties and authorities are adequately set from the law.
- No specific funds are given to the Audit Committee for the use of external consultants, as the composition of the committee and the specialized knowledge and experience of its members ensure its effective operation.

Remuneration

- In the contracts of the executive members of the Board of Directors there is no provision that the Board of Directors may seek for a partial or full refund of the bonuses paid due to revised financial statements of previous years or generally wrong financial data used to calculate such bonuses.
- There is no compensation committee, comprising exclusively of non-executive members, independent in their majority, which aims at defining the compensation of the executive and non-executive members of the Board of Directors and thus there are no rules for the frequency of its convocations and other issues concerning its operation. The creation of such a committee has not been deemed necessary until now.
- Each executive member's remuneration is not approved by the Board of Directors after compensation committee's recommendations without the executive members being present, given that such compensation committee does not exist. Board's executive members' compensation are determined by the Board of Directors and in accordance to law 2190/1920. The members of the Board of Directors may receive compensation, the amount of which is determined by the Ordinary General Meeting of Shareholders. Remuneration to the members of the Board of Directors is paid by the Company if it is approved by the Ordinary General Meeting of Shareholders.

General Shareholders' Meeting

- Summary of the minutes of the General Meeting of Shareholders is not available on the Company's website. The voting results of any decision of the General Meeting of Shareholders are announced within 15 days as of the end of the General Meeting of Shareholders in both Greek and English.

IV. Description of the main characteristics of the Company's Internal Control and Risk Management systems with respect to financial reporting.

Internal Control

Internal control has been defined as a process effected by an entity's Board, management and other personnel, designed to provide reasonable assurance regarding the effectiveness and efficiency of corporate operations, reliability of financial reporting and compliance with applicable laws and regulations.

Internal control's responsibilities comprise the evaluation and improvement of risk management and internal control systems as well as the confirmation of compliance with the institutional policies and procedures as described in the Internal Operation Regulations of the Company, the existing legislation and regulatory requirements.

Risks and Risk Management

• Foreign exchange risk

The Company incurs a substantial portion of its expenses, such as aviation fuel, aircraft lease expenses, distribution costs, spare parts, maintenance expenses and aviation insurance premiums in U.S. dollars, whereas it generates most of its revenues in euro. Appreciation of the euro versus the U.S. dollar positively impacts operating profit because the euro equivalent of the U.S. dollar operating expenses decreases, while depreciation of the euro versus the U.S. dollar negatively impacts the Company's operating profit. Cover levels are monitored and reviewed on an ongoing basis in light of market developments and the overall needs of the business. Despite the foreign exchange risk hedging policies, substantially adverse movements of the

U.S. dollar could potentially have a material negative impact in the business activity, financial status and operating result of the Company.

- **Interest rate risk**

The Company is exposed to interest rate fluctuations risk through its bank deposits and financing obligations as well as through the aircraft finance leases agreed on a floating interest rate.

The Company's policy is to control its exposure to cash flow risk from interest rate fluctuations relating to its aircraft finance leases.

- **Jet fuel risk**

The Company is exposed to the fluctuations of the price of oil which directly influences the price of jet fuel. To manage this risk the Company enters into derivative contracts on oil products in order to hedge specific percentages of its projected jet fuel needs.

- **Credit risk**

In order to be protected against credit risk, the Company monitors on a regular basis its trading receivables and whenever necessary, assesses the insurance of the receivables collection, mainly through factoring.

- **Liquidity /Cash flow risk**

The prudent management of liquidity risk presupposes substantial cash balances. The Company manages the aforementioned risk by maintaining adequate cash available, directly liquid securities and sufficient credit lines from the banks as well as from suppliers, always with reference to its operational, investment and financial needs.

V. Information regarding the powers and operation of the General Shareholders' Meeting as well as shareholders' rights and ways to exercise them.

Operation of the General Meeting

The Board of Directors ensures that the preparation and the conduct of the General Shareholders' Meeting facilitate the effective exercise of the rights of the shareholders. The shareholders are informed in advance of all the issues that relate to their attendance of the General Shareholder Meeting including the agenda and the rights they have during the course of the General Shareholder Meeting. The Board of Directors uses the General Shareholders' Meeting to facilitate and open discussion between them and the Company.

Specifically, with regards to the preparation of the General Shareholder Meeting and pursuant to the provisions of Law 3884/2010, the Company publicizes on its website at least 20 days prior to the General Shareholder Meeting both in Greek and in English, information relating to:

- The date, time and place of the convocation of the General Shareholder Meeting.
- The basic rules and practices regarding the participation of the shareholders, including the right to introduce topics in the agenda, to make enquiries and the deadline for the exercise of these rights.
- The voting procedure, the terms and conditions for proxy voting and the necessary forms and documents for proxy voting.
- The proposed agenda of the General Shareholder Meeting, including draft resolutions and any other accompanying documents.
- In case of election of Board of Directors members, the list of the proposed persons along with their resumes.
- The total number of shares and voting rights at the time of the convocation of the General Shareholder Meeting.

At least the Chairman of the Board of Directors, and/or the Vice Chairman and the Chief Executive Officer attend the General Shareholders' Meeting and provide shareholders with all necessary information with regard to the items of the agenda and to the questions raised by the shareholders. The Chairman of the General Shareholders' Meeting ensures that adequate time is given to the shareholders to raise any questions they may have.

Powers of the General Meeting

The General Meeting of the shareholders is the supreme body of the Company. It has the most extensive powers to resolve on the affairs of the Company and its resolutions taken according to law are obligatory for all the shareholders, including those who are absent or disagree.

The General Meeting is vested the exclusive power to resolve on the following matters:

- Any matter submitted to it by the Board or by the persons who are entitled to convene the General Meeting according to law.
- Modification of the Articles of Association, including the cases of increase or decrease of the share capital, dissolution of the Company, prolongation of its duration and amalgamation with another company.
- Election of the Directors of the Company, election of the Auditors of the Company and fixing of their remuneration.
- Approval or modification of the annual financial statements of the Company prepared by the Board and allocation of the net profits.
- Approval of the management of the Board of Directors effected by a nominal call and discharge of the members of the Board and of the auditors from any liability after the approval of the annual financial statements and the report of the Board. The members of the Board and the employees of the Company may participate in the voting only on the basis of the shares held by them.
- The hearing of the auditors with regard the audit of the books and records of the Company performed by them.
- The issuance of bond loans with the right to gain profits in accordance with art.3b of Law 2190/1920 and convertible bond loans.
- The appointment of liquidators in case of dissolution of the Company.
- The filling of actions against the members of the Board of Directors and the auditors for breach of duty in accordance with the applicable laws and the Articles of the Company.

Shareholders' Rights and ways to exercise

Every shareholder that is recorded as such in the records of the custodian of the Company shares is entitled to attend and vote at the General Shareholders' Meeting. For the shareholder to exercise the above rights there is no need to have its shares reserved or to follow a similar procedure. The shareholder may freely authorise for representation another person.

Company's shareholders' rights are analogous to their participation share in the Company's paid share capital. Every share has all rights provided by law 2190/1920 as it has been amended and applies, as well as by the Company's Articles of Association.

The Chairman, the Vice Chairman and the Managing Director are available to meet shareholders with significant share in the Company to discuss eventual governance concerns. In addition, the chairman should ensure that the views of the shareholders are communicated to the whole board.

VI. Information regarding the composition and operation of the Board of Directors

Composition of the Board of Directors

The Board of Directors, acting collectively, is responsible for the management of the Company's affairs to the benefit of the Company and its shareholders, ensuring the implementation of the corporate strategy and the fair and equal interests of the shareholders. The Board is empowered to decide on all the matters relating to the business affairs of the Company, other than those excluded either by the law or the Articles of Association for the General Shareholders' Meeting to decide.

The members of the Board of Directors are elected by the General Shareholders' Meeting. The General Shareholders' Meeting also decides which members shall be executive, non-executive or independent non-executive.

The Board of Directors of Aegean Airlines S.A. is the custodian of the Principles of Corporate Governance of the Company. The Board of Directors is composed of no less than seven (7) and no more than fifteen (15) members. The members of the Board shall be elected by the General Meeting by a secret vote to serve for a

three year period which may be extended until the first annual General Meeting after the expiry of their term of service. Such an extension of time, however, may not exceed four years. The members of the Board of Directors, either shareholders or not, may be always re-elected.

The Board of Directors currently consists of three executive and nine non-executive members, which include two independent non-executive members in accordance to law 3016/2002 for Corporate Governance. Executive members perform the day-to-day management of the Company, whereas non-executive members are not involved in the Company's management.

The table below includes the members of the Board of Directors:

Name	Capacity	Date of appointment (most recent)	End of Term
1. Theodore Vassilakis	Chairman, Executive Member	14/06/2012	30/06/2015
2. Eftichios Vassilakis	Vice Chairman, Executive Member	14/06/2012	30/06/2015
3. Dimitrios Gerogiannis	Managing Director, Executive Member	14/06/2012	30/06/2015
4. Georgios Vassilakis	Non-Executive Member	14/06/2012	30/06/2015
5. Iakovos Georganas	Non-Executive Member	14/06/2012	30/06/2015
6. Anastasios David	Non-Executive Member	14/06/2012	30/06/2015
7. Christos Ioannou	Non-Executive Member	14/06/2012	30/06/2015
8. Achilleas Konstantakopoulos	Non-Executive Member	14/06/2012	30/06/2015
9. Panagiotis Laskaridis	Non-Executive Member	14/06/2012	30/06/2015
10. Alexandros Makridis	Independent non-executive Member	14/06/2012	30/06/2015
11. Nikolaos – Georgios Nanopoulos	Non-executive Member	19/12/2013	30/06/2015
12. Victor Pisante	Independent non-executive Member	14/06/2012	30/06/2015

Note: The Company's Audit Committee consists of members with number 8, 10 and 11 of the list above.

A description of the Chairman's and Chief Executive Officer's duties and responsibilities follows:

Chairman of the Board of Directors

- Sets the daily Agenda, ensures the prompt operation of the Board of Directors, and calls the members of the Board of Directors in meetings which heads.
In his own capacity or after authorization by the Board of Directors, any member by the Board of Directors, staff or lawyer of the Company may:
 - Represent the Company in courts or out of courts
 - Represent the Company against any authority
 - In the case of obvious danger, without a decision by the Board of Directors, raise or defend against legal claims and proceedings, assign plenipotentiaries and proceed to court or out of court actions to defend the interests of the Company. These actions are submitted to the Board of Directors for approval.
- Assume all responsibilities assigned by the Board of Directors and sign contracts on behalf of the Company according to the relevant authorisations given by the Board of Directors.

Chief Executive Officer

Chief Executive Officer is responsible for the implementation of the Company's strategic targets and its day to day management. He is responsible for the smooth, proper and effective operation of the Company according to its strategic targets, business plans and action guidelines as they are determined by the decisions of the Board of Directors and the General Shareholders' Meeting.

The Chief Executive Officer is reported to the Company's Board of Directors. He provides guidance on strategic actions and validates the important decisions of the Company. He is the Head of all Company's divisions and amongst others he is responsible for:

a) Strategy:

- Strategic decision making with respect to business strategy development, as well as significant investments.
- Defining the Company's organisational plans.
- Ensuring the implementation of the Company's decisions and informing the Board of Directors regarding Company's matters.

b) Executive Guidance:

- The coordination and supervision of the top management and ensure their effectiveness for the Company's smooth operation.
- Deciding or participating in the decision process of major business decisions
- Defining the risk management policies, risk assessment and application of actions and procedures for their effective management.

c) Performance Management:

- Defining budget's targets as well as determining annual performance targets. Effectuating the annual budget targets.
- Supervision of the financial management of the Company.
- Ensuring the procedures to meet targets and reach results.

d) Human Resources Development:

- Recruiting and providing guidance to the leading officers of the Company.
- Defining performance evaluation guidelines, as well as being responsible for the promotion, development and remuneration policy of the Company's officers.

Chief Executive Officer is responsible for the coordination of the Company's business units and making proposals to the Board of Directors regarding matters within its power.

Board of Directors meetings

The Board of Directors convenes in the Company's registered office or elsewhere in Greece or abroad, anytime the law, the Articles of Association or the business developments require so, on the date and time appointed by the President or the Vice-President, or if requested so in writing by at least two of its Board members. The meeting of the Board may be in the form of a teleconference in accordance with the provisions of art.20 para.3 of Codified Law 2190/1920 observing the minimum technical security specifications provided by law for the validity of the meeting.

The Chairman of the Board of Directors sets the daily agenda and calls the members of the Board of Directors in meetings which heads. The Board of Directors may decide, by an absolute majority vote of the members who are personally present or represented, to assign fully or in part the exercise of its rights and powers which are related to the management, administration and representation of the Company to one or more persons irrespectively whether they are members of the Board or not. The title and authorization of those persons shall be determined each time by the Board's decision on their assignment.

A quorum shall be established if the half of the number of the Directors plus one are present or represented in the meetings of the Board, in no case however the number of the Directors who are personally present may be less than three (3). For the purposes of determining the quorum any fraction shall be omitted.

The Board of Directors shall validly resolve by an absolute majority vote of the members who are personally present or represented except for the cases where a special majority is required. In case of equality of votes if the voting is effected by a show of hands it shall be repeated; if it is secret, the making of a resolution shall be adjourned. In case of personal matters, the Board shall decide by secret vote with ballots. Each member shall have one vote; if he represents an absent colleague, he shall have two votes. Director who is absent for any reason may be represented by another Director duly appointed by a letter, telex, telegram or fax addressed to the Board of Directors. In no case a member of the Board can represent more than one Director.

VII. Information regarding the composition and operation of the Audit Committee

According to article 37 of Law 3693/2008 every listed company in the Athens Stock Exchange ("of public interest" according to the law) is obliged to have an "Audit Committee" consisting of 3 Board of Directors' members. Two of them must be non-executive members and the other one a non-executive independent member.

The Company's Audit Committee consists of the following Board of Directors' members:

- Mr. Alexandros Makrides – independent non-executive member (Chairman of Audit Committee)
- Mr. Achilleas Constantakopoulos - non executive member (Member of Audit Committee)
- Mr. Nikolaos – Georgios Nanopoulos - non executive member (Member of Audit Committee)

The term of the Audit Committee is three years. Renewal of the term or modification of the Committee's members' composition is always subject to decision by the Board of Directors.

The Audit Committee monitors and supervises the performance of internal audit by the Internal Audit department. It convenes on a regular basis where the gathered audits' findings of the Internal Audit department are evaluated and utilized.

The Audit Committee convenes upon request by its Chairman or in case of his absence or inconvenience by his representative who is authorized to perform the Chairman's duties. The Audit Committee shall validly resolve by an absolute majority vote of its members and in the case of equal voting the Chairman's vote supersedes.

- **EXPLANATORY REPORT OF THE BOARD OF DIRECTORS (article 4, paragraph 7 & 8 of Law 3556/2007)**

1. Structure of the Company's share capital

The Company's share capital amounts to forty six million four hundred twenty one thousand and one hundred fifteen euros (€ 46,421,115), divided into seventy one million four hundred seventeen thousand and one hundred common voting registered shares (71,417,100 shares), of par value of sixty five euro cents each (€ 0.65). All the shares are registered and listed for trading in the Securities Market of the Athens Exchange under the "Large Cap" classification.

2. Limits on transfer of Company shares

There are no restrictions set by the Company's Articles of Association regarding the transfer of shares.

3. Significant direct or indirect holdings in accordance with the provisions of articles 9 – 11 of Law 3556/2007

As at 31.12.2014 the following investors held more than 5% of the Company's voting rights: Theodore Vassilakis 35.18% (23.60% through Evetrans and 11.58% through Autohellas SA), Alnesco Enterprises Company Limited 8.56%, Siana Enterprises Company Limited 8.56% and Achilleas Constantakopoulos 5.19%.

4. Shares conferring special control rights

There are no Company shares that carry any special rights of control.

5. Limitations on voting rights

The Articles of Association make no provision for any limitations on voting rights.

6. Shareholder agreements which result to limitations in the transfer of shares or limitations to exercise voting rights

The Company is not aware of any Shareholder agreements which result to limitations in the transfer of shares or limitations to exercise voting rights.

7. Rules governing the appointment and replacement of members of the Board of Directors and the amendment of the Articles of Association

The members of the Board of Directors are elected from the General Shareholders' Meeting, through a secret voting procedure, for a three year term extended up to the Annual General Shareholders' Meeting due in the term's final year. The members may be shareholders or non-shareholders and can be re-elected.

Replacement of a member can be authorised by at least 3 other members and is subject to the approval of the next General Shareholders' Meeting.

The Board may consist of seven (7) up to fifteen (15) members.

8. Authority delegated to the BoD or certain members of the Board for the issue of new shares or acquisition of own shares

According to the provisions of article 13 par. 1 item b) of C.L. 2190/1920 and the article 5 of the Articles of Association, the Company's Board of Directors has the right, following a relevant decision by the General Shareholder's Meeting that is subject to the publicity announcements of article 7b of C.L. 2190/1920, to increase the Company's share capital with the issuance of new shares, through a decision by the Board of Directors that is made with a majority of at least two thirds (2/3) of its total members. In this case, Company's share capital may be increased by no more than the share capital amount paid up on the date when the Board of Directors was granted such power by the General Meeting. This power of the Board of Directors may be renewed by the General Meeting for a period that may not exceed five year per instance of renewal.

9. Important agreements which are entered in force, amended or terminated in the event of change in the control of the Company following a public offer

There are no agreements which enter into force, are amended or terminated in the event of change in the control of the Company following a public offer.

10. Agreements that the Company has entered into with Board members or employees regarding compensation payments in the case of resignation, dismissal without valid reason and termination of their office period or employment as a result of a public offering.

The Company has no significant agreements with members of the Board of Directors or its employees providing for the payment of compensation, especially in the case of resignation or dismissal without valid reason or termination of their period of office or employment due to a public offer.

11. Location

The Company has established presence in 49 locations both in Greece and abroad for the provision of its services.

The Ordinary General Shareholders Assembly on 04.06.2014 has decided the following:

1. Approval of the Annual Report of the Board of Directors' and the Independent's Auditor report on the Financial Statements and developments for the period 2013 (01.01.2013 – 31.12.2013) and the Financial Statements for the period 2012 (01.01.2013 – 31.12.2013)
2. The members of the Board of Directors and the Auditors of the Company were discharged from any responsibility regarding their actions for the period ended at 31.12.2013.
3. Elected as the Company's external chief Auditor Mr. Michail Zacharioudakis (A.M. S.O.E.L. 13191) and substitute Auditor Mr. Dimitrios Samaras (A.M. S.O.E.L. 34161), of the audit firm "ECOVIS HELLAS S.A.", for the period 2014 and approved their fees.
4. The remuneration of the executive members of the Board of Directors, for their services to the Company for the period 2013 (01.01.2013 – 31.12.2013), was approved. Also their remuneration for the period 2014 (1.01.2014–31.12.2014) was preapproved.
5. The amendment of Article 2 of the Articles of Association relating to the Company's purpose and the codification of the Statute with the incorporation of the above modification to the existing text, which otherwise remains unchanged in a single text

Kifissia, March 26th 2014

Aegean Airlines S.A.
Chief Executive Officer

Dimitrios Gerogiannis

C. INDEPENDENT AUDITOR'S REPORT

To the Shareholders of "AEGEAN AIRLINES S.A."

Report on separate and consolidated Financial Statements

We have audited the accompanying financial statements (separate and consolidated) of Aegean Airlines S.A., which comprise the statement of financial position as at December 31, 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, both the company's and the consolidated financial statements present fairly, in all material respects, the financial position of Aegean Airlines S.A. and its subsidiary as at December 31, 2013 and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

- a) The Report of the Board of Directors includes a statement of corporate governance, which provides the information specified in paragraph 3d of article 43a of C.L. 2190/1920.
- b) We verified that the content of the Board of Directors' Report is consistent and correspond with the accompanying Financial Statements within the scope set by articles 43a, 107 and 37, of C.L. 2190/1920.

Athens, March 26th 2015

ECOVIS S.A.

Reg.Number 155

9-11 Ethnikis Antistaseos Str.

Certified Accountant

Zacharioudakis Michail

**D. ANNUAL FINANCIAL STATEMENTS
FOR THE PERIOD
1 JANUARY TO 31 December 2014
(amounts in thousands euros)**

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1.1 Financial Position of the Company as at 31.12.2014

	Note	31/12/2014	31/12/2013
ASSETS			
Non current assets			
Intangible assets	5.23	28.474,78	27.056,49
Tangible assets	5.24	78.597,99	78.768,50
Advances for assets acquisition	5.25	56.024,47	21.135,44
Investments in subsidiaries	5.60	62.416,56	62.416,56
Deferred tax assets	5.26	11.905,42	10.370,92
Other long term assets	5.27	14.151,27	9.499,79
Hedging derivatives	5.45	10.631,83	113,88
Total non current assets		262.202,32	209.361,59
Current assets			
Inventories	5.28	8.272,45	5.961,65
Customers and other receivables	5.29	78.429,03	49.632,02
Advances	5.30	8.688,28	3.205,40
Financial assets at fair value	5.31	10.903,27	17.296,46
Hedging derivatives	5.45	24.139,12	2.146,32
Cash and cash equivalents	5.32	187.554,65	221.547,42
Total current assets		317.986,80	299.789,26
TOTAL ASSETS		580.189,12	509.150,84
EQUITY			
Share capital	5.33	46.421,11	46.421,11
Share premium account	5.34	72.775,98	144.774,41
Other reserves	5.35	(1.443,54)	1.873,02
Retained profit / (loss)		83.853,72	28.380,33
Total equity		201.607,26	221.448,86
LIABILITIES			
Long term liabilities			
Finance lease contracts liabilities	5.37	49.649,50	51.492,13
Derivative contracts liabilities	5.45	5.142,25	1.696,74
Provisions for retirement benefits obligations	5.38	6.236,20	7.158,36
Provisions	5.40b	22.450,54	25.475,12
Other long term liabilities	5.41	25.480,13	30.441,87
Total long term liabilities		108.958,61	116.264,22
Short term liabilities			
Suppliers	5.39	61.286,49	40.421,51
Long term finance leases liabilities payable next year	5.37	8.836,13	7.556,89
Other short term liabilities	5.42	64.439,76	56.494,25
Liabilities from tickets sold but not flown	5.43	60.841,76	33.300,51
Accrued expenses	5.44	22.691,85	18.489,64
Hedging derivatives	5.45	35.171,21	3.557,11
Current tax income		15.417,38	10.217,88
Provisions	5.40	938,68	1.400,00
Total short term liabilities		269.623,25	171.437,80
Total liabilities		378.581,86	287.702,02
TOTAL EQUITY AND LIABILITIES		580.189,12	509.150,84

1.2 Financial Position of the Group as at 31.12.2014

	Note	31/12/2014	31/12/2013
ASSETS			
Non current assets			
Intangible assets	5.23	57.302,21	57.091,44
Investment Goodwill	5.59	30.102,30	30.102,30
Tangible assets	5.24	80.488,90	81.004,81
Advances for assets acquisition	5.25	56.024,47	21.135,44
Deferred tax assets	5.26	18.895,52	16.855,28
Other long term assets	5.27	19.984,96	15.909,09
Hedging derivatives	5.45	10.631,83	113,88
Total non current assets		273.430,19	222.212,25
Current assets			
Inventories	5.28	13.237,74	10.951,28
Customers and other receivables	5.29	87.648,24	76.944,55
Advances	5.30	10.602,27	4.928,33
Financial assets at fair value	5.31	10.903,27	17.296,46
Hedging derivatives	5.45	24.139,12	2.146,32
Cash and cash equivalents	5.32	207.482,03	226.876,98
Total current assets		354.012,67	339.143,91
TOTAL ASSETS		627.442,86	561.356,15
EQUITY			
Share capital	5.33	46.421,11	46.421,11
Share premium account	5.34	72.775,98	144.774,41
Other reserves	5.35	(1.443,54)	1.873,02
Retained profit / (loss)		98.715,29	19.808,72
Total equity		216.468,84	212.877,24
LIABILITIES			
Long term liabilities			
Finance lease contracts liabilities	5.37	49.649,50	51.492,13
Derivative contracts liabilities	5.45	5.142,25	1.696,74
Provisions for retirement benefits obligations	5.38	6.600,34	7.508,50
Provisions	5.40b	29.200,89	34.412,83
Other long term liabilities	5.41	34.583,64	38.532,44
Total long term liabilities		125.176,63	133.642,64
Short term liabilities			
Suppliers	5.39	63.437,72	53.565,20
Long term finance leases liabilities payable next year	5.37	8.836,13	7.556,89
Other short term liabilities	5.42	70.494,90	65.106,24
Liabilities from tickets sold but not flown	5.43	65.728,82	45.893,52
Accrued expenses	5.44	23.472,72	21.587,24
Hedging derivatives	5.45	35.171,21	3.557,11
Current tax income		15.417,38	10.217,88
Provisions	5.40	3.238,53	7.352,18
Total short term liabilities		285.797,40	214.836,27
Total liabilities		410.974,02	348.478,91
TOTAL EQUITY AND LIABILITIES		627.442,86	561.356,15

2.1 Statement of Comprehensive Income of the Company

Income statement

	Note	01/01 - 31/12/2014	01/01 - 31/12/2013
Revenue	5.46	850.891,09	682.682,72
Other operating income	5.47	11.972,07	6.184,03
Personnel expenses	5.49	(79.992,47)	(69.203,53)
Depreciation		(11.058,70)	(11.715,72)
Consumption of materials and services	5.48	(688.307,58)	(525.356,00)
Financial income	5.50	24.715,38	16.637,57
Financial expense	5.50	(36.442,96)	(15.619,06)
Earnings / (Losses) before tax		71.776,83	83.610,00
Income tax	5.51	(14.910,45)	(17.279,27)
Earnings / (Losses) after tax		56.866,38	66.330,73

Statement of total income

		01/01- 31/12/2014	01/01- 31/12/2013
<i>(a) Transferred to the income statement</i>			
Cash flow hedging			
Reclassification of Profit / (Loss) in the result for the period	5.35	1.963,27	3.193,54
Profit / (Loss) for the period	5.35	(4.512,12)	(3.750,47)
Deferred Tax		662,70	144,80
Available for sale financial assets			
Profit / (Loss) for the period	5.35	(1.136,00)	1.682,08
Profit / (Loss) for the period		(749,19)	0,00
Income tax transferred to the income statement	5.35	490,15	(437,33)
Total (a)		(3.281,19)	832,62
<i>(b) Non-transferred to the income statement</i>			
Profit / (Loss) for the employee retirement benefits		(1.930,21)	(114,70)
Deferred tax		501,85	29,80
Total (b)		(1.428,35)	(84,90)
Other comprehensive income for the period after tax		(4.709,54)	747,71
Total comprehensive income		52.156,84	67.078,46
Basic earnings / (loss) per share in €	5.57	0,7963	0,9288

2.2 Statement of Comprehensive Income of the Group

	Note	01/01 -31/12/2014	01/01 -31/12/2013
Revenue	5.46	911.793,70	698.916,50
Other operating income	5.47	9.745,20	10.246,63
Personnel expenses	5.49	(100.466,74)	(73.784,71)
Depreciation		(12.811,36)	(12.086,35)
Consumption of materials and services	5.48	(702.281,58)	(545.601,59)
Restructuring cost		0,00	(3.588,78)
Financial income	5.50	26.185,18	17.378,09
Financial expense	5.50	(37.533,87)	(16.404,32)
Earnings / (Losses) before tax		94.630,54	75.075,47
Income tax	5.51	(14.385,54)	(17.316,31)
Earnings / (Losses) after tax		80.245,00	57.759,15

		01/01-31/12/2014	01/01-31/12/2013
<i>(a) Transferred to the income statement</i>			
Cash flow hedging			
Reclassification of Profit / (Loss) in the result for the period	5.35	1.963,27	3.193,54
Profit / (Loss) for the period	5.35	(4.512,12)	(3.750,47)
Deferred Tax		662,70	144,80
Available for sale financial assets			
Profit / (Loss) for the period	5.35	(1.136,00)	1.682,08
Profit / (Loss) for the period		(749,19)	0,00
Income tax transferred to the income statement	5.35	490,15	(437,33)
Σύνολο (α)		(3.281,19)	832,62
<i>(b) Non-transferred to the income statement</i>			
Profit / (Loss) for the employee retirement benefits		(1.856,49)	(114,70)
Deferred tax		482,68	29,80
Total (b)		(1.373,80)	(84,90)
Other comprehensive income for the period after taxes		(4.654,99)	747,71
Total comprehensive income		75.590,01	58.506,86
Basic earnings / (loss) per share in €		1,1236	0,8088

3.1 Statement of changes in Equity of the Company for the period ended at 31.12.2014

	Issued capital	Share premium	Cash flow hedging reserves	Reserves (other)	Available for Sale	Issued capital	Share premium
Balance as at 1 January 2013	46.421,11	144.774,41	(1.949,36)	2.989,76	0,00	(37.865,53)	154.370,39
Total comprehensive income after taxes			(412,13)		1.244,74	66.245,83	67.078,44
Balance as at 31 December 2013	46.421,11	144.774,41	(2.361,48)	2.989,76	1.244,74	28.380,30	221.448,86
Balance as at 1 January 2014	46.421,11	144.774,41	(2.361,49)	2.989,77	1.244,74	28.380,33	221.448,87
Total comprehensive income after taxes			(1.886,16)		(1.395,04)	55.438,02	52.156,83
Transfer of Reserves				(35,37)		35,37	-
Share capital increase through capitalization of reserves	71.417,10	(71.417,10)					-
Reduction of share capital	(71.417,10)						(71.417,10)
Share capital increase expenses		(581,33)					(581,33)
Balance as at 31 December 2014	46.421,11	72.775,98	(4.247,65)	2.954,40	(150,30)	83.853,72	201.607,27

3.2 Statement of changes in Equity of the Group for the period ended at 31.12.2014

	Issued capital	Share premium	Cash flow hedging reserves	Reserves (other)	Available for Sale	Issued capital	Share premium
Balance as at 1 January 2013	46.421,11	144.774,41	(1.949,36)	2.989,76	0,00	(37.865,53)	154.370,39
Total comprehensive income after taxes			(412,13)		1.244,74	57.674,25	58.506,85
Balance as at 31 December 2013	46.421,11	144.774,41	(2.361,48)	2.989,76	1.244,74	19.808,72	212.877,24
Balance as at 1 January 2014	46.421,11	144.774,41	(2.361,48)	2.989,76	1.244,74	19.808,72	212.877,24
Total comprehensive income after taxes			(1.886,15)		(1.395,04)	78.871,20	75.590,01
Transfer of Reserves				(35,76)		35,76	-
Share capital increase through capitalization of reserves	71.417,10	(71.417,10)					-
Reduction of share capital	(71.417,10)						(71.417,10)
Share capital increase expenses		(581,33)					(581,33)
Balance as at 31 December 2014	46.421,11	72.775,98	(4.247,63)	2.954,00	(150,30)	98.715,68	216.468,84

4.1 Cash Flow Statement of the Company for the period ended at 31.12.2014

	31/12/2014	31/12/2013
<u>Cash flows from operating activities</u>		
Profit / (loss) before tax	71.776,83	83.610,00
<i>Adjustments for:</i>		
Depreciation of tangible assets	11.058,70	11.715,72
Loss from impairment of assets	555,14	0,00
Provisions	4.480,02	(7.333,72)
Foreign currency exchange (gains) / losses	8.876,40	(3.123,62)
(Profit) / loss from investing activities	(3.831,66)	(3.359,17)
Finance Cost	6.681,26	3.778,42
Cash flows from operating activities before changes in working capital	99.596,70	85.287,63
<u>Changes in working capital</u>		
(Increase)/Decrease in inventories	(1.672,03)	(630,46)
(Increase)/Decrease in trade & other receivables	(45.591,32)	1.087,81
(Increase)/Decrease in derivatives receivables	(32.510,76)	(114,27)
Increase/(Decrease) in liabilities	65.373,50	27.546,58
Increase /(Decrease) in derivatives liabilities	31.743,05	1.503,82
Total changes in working capital	17.342,45	29.393,48
Interest expenses paid	(2.970,85)	(2.896,31)
Tax Income Payment	(17.137,18)	0,00
Net cash flows from operating activities	96.831,12	111.784,79
<u>Cash flows from investing activities</u>		
Purchases of tangible assets	(13.498,95)	(1.516,94)
Proceeds from sale of tangible assets	19,46	21,87
Advances' reimbursement for the acquisition of tangible assets	(34.889,03)	(1.040,50)
Purchase of Financial Assets	(3.492,50)	0,00
Sale of Financial Assets	9.136,50	(8.830,00)
Purchases of subsidiaries	(10.400,01)	(10.400,01)
Interest and other financial income received	2.167,49	2.633,01
Net cash flows from investing activities	(50.957,04)	(19.132,58)
<u>Cash flows from financing activities</u>		
Loans repayment	0,00	(12.710,39)
Capital Return	(71.234,87)	0,00
Share capital increase expenses	(785,59)	0,00
Finance leases capital repayment	(7.846,39)	(7.694,18)
Net cash flows from financing activities	(79.866,85)	(20.404,57)
Net (decrease)/ increase in cash and cash equivalents	(33.992,77)	72.247,64
Cash and cash equivalents at the beginning of the year	221.547,42	149.299,77
Cash and cash equivalents at the end of the period	187.554,65	221.547,42

4.2 Cash Flow Statement of the Group for the period ended at 31.12.2014

	31/12/2014	31/12/2013
<u>Cash flows from operating activities</u>		
Profit / (loss) before tax	94.630,54	75.075,46
<u>Adjustments for:</u>		
Depreciation of tangible assets	12.811,36	12.086,36
Loss from impairment of assets	553,96	1.166,76
Provisions	2.718,29	1.631,93
Foreign currency exchange (gains) / losses	8.431,95	(3.195,28)
(Profit) / loss from investing activities	(3.996,83)	(3.524,78)
Finance Cost	6.955,76	3.911,46
Cash flows from operating activities before changes in working capital	122.105,04	87.151,91
<u>Changes in working capital</u>		
(Increase)/Decrease in inventories	(1.647,69)	(117,71)
(Increase)/Decrease in trade & other receivables	(25.033,13)	2.343,69
(Increase)/Decrease in derivatives receivables	(32.510,76)	(114,27)
Increase/(Decrease) in liabilities	37.240,08	17.087,70
Increase /(Decrease) in derivatives liabilities	31.743,05	1.503,82
Total changes in working capital	9.791,55	20.703,23
Interest expenses paid	(3.245,35)	(3.037,35)
Tax Income Payment	(17.137,18)	0,00
Net cash flows from operating activities	111.514,06	104.817,78
<u>Cash flows from investing activities</u>		
Purchases of tangible assets	(13.698,70)	(1.587,59)
Proceeds from sale of tangible assets	19,46	21,87
Advances' reimbursement for the acquisition of tangible assets	(34.889,03)	(1.040,50)
Purchase of Financial Assets	(3.492,50)	(8.830,00)
Sale of Financial Assets	9.136,50	0,00
Purchases of subsidiaries	(10.400,01)	(10.400,01)
Cash of subsidiary	0,00	18.850,47
Interest and other financial income received	2.282,13	2.649,76
Net cash flows from investing activities	(51.042,15)	(336,01)
<u>Cash flows from financing activities</u>		
Loans repayment	0,00	(19.210,39)
Share capital return	(785,59)	0,00
Share capital increase expenses	(71.234,87)	0,00
Finance leases capital repayment	(7.846,39)	(7.694,18)
Net cash flows from financing activities	(79.866,85)	(26.904,57)
Net (decrease)/ increase in cash and cash equivalents	(19.394,94)	77.577,20
Cash and cash equivalents at the beginning of the year	226.876,98	149.299,77
Cash and cash equivalents at the end of the period	207.482,03	226.876,98

5. Notes to the Interim Financial Statements

5.1 General information

The Company AEGEAN AIRLINES S.A. is a Societe Anonyme airline Company under the discreet title AEGEAN AIRLINES, which bears the title of AEGEAN AIRLINES S.A. in its international transactions. The Company's duration has been defined until 31/12/2044 and can be elongated following the decision of the General Shareholders Meeting. The Company's registered address is in the Municipality of Kifissia, Attiki (31 Viltanioti St. PC 145 64).

The financial statements for the period ended 31 December 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS) as they have been adopted by the European Union and have been approved by the Board of Directors of the Company on March 24th 2015 and are subject to approval of the Ordinary General Shareholders Meeting that is to be assembled within the first half of 2015.

5.2 Nature of operations

The Company and the Group operate in the sector of airline transportation, providing services that concern the transportation of passengers and commodities in the sector of public aviation transportation inside and outside Greece, conducting scheduled and unscheduled flights. At the same time, they render services of aviation applications, technical support and on ground handling aircraft services. Indicatively, the Company's and the Group's objectives include among others the following activities/operations:

- a. Participation in any type of local or foreign company of the similar nature of operations
- b. Foundation of subsidiaries and agencies
- c. Import, trade, leasing of aircraft and spare parts.

5.3 Basis of preparation of the annual financial statements

The Company's financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost principle except for certain categories of assets and liabilities that have been revalued of in fair values as stated in the relevant notes.

The accounting policies applied for the preparation of the annual financial statements are the same with those applied in the published financial statements of the Company for the year ended 31 December 2013.

The preparation of the financial statements according to the International Financial Reporting Standards (IFRS) requires the usage of accounting estimations. It also requires management's judgment for the implementation of the Company's accounting principles. The cases with a higher degree of judgment and complexity or where the judgments and estimations are crucial for the Company's financial statements, are included in note 5.6.

5.4 Standards and Interpretations Effective for the Year 2014

Annual Improvements 2011-2013 issued in December 2013 that concern IAS 40, IFRS 1, IFRS 3 and IFRS 13. The improvements are effective for annual periods commencing on or after 01.01. 2014. They are not expected to have a material impact on the financial statements of the group or the company.

Recoverable Amount – Disclosures for Non-Financial Assets (Amendments to IAS 36)". The amendments impose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. It is not expected to have material effect on the financial statements (Effective for annual periods beginning on or after 1 January 2014).

Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39). The amendments refer to the provision of relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. It is not expected to have material effect on the financial statements (Effective for annual periods beginning on or after 1 January 2014).

Amendment to IAS 32 Financial Instruments - Presentation . The amendments refer to offsetting financial assets and financial liabilities. It is not expected to have material effect on the financial statements. (Effective for annual periods beginning on or after 1 January 2014).

Investment Entities (Amendments in: IFRS 10, IFRS 11 and IAS 27). Not applicable to the Company. (Effective for annual periods beginning on or after 1 January 2014).

IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. Not applicable to the company (Effective for annual periods beginning on or after 1 January 2014).

5.5 New Standards and Interpretations Effective for Annual Periods Beginning after 01.01.2014

Annual Improvements 2010-2012 issued in December 2013 that concern IAS 16, IAS 24, IAS 38, IFRS 2, IFRS 3, IFRS 8 and IFRS 13. The improvements are effective for annual periods commencing on or after 01.07. 2014. They are not expected to have a material impact on the financial statements of the group or the company.

"Amendment of IAS 19 Employee Benefits" issued in November 2013 that concerns contributions to defined benefit plans by employees or other, related to services. The amendment is effective for annual periods beginning on or after 01.07.2014. It is not expected to have a material impact on the financial statements of the group or the company.

"Complete IFRS 9 Financial instruments" issued in July 2014. The new standard is effective for annual periods beginning on or after 01.01.2018, but it is not endorsed yet by the European Union. The standard is not expected to have a material impact on the financial statements of the group or the company.

"Amendment of IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization" The amendment provides clarification regarding the acceptable depreciation methods. It is effective for annual periods beginning on or after 01.01.2016. It is not expected to have a material impact on the financial statements of the group or the company.

"Amendment of IFRS 11 Accounting for Acquisitions of interests in Joint Operations" The amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs except for those principles that conflict with the guidance in this IFRS. In addition, the acquirer shall disclose the information required by IFRS 3 and other IFRSs for business combinations. It is effective for annual periods beginning on or after 01.01.2016. It is not expected to have a material impact on the financial statements of the group or the company.

"IFRS 14 Regulatory Deferral Accounts" The Standard describes regulatory deferral account balances as amounts of expense or income that would not be recognized as assets or liabilities in accordance with other Standards, but that qualify to be deferred in accordance with this Standard because the amount is included, or is expected to be included, by the rate regulator in establishing the price(s) that an entity can charge to customers for rate-regulated goods or services. It permits a first-time adopter within its scope to continue to account for regulatory deferral account balances in its first IFRS financial statements in accordance with its previous GAAP when it adopts IFRS. It is effective for annual periods beginning on or after 01.01.2016. It is not expected to have a material impact on the financial statements of the group or the company.

"IFRS 15 Revenue From Contracts With Customers". The standard replaces IAS 11 and 18, as well as Interpretations 13,15,18 and 31. Under the new standard an entity recognizes revenue by following 5 steps. It is effective for annual periods beginning on or after 01.01.2017. It is not expected to have a material impact on the financial statements of the group or the company.

"Agriculture: Bearer Plants – Amendments to IAS 16 and 41". The amendments are effective for annual periods beginning on or after 01.01.2016. The standard is not relevant to the activities of the group or the company.

"Equity Method in Separate Financial Statements – Amendments to IAS 27". The amendments are effective for annual periods beginning on or after 01.01.2016. Under new amendments, interests in

subsidiaries, associates and joint ventures, in the separate financial statements of an investor can be measured in accordance with equity method as it is stated in IAS 28. It is not expected to have a material impact on the financial statements of the company.

"Amendments to IAS 1 Presentation of Financial Statements clarify". Effective for annual periods beginning on or after 1 January 2016. It is not expected to have a material impact on the financial statements of the company.

"Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27". Effective for annual periods beginning on or after 1 January 2016. It is not expected to have a material impact on the financial statements of the company.

"Investment Entities (Amendments in: IFRS 10, IFRS 11 and IAS 27)". Not applicable to the Company. (Effective for annual periods beginning on or after 1 January 2014).

5.6 Important accounting judgments, estimates and assumptions.

The preparation of financial statements according to International Financial Reporting Standards (IFRS) requires from management the formulation of judgments, assumptions and estimates that affect assets and liabilities at the reporting date of the financial statements. They also affect the disclosures of contingent assets and liabilities at the reporting date as well as the published revenues and expenses during the period. Actual results may differ from those estimated. Estimates and judgments are based on experience from the past as well as other factors including expectations for future events which are considered reasonable under specific circumstances while they are reassessed continuously with the use of all available information.

Judgments

During the application of accounting policies, Company's management, using the most accurate and available information, applies its judgment based on the knowledge of the Company and the market in which it operates. Possible future changes in the current conditions are taken into account in order to apply the most proper accounting policy. Management's judgment with regard to the formulation of estimates pertaining the accounting policies are summarized in the following categories:

Classification of investments

Management decides on the acquisition of an investment whether this will be classified as held to maturity, current investment measured at fair value through the income statement or held for sale.

Recoverability of accounts receivable

Company's management's judgment regarding the estimation of recoverability of accounts receivable constitutes a significant item for the assessment of the relevant balances as bad debts and the measurement of their probable impairment.

Depreciation in inventories value

The management's judgment regarding the depreciation of the inventories value is crucial and is based on subjective (concerning the use of inventories) and objective criteria (suitability of the inventories).

Determining whether a lease can be classified as operating or finance lease

The evaluation of such agreements is not only subject to the assessment of the type of the lease but mainly to the assessment of the substance of transaction. Factors examined to assess the substance of the transaction are the term of the lease, the fair value of the asset, the present value of the asset compared to the present value of the minimum lease payments, the specific nature of the assets and various other factors.

Accounting treatment of liabilities (provisions) regarding aircraft maintenance

The accounting treatment and measurement of the above reserves is based on management judgments and estimates concerning the use of aircraft and maintenance planning as well as the relevant terms in the leasing contracts.

Estimates and assumptions

Specific amounts which are included in, or affect the financial statements and the relevant disclosures are assessed from the Company's management in order to formulate assumptions regarding values or conditions which are not certain during the preparation of the financial statements. An accounting estimate is considered material when it is significant for the financial condition and the results of the Company and it requires difficult, subjective or complex judgments by the management and which is often a result of uncertain assumptions. The Company evaluates such estimates on a continuous basis based on the results of past experience, on experts' consultations, trends and tendencies and on other methods which are considered reasonable in the current circumstances, as well as the Company's provisions with regard to their probability to change in the future.

Income tax

The measurement of income taxes provisions is heavily based on estimates. There are a lot of transactions for which the accurate calculation of the tax is not possible in the normal course of business. The Company recognizes liabilities for anticipated tax matters, based on estimates for potential amounts due for additional taxes. When the expected final tax payable is different from the initial estimates in the financial statements the differences have an impact in the income tax and in the provisions for deferred taxation in the period when these amounts become final. Moreover, possible effects from the tax audit of previous periods are included in note 5.40.

Fair value of derivatives and other financial instruments

The Company uses derivatives to manage a series of risks including interest rates, foreign currency exchange rates and jet fuel price. Accounting for derivatives, in order to qualify for hedge accounting, requires that at the inception of the arrangement the details of the hedging relationship must be formally documented and the hedged item and the hedging instrument must meet certain requirements. From the beginning of a hedging and thereafter, every quarter the hedging effectiveness is evaluated both retrospectively and prospectively. In cases where the hedging becomes ineffective, it does no longer qualify as a hedge instrument in the future. The fair values of the derivative contracts are calculated using company's valuation methods incorporate market data originating from independent sources. Additional information regarding the use of derivatives is provided in note 5.45.

Bad debts

Bad debts are accounted in their estimated recoverable amount. Analysis for the calculation of the recoverable amounts is taking into consideration the Company's general experience on bad debts' probability of recoverability.

Contingencies

The Company is involved in litigation and claims in the normal course of operations. Management, based on past experience and the fact that the trial procedures are still in process, estimates that any resulting settlements would not materially affect its financial position and operations. However, the determination of contingent liabilities relating to the litigation and claims is a complex process that involves judgments as to the possible outcomes and interpretation of laws and regulations. Future changes to the judgments or the interpretations may increase or decrease the Company's contingent liabilities in the future. Contingent assets / liabilities balances are analyzed in note 5.53.

Useful life of depreciable assets

The Company's management evaluates the useful life of depreciable assets in every period. On 31 December 2014 the Company's management believes that the useful lives of the assets are in line with their expected usefulness. The depreciable amounts are analyzed in notes 5.23 and 5.24. Actual values though may differ due to the straight line depreciation of assets policy.

5.7 Summary of accounting policies

Basis of preparation of financial statements

The accounting policies used for the preparation of the 2013 financial statements are presented below. The financial statements are presented in thousand Euros. It is noted that possible small deviations are due to rounding.

5.8 Foreign currency translation

The financial statements of the Company are presented in Euros (€) which is its operating currency.

Foreign currency transactions are converted into the operating currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of remaining balances at year-end exchange rates are recognized in the income statement in the accounts "financial income" & "financial expense" respectively.

5.9 Revenues and expenses recognition

Revenues are recognized at the time the Company expects to receive the economic benefits and these benefits can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and net of V.A.T., other credits, trade discounts and airports fees.

The amount of revenue is estimated that it can be measured reliably only when all contingent liabilities related to it have been resolved.

Revenue is recognized as follows:

Services: Revenue from services is recognized in the period that the service is rendered based on its completion stage. Services relate to transfer of passengers or goods with scheduled and unscheduled (charter) flights.

Revenue from services that will be provided in a future period is recognized in accounts payable (deferred income) and accounted in the period when the services are rendered.

If the initial estimations on revenues change, then the relevant expenses or their completion stage are revised. These restatements may lead to increases or decreases of the estimated revenues or expenses and are booked in and are announced by the management.

Interest income: Interest income is calculated using the method of the effective interest rate which is the rate that discounts accurately future cash payments or installments for the expected duration of the financial instruments or when necessary for a shorter term, at the net book value of the asset or liability.

Expenses: Expenses are recognized in the income statement on accrual basis. Aircraft maintenance costs for are calculated based on the actual flight hours. Interest expense is calculated using the effective interest rate and according to time elapsed.

5.10 Intangible assets

Airports slots and software licenses are included in intangible assets. Airports slots have an indefinite useful life, therefore they are not depreciated, but they are subject to reassessment at each balance sheet date.

Software licenses are valued at cost less amortization and/or any other possible impairment. Amortization is calculated applying the straight line method in the useful life of the assets which is between 1 to 10 years.

Goodwill is an asset with an indefinite useful life, therefore it is not depreciated, but is subject to reassessment at each balance sheet date. It derives from the company acquisition and is calculated as a balance between the acquisition price and the fair value of the net assets acquired.

5.11 Tangible assets

Tangible assets are reported in the financial statements at acquisition cost, less accumulated depreciations and any impairment losses. The acquisition cost includes all the directly attributable expenses for the acquisition of the assets. Subsequent expenditure is added to the carrying value of the tangible fixed assets or is recognized as a separate fixed asset only if it is expected to increase the future economic benefits for the Company and their cost can be accurately and reliably measured. The repair and maintenance expenditure is recognized in the results when such expenditure occurs. Tangible assets that have been

acquired through finance leasing are depreciated through the whole duration of the expected useful life (based on similar owned tangible assets) if it is shorter than the lease duration.

Depreciation of tangible fixed assets (other than Land which is not depreciated) is calculated using the straight line method over their useful life, as follows:

Buildings	10-20 years
Machinery	6-8 years
Aircraft	20-25 years
Vehicles	3-5 years
Aircraft / airport equipment	3-8 years
Other equipment	5 years

The residual values and useful economic life of tangible fixed assets are subject to reassessment at each balance sheet date. When the book value of tangible fixed assets exceeds their recoverable amount, the difference (impairment) is immediately expensed in the income statement. Upon sale of the tangible fixed assets, any difference between the proceeds and the book value is recognized as profit or loss to the results.

5.12 Impairment of tangible and intangible assets

Tangible and intangible assets are reported at amortized cost and are subject to impairment review when certain events indicate that the book value may not be recoverable. Aircraft and other tangible and intangible assets are evaluated for impairment annually.

Any impairment losses are initially deducted from the goodwill and if they are not fully covered they are attributed to the individual components and encumber the financial results.

The impairment loss is the amount by which the book value of the cash-generating unit exceeds its recoverable amount. The recoverable amount is determined by discounting the future cash flows expected from the cash-generating unit.

5.13 Leases

The Company as lessee:

Finance leases

Leases of tangible assets that transfer to the Company all the risks and benefits linked to the ownership of an asset, whether the title has or has not eventually been transferred, constitute finance leases. At inception, such leases are carried at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Every lease is apportioned between liability and finance cost so that a fixed interest rate can be applied on the residual financial liability.

Operating leases

The leases where the lessor transfers the right of use for an asset for a certain period without actually transferring all the risks and benefits linked to the ownership of an asset, are classified as operating leases. Payments made under operating leases (net of possible incentives offered by the lessor) are recognized to the income statement over the period of the lease.

The Company as lessor:

The leases in which the Company does not actually transfer all risks and benefits of an asset are classified as operating leases. Initial direct costs which burden the lessor during the negotiation and signing of the lease contract are added to the book value of the leased asset and are recognized as revenue during the leasing period. As a lessor the Company receives lease payments from the sublease of offices. The amounts received are immaterial compared to the Company's size.

5.14 Financial assets

The financial assets of the Company are classified in the following categories based on the substance of the contract and the objective of the acquisition.

- Financial assets measured at fair value through the income statement
- Loans and receivables
- Financial assets available for sale

Financial assets measured at fair value through the income statement

Financial assets or liabilities recognized at fair value through the income statement comprise those financial instruments classified as held for commercial purposes or recorded at fair value through the income statement at initial recognition. In addition, the financial derivatives instruments that do not qualify for hedge accounting are classified as held for commercial purposes. Upon initial recognition, they are designated by the Company as an instrument measured at fair value, and any valuation changes are recognized in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed and/or determinable payments that are not rated with a market value. They are generated when the Company provides cash, products or services directly to a debtor without a commercial purpose (commercial receivables). Loans and receivables are valued using the effective interest rate method less any impairment. Any movement in the value of the above loans and receivables is recognized in the result when loans or receivables are written off or their value is impaired or amortized.

Certain receivables are tested independently for possible impairment (i.e. for each customer separately) in case where the agreed collection time is overdue at the balance sheet date or in case that objective evidence indicates their impairment. Other receivables are grouped and tested for a potential possible impairment. Groups' common characteristics may be geographical distribution, industry sector or other possible factors that affect their credit risk.

Loans and receivables are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are recognized as non-current and are classified in the balance sheet as commercial and other receivables.

Fair value

The fair values of financial assets that are quoted in active markets are defined by closing market prices on the balance sheet date. Regarding non-tradable assets, their fair values are defined with the use of valuation techniques. The purpose of using valuation techniques is to determine the transaction value at the record date which is conducted at commercial terms and driven by common business factors. Valuation techniques include the analysis of recent transactions at commercial terms, peer group valuation, discounted cash flows and stock option valuation models.

Financial derivatives and hedge accounting

All financial derivative assets are initially recognized at the fair value on the agreement date and subsequently at their fair value. Financial derivative instruments are recognized in assets when their fair value is positive and in liabilities when their fair value is negative. Their fair value is calculated from the value they have on an active market or through other valuation techniques when an active market does not exist for these financial instruments.

The profit or loss recognition depends whether a derivative has been determined as a hedging item and if hedging exists based on the nature of the hedged item. Profit or loss arising from the change of the fair value of derivatives that are not recognized as hedging items, is recognized in the income statement. The Company is using hedge accounting when at the commencement of the hedging transaction, and the subsequent use of financial derivatives can determine and justify the hedging relationship between the hedged item and the

instrument used for hedging, relating to its risk management policy and strategy for hedging. Moreover hedge accounting is used only when it is expected that the hedging strategy will be highly effective and reliably and continuously calculated, for the periods it was intended for, as per the reconciliation of the movements in the fair value or the cash flows resulting from the hedged risk. The Company is hedging cash flows using financial derivative instruments.

Cash flow hedging

With cash flow hedging the Company is covering risks coming from an asset, liability or future transaction that cause fluctuations in the cash flows and which could have an impact to the period's result. For financial derivatives classified as hedging items for cash flow hedging purposes, special accounting treatments are required. In order to fulfill the hedge accounting requirements, certain conditions relating to justification, hedging effectiveness and reliable calculation must be met.

The changes in the fair value of the effective part of the hedging derivative are recognized in the equity while the ineffective part is recognized in the income statement. The accumulated balances in the equity are transferred in the income statement of the periods where the hedging derivatives are recognized. In particular amounts relating to hedging of fuel prices increase or decrease fuel expenses, amounts relating to hedging of lease rentals increase or decrease lease expenses and amounts relating to hedging of interest rates increase or decrease finance costs.

When a financial instrument expires, is either sold or exercised without being replaced, or when a hedged item does no longer fulfill the criteria of hedge accounting, cumulative gain or loss remains in equity and it is recognized when the transaction occurs. If the hedged transaction is not expected to occur, gains or losses are recognized directly in the income statement.

5.15 Inventories

The inventories include aircraft spare parts and purchased goods. The acquisition cost includes all the costs incurred to bring the inventories at their current location and condition. Finance cost is not included in the inventories acquisition cost. The inventories' cost is calculated using the FIFO method (First In First Out).

On the balance sheet date, the inventories are measured at the lower of acquisition cost and net liquidation value.

5.16 Cash and cash equivalents

Cash and cash equivalents include cash at bank, petty cash as well as short term highly liquid deposits with an original maturity of three months or less.

5.17 Share capital

Share capital is determined using the nominal value of shares that have been issued. Share premium reserve includes all premiums in excess of the nominal price received at the date of the issue.

A share capital increase through cash includes any share premium during the initial share capital issuance. Any cost related to the capital increase or any tax benefit is deducted from the product of the share capital increase.

Retained earnings include the result of the current and the previous periods.

5.18 Employee benefits due to retirement and other short term benefits to employees

Short term benefits

Short term employee benefits in cash or in kind are recognized as expense when incurred. Any unpaid amount is recognized as liability.

Retirement benefits

The Company has established both defined benefit and defined contribution plans.

A defined benefit plan is a retirement benefit outside the scope of a defined contribution schemes. Typically, defined benefit schemes provide for a benefit the employee will receive on retirement, based on factors such age, service years and compensation received.

The balance sheet liability in respect of a defined benefit plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan's assets.

The defined benefit obligation is measured annually by independent actuaries using the projected unit credit method. The current value of the defined benefits is estimated by discounting the future expected cash outflows (using the interest rate of European bonds index IboxAA AA Corporate Overall 10+ EUR indices), issued in the currency the benefits will be paid at and have similar maturity terms to those of the retirement's liability.

The actuarial gains or losses that result from adjustments based on experience and changes in accrual assumptions at the end of the previous period exceeded the higher of the 10% of the defined benefit tax assets or the 10% of the defined benefit liabilities, are charged to the results based on the expected average of the remaining working life of the employees that participate to the scheme.

A defined contribution plan is a retirement scheme where the Company pays defined contributions, to an independent institution (the fund) that operates the contributions and provides the benefits, on a compulsory or non-compulsory basis. The Company has no other legal or any other type of obligation for further contributions if the fund is unable to meet its contract requirements and provide to the employees the agreed benefits for current or past services. Prepaid contributions are recognized as assets to the extent the cash return or decrease is expected in the future payments.

5.19 Financial liabilities

Financial liabilities include bank loans and overdrafts, trade and other payables and liabilities incurred and financial leases.

The Company's financial liabilities (except for bank loans) are recognized in the balance sheet in the accounts "Long term liabilities" and "Short term liabilities".

Financial liabilities are recognized when the Company becomes a party to the contractual agreements of the instrument and derecognized when the obligation under the liability is discharged, cancelled or expires.

Bank loans provide long term financing to the Company. All loans are initially recognized at cost which is the fair value of the consideration received less the issue costs. After the initial recognition, bank loans are valued in their depreciable amount with the real interest rate method. The depreciated amount is calculated taking into consideration every discount or premium in the settlement.

All interest related charges are recognized as an expense in "financial expense" in the income statement.

Trade payables are recognized initially at their nominal value and subsequently valued at their amortized cost less any settlement payments.

Dividends payable to the shareholders are included in "Other short term liabilities" when they are approved by the Shareholders' General Meeting.

When a current financial liability is exchanged with another of different type and terms (or the terms of the current liability are substantially changed) but from the same originator, this is dealt as termination of the initial liability and commencement of a new one. Any difference in the book values is recognized in the income statement.

5.20 Income tax & deferred tax

Income tax

Current income tax receivables / liabilities comprise of obligations to / or claims from fiscal authorities based on taxable income of the current or previous reporting periods that have not been settled until the balance sheet date.

They are measured at tax rates and tax laws that are enacted on the respective financial year based on the taxable profits for the period. All differences in tax assets / liabilities are charged to the income statement for the period as part of the income tax expense.

Deferred tax

Deferred income taxes are measured with the liability method that focuses on temporarily differences. This includes the comparison of the accounting value of assets and liabilities of consolidated financial statements with the respective tax bases. Deferred tax assets are recognized to the extent that it is possible to be offset by future income taxes. Deferred tax assets are re-examined at every balance sheet date and are reduced to the extent that it is no longer possible that enough taxable income will be available to allow the use of benefit (in total or partially) of the deferred tax asset. Deferred tax liabilities are recognized for all temporal tax differences.

Deferred tax assets and liabilities are measured at tax rates that are expected to be enacted when the asset will be recovered or the liability settled taking into consideration the tax rates already enacted by the time of the balance sheet date.

Most changes in deferred tax assets or liabilities are recognized as tax revenue - expense. Changes in deferred tax assets or liabilities related to a change in the value of asset or liability recognized in equity through the statement of other comprehensive income or directly, are recognized in equity through the statement of comprehensive income or directly respectively.

The Company recognizes a previously unrecognized deferred tax asset to the extent that it is probable that future taxable profit will allow the recovery of the deferred tax asset.

5.21 Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Company has present legal or assumed obligations as a result of past events, their settlement is probable through an outflow of economic resources from the Company and the liability can be estimated reliably. The time frame or the resources' outflow may be uncertain. A present obligation stems from the existence of a legal or assumed obligation resulting from past events such as warranties, legal disputes or onerous contracts. When the total or part of the estimated provision settlement amount is expected to be paid by a third party, the remuneration will be recognized only if it is more probable than not that the remuneration will be paid by the financial entity. The remuneration amount recognized cannot exceed the provision amount.

The expense relating to a provision is presented in the income statement, net of the provision initially formed. A provision is used only for the purpose it was initially formed. Provisions are evaluated at each balance sheet date and adjusted accordingly in order to depict the best most current estimation. Provisions are valued at the balance sheet date and are adjusted in order to reflect the present value of the obligation's expected settlement cost.

In such cases where the possible economic resources outflow as a result of present obligation is not probable or the amount or the provision cannot be reliably estimated no provision for contingent obligations is recognized in the financial statements however they are disclosed if the probability of economic resources outflows is high. Contingent assets are recognized in the financial statements but are disclosed when the economic resources inflow is probable. Possible economic resources inflows for the Company that do not meet the conditions for an asset are considered as contingent assets.

5.22 Operating Segments

The Company reports on 2 segments:

- Scheduled flights
- Charter flights

The accounting standards applied for each reported segment are the same with the ones applied in the annual financial statements of the Company.

The performance of each segment is evaluated on the basis of the result produced (profit or loss) from operating activities before taxes, excluding results from financial transactions and extraordinary items. Operational segments are managed and monitored individually from the Board of Directors (Chief Operating Decision Maker), because the services offered are of different nature and also subject to different customer demand and profit margin.

Results per segment are analyzed as follows:

01/01/2014-31/12/2014	Scheduled flights	Charter flights	Total
Total revenue	850.431,76	61.361,94	911.793,70
Operating result	90.220,55	6.013,47	96.234,03
Financial results			(11.348,69)
Other income/(expense)			9.745,20
Profit before taxes			94.630,54
Income tax			(14.385,54)
Net result for the period			80.245,00
01/01/2013-31/12/2013	Scheduled flights	Charter flights	Total
Total revenue	620.107,79	78.808,71	698.916,50
Operating result	59.168,93	8.274,91	67.443,84
Financial results			973,77
Other income/(expense)			6.657,85
Profit before taxes			75.075,46
Income tax			(17.316,31)
Net result for the period			57.759,15

Other income consists of cargo revenue, goods sold during flights as well as ancillary revenue related to ticket sales services.

Total passengers' revenue per geographical segment is distributed as follows:

	Company		Group	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Total passengers' revenue				
Domestic	244.529,68	136.283,97	305.432,30	141.213,21
EU countries – except domestic	496.963,24	445.156,12	496.963,24	447.023,42
Other countries	109.398,17	101.242,64	109.398,17	110.679,88
Total revenue	850.891,09	682.682,72	911.793,70	698.916,50

Assets and liabilities breakdown per segment is analyzed as follows:

01/01/2014-31/12/2014	Scheduled flights	Charter flights	Total
Segment's assets	266.711,16	1.463,71	268.174,87
Non assigned to segments assets			359.267,99
Total Assets			627.442,86
Segment's liabilities	341.433,64	3.970,67	345.404,31
Non assigned to segments liabilities			65.569,71
Total Liabilities			410.974,02
01/01/2013-31/12/2013	Scheduled flights	Charter flights	Total
Segment's assets	296.661,73	1.405,51	298.067,24
Non assigned to segments assets			263.288,91
Total Assets			561.356,15
Segment's liabilities	241.280,42	3.920,82	245.201,24
Non assigned to segments liabilities			103.277,67
Total Liabilities			348.478,91

5.23 Intangible assets

As at 31.12.2013 the Company holds intangible assets amounting to € 28.474,78 thousand and the Group 57.302,20 thousand. The changes in the aforementioned amounts are analyzed as follows:

	Company		Group	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Intangible assets				
Acquisition cost				
Balance as at January 1	33.331,77	32.107,90	70.167,50	32.107,90
Intangible assets acquired from the subsidiary	0,00	0,00	0,00	36.968,34
Additions	2.439,22	1.228,55	2.518,18	1.247,19
Disposals	0,00	(4,68)	0,00	(4,68)
Total acquisition cost	35.771,00	33.331,77	72.685,68	70.318,75
Accumulated amortization				
Balance as at January 1	6.275,28	5.316,59	13.076,01	5.316,59
Amortization intangible assets acquired from a subsidiary	0,00	0,00	0,00	6.677,65
Amortizations	1.020,93	959,01	2.307,47	1.233,39
Disposals	0,00	(0,31)	0,00	(0,31)
Total accumulated amortization	7.296,22	6.275,28	15.383,48	13.227,31
Unamortized cost	28.474,78	27.056,49	57.302,21	57.091,44

Group Intangible assets as at 31.12.2014 include "Olympic" brand amounting € 26.972,07 thousand, airport slots € 22.039,00 thousand, software € 4.018,47 thousand and other intangible assets € 4.272,66 thousand.

5.24 Tangible assets

(a) The Company's fleet as at 31.12.2014 consisted of 36 aircraft, as analyzed below:

- 28 Airbus A320
- 6 Airbus A321
- 2 Airbus A319

(b) The Group's fleet as at 31.12.2014 consisted of 50 aircraft, as analyzed below:

- 28 Airbus A320
- 6 Airbus A321
- 2 Airbus A319
- 10 Bombardier Q400
- 4 Bombardier D100

4 A320s of the above mentioned aircraft are under financial leases and the rest are under operating leases.

(c) Table of tangible assets

Company	Buildings	Aircraft owned	Aircraft Leasing	Aircraft Leasing maint. reserves	Aircraft equipment	Airport equipment	Other vehicles	Furniture and spare parts	Total
Cost of acquisition									
Balance 1 January 2013	12.209,47	6.475,32	69.795,08	40.160,02	8.365,08	1.986,37	666,34	8.174,09	147.831,77
Additions	67,00	-	-	-	1,22	-	-	220,17	288,39
Disposals	-	-	-	-	(1,06)	(4,08)	(8,48)	(8,25)	(21,87)
Balance 31 December 2013	12.276,47	6.475,32	69.795,08	40.160,02	8.365,24	1.982,29	657,86	12.276,47	148.098,29
Depreciations									
Balance 1 January 2013	4.453,43	2.023,53	12.600,21	23.235,92	6.934,33	1.505,86	556,93	7.280,95	58.591,14
Depreciation	564,82	323,77	3.140,78	5.847,77	276,29	82,67	22,76	497,86	10.756,72
Disposals	-	-	-	-	(1,06)	(0,86)	(7,91)	(8,24)	(18,07)
Balance 31 December 2013	5.018,25	2.347,29	15.740,99	29.083,69	7.209,56	1.587,67	571,78	7.770,57	69.329,79
Depreciable value at 31 December 2013	7.258,21	4.128,03	54.054,09	11.076,33	1.155,68	394,62	94,57	410,02	78.768,50
Balance 1 January 2014	12.276,47	6.475,32	69.795,08	40.160,02	8.365,24	1.982,29	657,86	8.386,01	148.098,29
Additions	157,52		806,85	3.419,80	5.827,99	7,57	44,77	797,74	11.062,23
Disposals						(10,71)	(7,50)		(18,21)
Impairments	(1.888,58)		(856,93)		(1,25)				(2.746,76)
Balance 31 December 2014	10.545,40	6.475,32	69.745,00	43.579,82	14.191,98	1.979,15	695,13	9.183,75	156.395,54
Depreciations									
Balance 1 January 2014	5.018,25	2.347,29	15.740,99	29.083,69	7.209,56	1.587,67	571,78	7.770,57	69.329,79
Depreciations	439,01	323,77	3.138,53	4.904,52	406,57	84,88	25,50	714,87	10.037,63
Disposals						(10,71)	(7,50)		(18,21)
Impairments write downs	(1.332,67)		(218,16)		(0,82)				(1.551,65)
Balance 31 December 2014	4.124,60	2.671,06	18.661,36	33.988,20	7.615,31	1.661,84	589,78	8.485,43	77.797,56
Depreciable value at 31 December 2014	6.420,81	3.804,26	51.083,64	9.591,62	6.576,67	317,31	105,35	698,31	78.597,99

Group	Buildings	Aircraft owned	Aircraft Leasing	Aircraft Leasing maint. reserves	Aircraft equipment	Airport equipment	Other vehicles	Furniture and spare parts	Total
Cost of acquisition									
Balance 1 January 2013	12.209,47	6.475,32	69.795,08	40.160,02	8.365,08	1.986,37	666,34	8.174,09	147.831,77
Additions	1.305,95	-	-	-	243,00	-	211,38	4.702,52	6.462,85
Disposals	67,00				1,22		-	272,19	340,41
Impairments	-				(1,06)	(4,08)	(8,48)	(59,40)	(73,02)
Balance 31 December 2013	(1.305,95)								(1.305,95)
Depreciations	12.276,47	6.475,32	69.795,08	40.160,02	8.608,24	1.982,29	869,24	13.089,40	153.256,06
Balance January 2013									
Depreciation	4.453,43	2.023,53	12.600,21	23.235,92	6.934,33	1.505,86	556,93	7.280,95	58.591,14
Disposals	134,85	-	-	-	27,99	-	121,97	2.721,47	3.006,28
Impairments write downs	608,19	323,77	3.140,78	5.847,77	280,34	82,67	27,97	541,48	10.852,97
Balance 31 December 2013					(1,06)	(0,86)	(7,91)	(11,07)	(20,90)
Depreciable value at 31 December 2013	-	-	-	-	-	-	-	-	-
	5.018,25	2.347,29	15.740,99	29.083,69	7.241,60	1.587,67	698,96	10.532,83	72.251,27
Balance 1 January 2014	7.258,21	4.128,03	54.054,09	11.076,33	1.366,64	394,62	178,77	2.351,15	81.004,81
Acquisitions cost of assets acquired from a subsidiary									
Additions	12.276,47	6.475,32	69.795,08	40.160,02	8.608,24	1.982,29	869,24	13.089,40	153.256,06
Disposals	157,52	-	806,85	3.419,80	5.827,99	7,57	79,21	939,96	11.238,89
Impairments	-				-	(10,71)	(73,97)	(67,95)	(152,63)
Balance 31 December 2014	(1.888,58)	-	(856,93)	-	(1,25)	-	-	-	(2.746,76)
Depreciation	10.545,40	6.475,32	69.745,00	43.579,82	14.434,98	1.979,15	874,48	13.961,41	161.595,55
Balance 1 January 2014									
Depreciations of assets acquired from a subsidiary	5.018,25	2.347,29	15.740,99	29.083,69	7.241,60	1.587,67	698,96	10.532,82	72.251,26
Depreciation	439,01	323,77	3.138,53	4.904,52	430,87	84,88	52,27	1.129,90	10.503,73
Disposals	-	-	-	-	-	(10,71)	(45,67)	(40,31)	(96,69)
Impairment write-downs	(1.332,67)	-	(218,16)	-	(0,82)	-	-	-	(1.551,65)
Balance 31 December 2014	4.124,60	2.671,06	18.661,36	33.988,20	7.671,65	1.661,84	705,56	11.622,40	81.106,65
Depreciable value at 31 December 2014	6.420,81	3.804,26	51.083,64	9.591,62	6.763,33	317,31	168,92	2.339,00	80.488,90

5.25 Advances for assets' acquisition

The advances for assets acquisition relate to advances given for the purchase of aircraft and aircraft seats rose to 56.024,47.

The advances for the purchase of aircrafts has been increased by € 34.889,03 due to the new agreement with Airbus (August 2014) for the acquisition of 7 A320.

5.26 Deferred tax assets/liabilities

The deferred tax assets/liabilities arising from the corresponding temporary tax differences for the Company and the Group are the following :

	31/12/2014		31/12/2013	
Company	Asset	Liability	Asset	Liability
Revaluation of assets and depreciation/amortization	498,09	(2.950,25)	416,66	(2.513,44)
Finance leases		(15.444,21)		(17.495,46)
Receivables	8.569,49	(3.256,51)	7.021,22	(339,01)
Provisions for employee retirement benefits	2.030,36		1.602,01	
Liabilities from financial derivatives	10.481,50	(9.040,45)	1.366,00	(733,85)
Bonds	52,81			(437,34)
Liabilities from finance leases	15.206,26		15.352,75	
Other short term liabilities	6.457,51	(699,19)	15.174,44	(9.043,06)
Tax Loss	0,00		0,00	
Total for offsetting	43.296,03	(31.390,60)	40.933,09	(30.562,17)
Balance	11.905,42		10.370,92	

	31/12/2014		31/12/2013	
Group	Asset	Liability	Asset	Liability
Revaluation of assets and depreciation/amortization	925,06	(6.580,12)	416,66	(5.529,08)
Finance leases		(15.444,21)	-	(17.495,46)
Receivables	8.569,49	(3.440,17)	7.021,22	(339,01)
Provisions for employee retirement benefits	2.140,06		1.602,01	-
Liabilities from financial derivatives	10.481,50	(9.040,45)	1.366,00	(733,85)
Bonds	52,81		-	(437,34)
Liabilities from finance leases	15.206,26		15.352,75	-
Other short term liabilities	9.828,24	(699,19)	15.174,44	(9.043,06)
Tax Loss	6.896,23		9.500,00	
Total for offsetting	54.099,66	(35.204,13)	50.433,09	(33.577,81)
Balance	18.895,52		16.855,28	

All deferred tax assets and liabilities were determined by the liability method and refer to temporary tax differences.

Total deferred asset is analyzed below:

	Company		Group	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Short term	4.300,80	5.761,33	3.697,90	9.601,27
Long term	7.604,63	4.609,60	15.197,63	7.254,01
Total deferred assets	11.905,42	10.370,92	18.895,52	16.855,28

5.27 Other long term assets

The other long term assets are analyzed as follows:

	Company		Group	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Warranties issued for lease assurance	12.281,18	9.476,37	18.114,87	15.885,67
Other warranties	1.870,09	23,41	1.870,09	23,41
Total	14.151,27	9.499,79	19.984,96	15.909,09

The Company and the Group in order to secure the current aircraft operating leases and in accordance with the terms of the leasing contracts, provide cash warranties mainly to aircraft leasing companies. Moreover, a minor part of the above balances refers to leased properties that are used by the Company and the Group.

"Other warranties" includes disputed claims against the Greek State.

5.28 Inventories

The inventories refer to goods sold during flights and aircraft spare parts.

Concerning the aircraft spare parts, the Company and the Group maintain a determined amount of spare parts in order to cover the needs of the aircraft maintenance and repair operations.

	Company		Group	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Goods	589,10	619,35	589,10	619,36
Aircraft spare parts	7.683,35	5.342,30	12.648,64	10.331,92
Total	8.272,45	5.961,65	13.237,74	10.951,28

The changes in the inventories are analyzed as below:

	Company		Group	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Goods				
Opening balance	619,36	560,42	619,36	1.197,96
Purchases for the period	1.019,34	987,55	1.019,34	1.685,85
Consumption for the period	(1.049,60)	(928,62)	(1.049,60)	(2.264,46)
Closing balance	589,10	619,35	589,10	619,35

Aircraft spare parts				
Opening balance	5.342,30	4.770,77	10.331,93	9.823,92
Purchases for the period	6.176,44	2.229,04	7.626,13	4.208,38
Spare parts consumption for the period	(3.835,39)	(1.657,51)	(5.309,42)	(3.700,37)
Closing balance	7.683,35	5.342,30	12.648,64	10.331,93
Total inventories	8.272,45	5.961,65	13.237,74	10.951,28

5.29 Customers and other trade receivables

The "Customers and other trade receivables" refer mainly to the following balances:

	Company		Group	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Domestic customers	8.838,57	7.791,48	7.769,68	10.379,73
Foreign customers	3.042,53	2.191,35	3.682,51	4.915,47
Greek State	8.262,34	607,87	16.660,82	8.742,01
Other miscellaneous debtors	42.207,96	34.944,01	42.587,39	47.661,79
Accrued income receivable	13.074,10	1.711,42	13.074,10	2.299,62
Prepayments to suppliers	3.003,53	2.385,89	3.873,73	2.945,93
Total	78.429,03	49.632,02	87.648,23	76.944,55

"Other miscellaneous debtors" balance refers to receivables from ticket sales through IATA travel agents in Greece or abroad and tickets sold from/to other airlines.

"Greek State" appears higher than the previous year due to the advance payment of income tax for the period of 2015 which has been paid within 2014 and amounts € 7.548,10.

"Other Expenses" includes provisions of € 7.227,08 for doubtful debts.

The majority of the above receivables is considered to be short-term and therefore their fair value is not considered to be materially different from their book value.

The ageing of customer receivables is presented in the table below:

	Company		Group	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Expected receivable time:				
Less than 3 months	54.675,18	43.918,57	54.942,43	57.327,59
Within 3 and 6 months	21.336,36	2.629,04	29.447,47	10.998,74
Within 6 months and 1 year	302,18	666,90	341,40	4.212,59
More than a year	2.115,31	2.417,51	2.916,93	4.405,63
Total	78.429,03	49.632,02	87.648,23	76.944,55

The balances with expected receivable time greater than one year refer to the sale of fixed assets agreed with the buyer for payment greater than a year.

5.30 Prepayments

Prepayments relate to amounts paid in advance for certain transactions with third parties or to the Company's and the Group's employees.

Prepayments balance is analysed below:

	Company		Group	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Advances to employees	1,67	0,00	19,10	12,62
Prepaid expenses	181,41	118,98	181,41	118,98
Other prepayments	1,63	1,16	233,28	1,16
Prepaid expenses	3.135,58	3.085,26	4.800,49	4.795,57
Fixed asset orders prepayments	5.367,99	0,00	5.367,99	0,00
	8.688,28	3.205,40	10.602,27	4.928,33

"Fixed asset orders prepayments" regards to the purchase of 15 aircraft seat shipsets which have been already received and are scheduled to be installed on the aircraft.

Prepaid expenses mainly relate to aircraft lease rentals and insurance premiums and other operating costs.

5.31 Financial assets

The Company has invested part of its cash in corporate bonds which are classified as "Financial assets available for sale" (Level 1 fair values).

In the current period the gain from corporate bonds sale amounting € 1,105 thousand is included in the "Financial Income".

	Company		Group	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Financial assets measured at fair value through the income statement	10.903,27	17.296,46	10.903,27	17.296,46

5.32 Cash and cash equivalents

Despite the net cash flow from operating activities amounting € 111.514,06, Group's "Cash and cash equivalents" as at 31.12.2014 amounted € 207.482,03 compared to € 226.876,98 as of last year, mainly due to the:

- € 35,5 million prepayment made to Airbus concerning the purchase of 7 aircraft
- € 71,4 million capital return
- € 10,4 million paid to MIG for the acquisition of Olympic Air

	Company		Group	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Petty cash	144,55	450,59	149,28	455,82
Current accounts	159.310,45	159.877,69	179.233,10	161.304,37
Short term time deposits	28.099,65	61.219,14	28.099,65	65.116,79
Total	187.554,65	221.547,42	207.482,03	226.876,98

5.33 Share capital

The Company's share capital is €46,421,115, divided into 71,417,100 common registered shares of nominal value sixty five eurocents (€ 0.65) per share.

All shares have been fully paid and participate in the profits.

5.34 Share premium

The share premium amount which resulted from the share capital increase in excess of the nominal value amount was reduced by € 71.417,10 due to a share capital increase and totals to € 72.775,98.

5.35 Other reserves

Other reserves comprise of statutory, extraordinary and tax exempt reserves as well as reserves arising from cash flow hedges with the use of financial derivatives.

They are analyzed as follows:

	Statutory reserves	Extra ordinary reserves	Fair value reserves (cash flow hedging)	Available for sale	Tax free reserves	Total
Balance at 31/12/2012	2.597,90	356,50	(2.361,49)	1.244,75	35,37	1.873,03
Change for the period			(1.886,16)	(1.395,04)	(35,37)	(3.316,58)
Balance at 31/12/2014	2.597,90	356,50	(4.247,65)	(150,29)	0,00	(1.443,54)

Respectively for the period 2013 are analyzed as follows:

	Statutory reserves	Extra ordinary reserves	Fair value reserves (cash flow hedging)	Available for sale	Tax free reserves	Total
Balance at 31/12/2012	2.597,90	356,5	(1.949,37)	0,00	35,37	1.040,40
Change for the period	0,00		(412,13)	1.244,75	0,00	832,62
Balance at 31/12/2013	2.597,90	356,50	(2.361,49)	1.244,75	35,37	1.873,02

The fair value reserves are presented net of deferred taxes.

The cash flow hedge reserve and assets for sale for the Company and the Group are analyzed as follows:

	2014		2013	
	Gross amount	Tax	Gross amount	Tax
Balance at period's beginning	(1.311,56)	194,81	(2.436,72)	(487,35)
Result to the income statement	827,27	(215,09)	3.193,54	(830,32)
Valuation at period end	(5.261,31)	1.367,94	(2.068,38)	537,78
Balance at period's end	(5.745,60)	1.347,66	(1.311,56)	184,81

5.36 Borrowings

The borrowing liabilities of the Company are analyzed as follows:

5.37 Liabilities from finance leases

The analysis of finance lease agreements is as follows:

	Company		Group	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Future Payments				
Up to 1 year	9.456,87	8.143,70	9.456,87	8.143,70
Between 1 to 5 years	40.017,92	34.424,00	40.017,92	34.424,00
More than 5 years	12.119,19	19.821,62	12.119,19	19.821,62
Total	61.593,98	62.389,32	61.593,98	62.389,32

Financial expense	3.108,34	3.340,30	3.108,34	3.340,30
Present value of future payments	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Up to 1 year	8.875,92	7.595,83	8.875,92	7.595,83
Between 1 to 5 years	38.037,75	32.520,77	38.037,75	32.520,77
More than 5 years	11.571,97	18.932,42	11.571,97	18.932,42
Total	58.485,63	59.049,02	58.485,63	59.049,02

The weighted average interest rate was calculated at 0,4388%

5.38 Provisions for employee retirement benefits

The amounts analyzed below are recognized as defined benefit plan for the Company and they are based on independent actuarial calculations:

	31/12/2014	31/12/2013
Amounts recognized in the income statement		
Current service cost	604,71	619,89
Interest cost	274,21	238,03
Additional benefits cost	276,76	317,72
Nominal expense to the income statement	1.155,68	0,00
Service cost recognition	(3.629,68)	0,00
Total expense to the income statement	(2.474,00)	1.175,62
Changes in net obligation recognized in the balance sheet		
Net obligation at the opening year	7.158,36	6.353,57
Benefits paid by the employer	(378,37)	(485,54)
Total expense recognized in the income statement	(2.474,00)	1.175,62
Amount recognized in other comprehensive income	1.930,21	114,70
Net obligation at the end of the year	6.236,20	7.158,36
Changes in the present value of the obligation		
Present value of the obligation - Opening period	7.158,36	6.353,57
Current service cost	604,71	619,89
Interest cost	274,21	238,03
Service cost recognition	(3.629,68)	0,00
Benefits paid by the employer	(378,37)	(485,54)
Additional payments or expenses/income	276,76	317,71
Actuarial loss/gain	1.930,21	114,70
Present value at the end of fiscal year	6.236,20	7.158,36

The amounts included to the Company's income statement are as follows:

	31/12/2014	31/12/2013
Current service cost	604,71	619,89
Interest cost	274,21	238,03
Additional benefits cost	276,76	317,70
Nominal expense to the income statement	1.155,68	1.175,62
Service cost recognition	(3.629,68)	0,00
Total expense to the income statement	(2.474,00)	1.175,62

Actuarial assumptions were:

	31/12/2014	31/12/2013
Discount rate	2,60%	3,80%
Expected salary increase percentage	2,50%	2,70%
Average years of working life	25,28	25,28

The Group amount are as follows:

	31/12/2014	31/12/2013
Amounts recognized in the income statement		
Current service cost	714,80	810,86
Interest cost	285,32	260,31
Additional benefits cost	725,56	166,40
Nominal expense to the income statement	1.725,68	895,20
Service cost recognition	(3.629,68)	(175,97)
Total expense to the income statement	(1.903,99)	1.061,59
Changes in net obligation recognized in the balance sheet		
Net obligation at the opening year	7.508,50	6.817,74
Benefits paid by the employer	(860,65)	(2.115,75)
Total expense recognized in the income statement	(1.903,99)	2.691,81
Amount recognized in other comprehensive income	1.856,48	114,70
Net obligation at the end of the year	6.600,34	7.508,50
Changes in the present value of the obligation		
Present value of the obligation - Opening period	7.508,50	6.817,74
Current service cost	714,80	810,86
Interest cost	285,32	260,31
Service cost recognition	(3.629,68)	0,00
Benefits paid by the employer	(860,65)	(2.115,75)
Additional payments or expenses/income	725,56	1.771,96
Actuarial loss/gain	1.856,48	(36,61)
Present value at the end of fiscal year	6.600,34	7.508,50

The amounts included to the Group's income statement are as follows:

	31/12/2014	31/12/2013
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Current service cost	714,80	810,86
Interest cost	285,32	260,31
Additional benefits cost	725,56	(9,57)
Nominal expense to the income statement	1.725,68	1.061,59
Service cost recognition	(3.629,68)	0,00
Total expense to the income statement	(1.903,99)	1.061,59

Actuarial assumptions were:

	31/12/2013	31/12/2012
Discount rate	2,60%	3,80%
Expected salary increase percentage	2,50%	3,80%
Average years of working life	25,28	25,28

The sensitivity analysis of the actuarial calculation outcome for the company and the Group is analyzed as follows:

By using a higher by 0,5% discount rate the actuarial obligation would be lower by 9%. In contrary if the discount rate was increased by 0,5% the actuarial obligation would be higher by 10%.

The relevant sensitivity checks for the expected salaries % increase are as follows

If the expected salaries % increase was increased by 0,5% then the actuarial obligation would be higher by 10% and if the expected salaries % increase was decreased by 0,5% then the actuarial obligation would be lower by 9%.

The actuarial obligation for each scenario mentioned above is analyzed as follows:

	Actuarial Obligation	% Change
Discount rate increase by 0,5%	5.691.920	-9%
Discount rate decrease by 0,5%	6.845.777	10%
Expected salaries % increase by 0,5%	6.840.553	10%
Expected salaries % decrease by 0,5%	5.691.219	-9%

5.39 Suppliers and other liabilities

The analysis for the Company and the Group is as follows:

	Company		Group	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
State-law entities and state-owned enterprises	34,66	32,12	383,80	32,12
Foreign suppliers	26.517,53	19.710,15	30.000,32	23.455,11
Domestic suppliers	28.461,92	18.786,03	26.781,22	26.653,50
Liabilities from customers loyalty programs	6.272,38	1.893,21	6.272,38	3.424,47
Total	61.286,49	40.421,51	63.437,72	53.565,20

The balance "Foreign suppliers" relates to liabilities resulting from aircraft maintenance, fuel and aircraft leases.

The carrying amounts of suppliers and other liabilities approach their fair values. Liabilities from customers' loyalty programs due refer to the amount that, as assessed by the Company, will be covered in the subsequent years.

5.40 Provisions

(a) Tax unaudited periods

The Company has not been tax audited for the fiscal years 2012 and 2013.

The fiscal year 2012 has been tax audited according to the tax legislation (1159/2011) by the Certified Accountant. The fiscal year 2013 is being tax audited with the above mentioned methodology too. In December 2013 the Company's tax audit for the fiscal years 2007 – 2011 has been finalized. The outcome of the above mentioned tax audit (taxes, fees and surcharges) was € 2,413 thousand thousand.

The Company has appealed to the committee of Article 70B of Law 2238/1994, disputing significant amounts of the above mentioned taxes & surcharges, therefore the amount of the additional taxes, fees and surcharges will not affect the 2013 income statement.

The Company had formed a tax provision for the above mentioned fiscal years (2007-2011) amounting € 1,400 thousand.

The subsidiary Olympic Air S.A. has been tax audited for the fiscal years 2011, 2012 and 2013 according to tax legislation 1159/2011 by the Certified Accountant.

For the unaudited fiscal years 2009-2010 the subsidiary has been tax audited according to tax legislation 1159/2011 by the tax authorities. The procedure was completed at 26/11/2014. Additional taxes, fines and fees were confirmed and accepted (€ 206,25), as well as a difference of € 147,16 at VAT.

There were not formed any tax provisions because the subsidiary had significant cumulative tax losses.

(b) Maintenance reserves

The accumulated amount provisioned for future aircraft maintenance (maintenance reserves) is as follows:

	Company		Group	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Balance as at January 1st	25.475,13	29.129,25	34.412,83	29.129,25
Balance of provision for acquired subsidiary	0,00	0,00	0,00	6.763,11
Current period's provisions	60.843,50	45.762,42	62.344,13	50.211,88
Less: Provisions used	(63.868,10)	(49.416,55)	(67.556,06)	(51.691,41)
Balance as at December 31st	22.450,54	25.475,12	29.200,89	34.412,83

(c) Other provisions

Group "Other provisions" amounting € 3.238,12 thousand refer to subsidiaries provisions regarding existing contracts early terminations costs

5.41 Other long term liabilities

Other long term liabilities mainly refer to the Company's liabilities long-term portion of the deferred purchase price of Olympic Air and additional liabilities of EUR 9.103,51 thousand that occurred from Olympic Air.

5.42 Other short term liabilities

Other short term liabilities refer to the Company's and Group's liabilities to social security organizations and other creditors that are directly related to their trading operation. The analysis is as follows:

	Company		Group	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Deferred income	4.290,35	5.498,71	4.290,35	5.498,71
Social Security Organization	3.536,86	3.397,88	4.336,88	4.679,38
Other short term liabilities	1.453,98	2.109,60	4.693,30	7.405,38
Checks outstanding postdated	543,32	960,11	544,62	1.187,14
Customers advances	1.512,99	972,25	1.512,99	972,25

Tax – Stamp duty on employees’ benefits	4.346,31	3.339,50	5.141,51	3.880,81
Airport taxes and charges	37.636,23	28.928,37	38.180,01	30.194,74
Vat payable	719,71	887,82	1.395,23	887,82
Payable installment for purchase of subsidiary	10.400,01	10.400,01	10.400,01	10.400,01
Total	64.439,76	56.494,25	70.494,90	65.106,24

“Airport taxes & charges” include all the airports taxes and fees.

5.43 Liabilities from tickets sold but not flown

Refers to the amount of deferred revenue from tickets sold but not flown until the next period.

5.44 Accrued expenses

Accrued expenses are analyzed as follows:

	Company		Group	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Agents’ commissions	5.193,91	6.658,44	5.193,91	6.937,43
Use of software	161,82	118,46	671,46	1.015,64
Aircraft fuel	51,06	68,41	51,06	68,41
Aircraft maintenance expenses	7.512,93	4.093,45	7.512,93	4.372,38
Landing costs	4.091,49	3.972,10	4.204,18	4.056,40
Eurocontrol charges	878,18	382,88	878,18	564,54
Other fees payable	1.340,79	1.023,24	1.340,79	1.023,24
Other expenses	3.461,67	2.172,64	3.620,21	3.549,18
Total	22.691,85	18.489,64	23.472,72	21.587,24

5.45 Financial Derivatives

Financial derivatives are analyzed as follows :

	Company		Group	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Financial derivatives (assets)				
Forward contracts in US \$ - Cash flow hedging	34.770,95	92,67	34.770,95	92,67
Commodities’ swaps (jet fuel) - Cash flow hedging	0,00	2.167,53	0,00	2.167,53
Receivables from financial derivatives	34.770,95	2.260,20	34.770,95	2.260,20
Financial derivatives (liabilities)				
Forward contracts in US \$ - Cash flow hedging	0,00	3.738,51	0,00	3.738,51
Commodities’ swaps (jet fuel) - Cash flow hedging	38.776,63	0,00	38.776,63	0,00
Interest rate swaps - Cash flow hedging	1.536,82	1.515,34	1.536,82	1.515,34
Liabilities from financial	40.313,46	5.253,85	40.313,46	5.253,85

derivatives

Financial derivatives are classified either as assets or liabilities. The total fair value of a financial derivative that is qualified as a hedging instrument is classified either as non-current item if the maturity of the hedged item is more than 12 months or as current item if the maturity of the hedged item is less than 12 months.

(a) Forward contracts in US dollars (currency forwards)

The forward contracts are used for cash flow hedging of the risks arising from the movement in US dollar's exchange spot rates. On 31 December 2014, the Company had entered into forward contracts to hedge 54% of its expected needs in US dollars for the period 2015 - 2016 (future transactions).

The nominal amount as at 31.12.2013 of the open forward contracts was € 444.773,91 thousand.

Maturity	Face Value \$,000
2015	300.000,00
2016	240.000,00

(b) Commodity swaps (Jet fuel swaps)

Commodity swaps amounted to contracts for a total quantity of 249 thousand metric tons which account for approximately 49% of the projected jet fuel needs in 2015 (future transactions) and 24% in 2016. The specific derivative contracts are used for cash flow hedging of the risks arising from the increase in the fuel prices.

The nominal value of the open contracts as at 31.12.2014 was € 161.504,93 thousand (Level 2 Fair Values). For the valuation of the above swaps the forward sensitivity curve of Jet Fuel FOB MED High was used.

(c) Interest rate swaps

Interest rate swaps (IRS) are used as hedging instruments for the cash flow hedging of floating rate financial liabilities for the 49% of the finance leases obligations.

The nominal value of the open IRS contracts as at 31.12.2014 was € 28.286,52 thousand (Level 2 Fair Values).

5.46 Revenue

Revenue refers to proceeds from tickets sales, sales of goods and other services.

Revenue per service category is analyzed as follows:

	Company		Group	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Proceeds from scheduled flights	688.408,90	559.640,74	748.556,80	575.849,35
Proceeds from charter flights	62.016,65	78.808,71	61.361,94	78.808,71
Other operating income	100.465,53	44.233,28	101.874,97	44.258,45
Total	850.891,09	682.682,72	911.793,70	698.916,50

5.47 Other income

This category includes revenues created by ancillary activities outside the main operating scope of the Company and the Group. The particular income refers to the following cases:

	Company		Group	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Greek Manpower Employment	27,77	4,11	29,34	4,11

Organization (OAED) subsidies				
Income from services rendered to third parties	10.465,99	5.531,21	7.110,18	8.597,02
Income from Training	1.180,13	0,00	1.822,91	0,00
Rental income	0,00	0,00	0,00	0,00
Other income	298,18	648,71	782,77	1.645,50
Total	11.972,07	6.184,03	9.745,20	10.246,63

5.48 Consumption of materials and services

These amounts refer to the operating expenses of the Company and the Group and they are analyzed as follows:

	Company		Group	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Aircraft fuel	226.182,20	195.098,93	232.772,80	198.410,87
Aircraft maintenance	60.843,50	47.751,55	77.633,98	49.922,49
Eurocontrol charges	52.605,92	41.382,43	53.942,18	41.935,74
Handling charges	47.024,62	36.507,22	51.531,95	37.936,01
Airport charges	35.920,88	26.940,69	37.404,12	27.601,99
Catering costs	20.434,15	16.739,08	21.072,20	16.892,32
Distribution costs	59.292,06	44.480,98	61.192,42	45.569,40
Marketing costs	11.735,86	7.141,32	12.295,49	7.205,32
Aircraft & spare engines leasing	117.495,79	70.174,47	90.677,51	72.659,61
Inventories' consumption	1.049,59	928,61	1.049,59	1.694,06
Other operating expenses	55.723,02	38.210,78	62.709,34	45.773,79
Total	688.307,58	525.356,00	702.281,58	545.601,59

The analysis of "Other operating expenses" is the following:

	Company		Group	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Third party fees	8.259,86	2.533,08	9.109,03	6.206,56
Board of Directors remuneration	1.500,00	1.500,00	1.500,00	1.500,00
Cargo expenses	1.328,06	1.054,07	1.341,01	1.056,54
Personnel training	2.527,85	1.656,86	3.095,39	1.704,90
Mail & Telecommunications expenses	1.832,83	1.529,32	2.103,61	2.719,13
Rents	2.512,90	2.475,94	3.787,14	2.731,05
Insurance premiums	2.120,69	2.290,99	2.612,96	2.489,14

Maintenance for building and equipment	2.645,32	1.636,03	3.020,81	1.652,65
Travel expenses	2.279,80	1.642,42	2.681,90	1.792,28
Stationary	1.262,69	1.056,06	1.384,20	1.100,79
Subscriptions	2.524,90	2.097,38	3.309,03	3.102,28
Other overhead costs	26.928,13	18.738,64	28.764,26	19.718,46
Total	55.723,02	38.210,78	62.709,34	45.773,78

5.49 Employee Costs

Employee costs include salaries as well as provisions for retirement benefits.

	Company		Group	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Salaries and wages	63.421,03	54.146,66	79.109,33	57.558,03
Employers' contribution	15.415,75	13.881,24	19.631,72	15.165,08
Provision for retirement benefits	1.155,68	1.175,62	1.725,68	1.061,59
Total	79.992,47	69.203,53	100.466,74	73.784,71

The number of employees is the following:

	Company		Group	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Employees number	1.678	1.459	1.988	1.909

5.50 Financial income / expense

Financial income / expense analysis is as follows:

	Company		Group	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Interest and expenses from long term liabilities	917,17	1.122,59	917,17	1.122,59
Interest and expenses from short term liabilities	3.516,19	674,09	3.480,36	698,67
Letters of Guarantee commissions	1.334,09	1.016,88	1.337,22	1.026,98
Finance leases interest	559,61	621,20	559,61	621,20
Foreign exchange losses	29.761,69	11.840,64	30.711,92	12.492,85
Other financial expenses	354,20	343,67	527,58	442,03
Total financial expenses	36.442,96	15.619,06	37.533,87	16.404,32
Other interest income	3.830,09	3.355,39	3.905,20	3.372,14
Foreign exchange gains	20.885,29	13.282,18	22.279,98	14.005,95
Total financial income	24.715,38	16.637,57	26.185,18	17.378,09

5.51 Income tax

Income tax is analyzed below:

	Company		Group	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Current tax	(14.586,00)	(11.528,45)	(14.586,00)	(11.528,45)
Deferred tax	(324,46)	(5.750,83)	200,46	(5.787,87)
Total Tax	(14.910,45)	(17.279,27)	(14.385,54)	(17.316,35)
Profit /(loss) before taxes	71.776,83	83.610,00	94.630,54	75.075,47
	26%	26%	26%	26%
Tax estimated on existing tax coefficient basis	(18.661,98)	(21.738,60)	(24.603,94)	(19.519,62)
Tax on expenses not deductible for tax purposes	(520,00)	(402,14)	(1.387,80)	(2.658,16)
Tax reserves on sales of shares	4.271,52	0,00	4.271,52	0,00
Effect of change on tax rates	0,00	4.861,47	0,00	4.861,47
Recognition of subsidiary's deferred tax	0,00	0,00	6.473,46	0,00
Other permanent differences	0,00	0,00	861,23	0,00
Income Tax	(14.910,45)	(17.279,27)	(14.385,54)	(17.316,31)

The Company according to legislation 4172/2013 (paragraph 12 & 13, article 72) and to 1143/2014 reduced the tax profits for the fiscal year 2014 with the debt balances of reserves which were formed according to legislation 2238/94.

2014 Group deferred tax includes a recognition of the subsidiary's deferred tax on temporary differences due to management's updated assessment regarding their recovery through future taxable earnings.

5.52 Commitments

(a) Operating leases

The operating leases obligations for the Company and the Group arise mainly from leased aircraft and spare engines used

	Company		Group	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Up to 1 year	78.451,81	68.589,86	96.959,83	91.697,10
Between 1 and 5 years	246.211,44	222.692,80	312.469,13	306.964,28
More than 5 years	45.519,80	77.263,57	101.596,70	161.126,35
Total	370.183,04	368.546,23	511.025,66	559.787,74

(b) Capital commitments

The Company commitments that refer to the order of Airbus type aircraft acquisition are analysed per delivery year as follows:

- 2015 4 A320 aircraft
- 2016 3 A320 aircraft

5.53 Contingent assets and liabilities

Legal or in arbitration disputes

There are legal or in arbitration disputes and other contingent future events however they are not expected to have a material effect in the financial position or the operation of the Company and the Group.

Contingent liabilities

Total third party legal claims from the Company amount to € 456,87 thousand, while for the Group amounted to € 1,508,51 thousand.

The Company's management based on previous court decisions as well as on the fact that the trial procedures have not been finalized yet, estimates that their outcome would not have a material impact on its financial position and operation.

An analysis of the pending legal cases follows:

	Company		Group	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Labor disputes	112,19	206,87	1.085,27	1.179,95
Accidents	0,00	15,00	64,71	79,71
Other	344,68	228,77	358,53	242,62
Total	456,87	450,64	1.508,51	1.502,28

5.54 Loans

In the current period the Company has full repaid the amount of € 7,846.39 which refers to financial leases capital.

5.55 Related parties transactions

The most significant transactions of the Company with related parties according to IAS 24, appear on the following table:

Transactions with other companies owned by the major shareholder	Company	
	31/12/2014	31/12/2013
Receivables (End of period balance from sale of goods- services)	95,98	88,24
Payables (End of period balance from purchase of goods- services)	240,32	200,68
Income – Services provided from the Company	726,43	364,63
Expenses – Services the Company received	1.652,15	1.697,31
Transactions with subsidiaries		
Receivables (End of period balance from sale of goods- services)	1.546,47	1.699,63
Payables (End of period balance from purchase of goods- services)	3.124,74	1.417,27
Income – Services provided from the Company	4.895,76	2.720,45
Expenses – Services the Company received	57.733,98	5.448,91

The above transactions with companies owned by the major shareholder of the Company relate mainly to rents and services provided or received. All transactions are on arm's length basis.

5.56 Transactions with directors and Board of Directors members

Compensation to directors and BoD members is analyzed below:

	Company		Group	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
BoD members fees	1.500,00	1.500,00	1.500,00	1.500,00
Directors' salaries	2.930,36	2.842,95	3.795,85	3.080,80
Directors' social insurance expenses	187,37	181,03	303,80	234,56
Benefits in kind and other payments to directors	215,88	209,66	259,26	340,25
Total	4.833,60	4.733,65	5.858,90	5.155,62
Obligations to directors'	801,68	0,00	801,68	0,00

There are no other transactions, receivables or liabilities with the directors or the BoD members.

5.57 Earnings per share

Earnings per share were based on the weighted average outstanding number of shares out of the total number of shares and are analyzed as follows:

	Company		Group	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Profit / (loss) before tax	71.776,83	83.610,00	94.630,54	75.075,47
Income tax	(14.910,45)	(17.279,31)	(14.385,54)	(17.316,31)
Profit / (loss) after tax	56.866,38	66.330,70	80.245,00	57.759,16
Attributable to:	71.417.100	71.417.100	71.417.100	71.417.100
Basic earnings / (loss) per share (euros / share)	0,7963	0,9288	1,1236	0,8088

5.58 Risk management

The Group is exposed to multiple risks. The risk management policy of the Group aims to reduce the negative impact on outcome resulting from the unpredictability of financial markets and the variations in costs and sales.

The Group uses financial derivative instruments to hedge its exposure to certain types of risk.

The risk management policy is executed by the Financial Department of the Group. The procedure is the following:

- Evaluation of risks associated with the activities and operations of the Group
- Design of a methodology and selection of appropriate financial products to reduce risks
- Execution / implementation, in accordance with the procedure approved by the management

Foreign currency risk

The Group due to the nature of the industry is exposed to variations in foreign currency exchange rate which arise mainly from US Dollar.

This kind of risk arises mainly from transactions in foreign currency. The Group's exposure to foreign exchange risk varies during the period according to the seasonal volume of transactions in foreign currency.

To manage this kind of risk the Group enters into forward currency exchange contracts with financial organizations.

Interest rate risk

The Group's policy is to minimize interest rate cash flow risk exposure on long – term financing. With relation to the above risk the Group has hedged a portion of its financial leases obligations.

Jet fuel risk

The Group is exposed to the fluctuations of the price of oil which directly influences the price of jet fuel. To manage this risk the Group enters into derivative contracts on oil products in order to hedge part of its projected jet fuel needs.

The following tables present:

- The sensitivity of the period's result as well as of the equity's if a reasonable movement of +/- 50 basis points in the Euro / USD exchange rate takes place.
- The sensitivity of the period's result as well as of the equity's in a reasonable movement of +/- 10 basis points in the interest rates.
- The sensitivity of the period's result as well as of the equity's in a reasonable movement of +/- \$75/MT in the Jet fuel price.

Company 31/12/2014	Balance Sheet value	Foreign exchange risk		Interest rate risk		Fuel price risk	
		+50 bps	-50 bps	+10 bps	-10 bps	+75 USD/MT	-75 USD/MT
Available for sale	10.903,27			8,50	8,52		
Receivables	15.548,76	(455,11)	494,21				
Cash and cash equivalents	45.258,22	(1.324,70)	1.438,50				
Total	71.710,25	(1.779,81)	1.932,70	8,50	8,52	0,00	0,00
Derivatives	(5.542,50)	(1.440,84)	1.363,20)	49,28)	(49,28)	11.638,38)	(11.638,38)
Liabilities	(71.666,46)	2.097,67	(2.277,86)				
Effect in the income statement after tax / equity		317,86	(345,16)				
Effect in the statement of total income after tax / equity		(1.440,84)	1.363,20	57,78	(57,79)	11.638,38	(11.638,38)

Group 31/12/2014	Balance Sheet value	Foreign exchange risk		Interest rate risk		Fuel price risk	
		+50 bps	-50 bps	+10 bps	-10 bps	+75 USD/MT	-75 USD/MT
Available for sale	10.903,27			8,50	8,52		
Receivables	23.421,40	(685,54)	744,43				
Cash and cash equivalents	46.612,55	(1.364,34)	1.481,54				
Total	80.937,23	(2.049,88)	2.225,97	8,50	8,52	0,00	0,00

Derivatives	(5.542,50)	(1.440,84)	1.363,20	49,28	(49,28)	11.638,38	(11.638,38)
Liabilities	(71.666,46)	2.097,67	(2.277,86)				
Effect in the income statement after tax / equity		317,86	(345,16)				
Effect in the statement of total income after tax / equity		(1.440,84)	1.363,20	57,78	(57,79)	11.638,38	(11.638,38)

Company 31/12/2013					
Assets	Balance Sheet value	Foreign exchange risk		Interest rate risk	
		+50 bps	-50 bps	+10 bps	-10 bps
	€000	€000		€000	
Available for sale	17.296,46			(49,81)	50,00
Derivatives	(2.993,65)	(2.661,59)	(1.338,35)	(28,76)	(82,17)
Receivables	29.081,97	(752,94)	809,60		
Cash and cash equivalents	25.759,99	(666,94)	717,12		
Liabilities	(72.788,93)	1.884,54	(2.026,33)		
Effect in the income statement after tax / equity		464,65	(499,61)		
Effect in the statement of total income after tax / equity		(2.661,59)	(1.338,35)	(78,41)	(32,17)

Group 31/12/2013					
Assets	Balance Sheet value	Foreign exchange risk		Interest rate risk	
		+50 bps	-50 bps	+10 bps	-10 bps
	€000	€000		€000	
Available for sale	17.296,46			(49,81)	50,00
Derivatives	(2.993,65)	(2.661,59)	(1.338,35)	(28,76)	(82,17)
Receivables	30.013,01	(777,05)	835,51		
Cash and cash equivalents	25.959,74	(672,11)	722,68		
Liabilities	(73.350,68)	1.899,08	(2.041,96)		
Effect in the income statement after tax / equity		383,29	(412,13)		
Effect in the statement of total income after tax / equity		(2.661,59)	(1.338,35)	(78,41)	(32,17)

	Fair value hierarchy levels			
31/12/2014		Level 1	Level 2	Level 3
Assets				
Forward contracts in USD	(FWD)		34.770,96	
Jet fuel commodity swaps	(FWD)		0,00	
Interest rate swaps	(IRS)			
Bonds (commercial portfolio)		12.409,65		
Total assets		12.409,65	34.770,96	
Liabilities				
Forward contracts in USD			0,00	
Jet fuel commodity swaps	(FWD)		38.776,63	
Interest rate swaps	(FWD)		1.536,82	
Total liabilities	(IRS)		40.313,46	

	Fair value hierarchy levels			
31/12/2013		Level 1	Level 2	Level 3
		€000	€000	€000
Assets				
Forward contracts in USD	(FWD)		92,67	
Jet fuel commodity swaps	(FWD)		2.167,53	
Interest rate swaps				
Bonds (commercial portfolio)	(IRS)	17.296,46		
Total assets		17.296,46	2.260,20	
Liabilities				
Forward contracts in USD	(FWD)		(3.738,51)	
Jet fuel commodity swaps	(FWD)		0,00	
Interest rate swaps	(IRS)		(1.515,34)	
Total liabilities			(5.253,85)	

Level 1 values refer to published prices and Level 2 values are based on measurement techniques.

Credit risk

The maximum exposure to credit risk without taking into consideration security deposits and letters of guarantee are:

Classes of assets	Company		Group	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Cash and cash equivalents	187.554,65	221.547,42	207.482,03	226.876,98
Assets measured at fair value	10.903,27	17.296,46	10.903,27	17.296,46

Receivables from derivative contracts	34.770,96	2.260,20	34.770,96	2.260,20
Trade and other receivables	78.429,03	49.632,02	87.648,24	76.944,55
Total	311.657,90	290.736,09	340.804,49	323.378,18

The management considers that all the above financial assets that have not been impaired in previous reporting dates under review are of high credit quality.

In order to be protected against the credit risk, the Group monitors on a regular basis its trading receivables and whenever necessary, assesses the insurance of the receivables collection, mainly through factoring.

Possible credit risk also exists in cash and cash equivalents and in forward contracts. The risk may arise from the possibility of the counterparty becoming unable to meet its obligations towards the Group. To minimize this risk the Group examines regularly its degree of exposure to every individual financial institution. As far as it concerns its deposits the Group is dealing only with reputable financial institutions which have high credit ratings.

Liquidity risk

Liquidity risk is managed effectively by maintaining sufficient cash levels. The Group manages its liquidity by maintaining adequate cash levels as well as ensuring the provision of credit facilities not only from financial institutions but also from suppliers, always in relation to its operating, investing and financing requirements. It is noted that as at 31.12.2014 the Group had a cash position of € 187,55 m. and had also secured an adequate amount of committed credit facilities ensuring the servicing of its short and medium term liabilities.

The financial obligations maturities of the Company as at 31 December 2014 are analyzed as follows:

31.12.2014	Short term		Long term	
	Within 6 months	6 – 12 months	1-5 years	More than 5 years
Long term bank loans	0,00	0,00	0,00	0,00
Finance lease obligations	4.721,43	4.735,43	40.017,92	12.119,19
Trade payables	55.014,11	6.272,38	0,00	0,00
Other short term liabilities	48.346,52	38.785,09	0,00	0,00
Financial derivatives	15.183,28	19.987,94	3.605,42	1.536,82
Other long term liabilities	0,00	0,00	25.480,12	0,00
Total	123.265,34	69.780,84	69.103,45	13.656,01

The relevant maturities as at 31 December 2013 of the Company are analyzed as follows:

31.12.2013	Short term		Long term	
	Within 6 months	6 – 12 months	1-5 years	More than 5 years
Long term bank loans	0,00	0,00	0,00	0,00
Finance lease obligations	4.066,98	4.076,71	34.424,00	19.821,64
Trade payables	38.528,30	1.893,21	0,00	0,00
Other short term liabilities	58.112,92	16.870,97	0,00	0,00
Financial derivatives	1.751,11	1.806,00	181,39	1.515,35
Other long term liabilities	0,00	0,00	30.441,87	0,00
Total	102.459,31	24.646,89	65.047,26	21.336,99

The financial obligations maturities of the Group as at 31 December 2014 are analyzed as follows:

31.12.2014	Short term		Long term	
	Within 6 months	6 – 12 months	1-5 years	More than 5 years
Long term bank loans	0,00	0,00	0,00	0,00
Finance lease obligations	4.721,43	4.735,43	40.017,92	12.119,19
Trade payables	57.165,33	6.272,38	0,00	0,00
Other short term liabilities	62.492,26	31.475,36	0,00	0,00
Financial derivatives	15.183,28	19.987,94	3.605,42	1.536,82
Other long term obligations	0,00	0,00	25.480,12	0,00
Σύνολο	139.562,30	62.471,10	69.103,46	13.656,01

The relevant maturities as at 31 December 2013 of the Group are analyzed as follows:

31.12.2013	Short term		Long term	
	Within 6 months	6 – 12 months	1 -5 years	More than 5 years
Long term bank loans	0,00	0,00	0,00	0,00
Finance lease obligations	4.066,98	4.076,71	34.424,00	19.821,64
Trade payables	50.140,73	2.359,00	1.065,47	0,00
Other short term obligations	69.822,51	16.870,97	0,00	0,00
Financial derivatives	1.751,11	1.806,00	181,39	1.515,35
Other long term liabilities	0,00	0,00	42.044,23	0,00
Σύνολο	125.781,34	21.600,85	77.715,09	21.336,99

The above periods' maturities reflect the gross cash flows.

Policies and procedures on capital management

Primary target of the capital management is to ensure preservation of the high ranking credit rating as well as solid equity ratios so as to support and expand the operations and maximize shareholders' value.

The Company monitors managed capital based on shareholders' total equity plus subordinated loans less cash and cash equivalents as they appear on the balance sheet.

Managed capital for 2014 and 2013 financial periods is analyzed as follows:

	Company		Group	
	2014	2013	2014	2013
Shareholders' total equity	201.607,26	221.448,82	216.468,85	212.877,24
Plus: Loans	58.485,63	59.049,03	58.485,63	59.049,03
Less: Cash and cash equivalents	(187.554,65)	(221.547,42)	(207.482,03)	(226.876,98)
Managed capital	72.538,25	58.950,43	67.472,45	45.049,29
Shareholders' total equity	201.607,26	221.448,82	216.468,85	212.877,24
Plus: Loans	58.485,63	59.049,03	58.485,63	59.049,03

Total capital	260.092,89	280.497,85	274.954,48	271.926,27
Managed capital / Total capital ratio:	0,28	0,21	0,25	0,17

The Company's target is to maintain the above ratio of "managed capital" (as defined above) over "total capital" (equity plus loans) less than 0.50.

According to the existing legislation, specific provisions exist regarding the capital adequacy. (Article No 47 Law 2190/20). The Company complies fully with them.

5.59 Other events

(a) On 23/10/2013 Aegean Airlines acquired 100% of Olympic Air. Upon completion of the transaction Olympic Air constitutes a subsidiary of Aegean Airlines S.A..

The consideration was agreed to be paid as follows:

Upon the signing of the Preliminary Agreement, dated October 22nd 2012, the amount of twenty million (€20,000,000) Euros was paid. The remaining consideration, amounting to fifty two million and sixty Euros (€52,000,060) was agreed to be paid in five equal annual installments, out of which the first was paid upon the signing of the definitive agreement on the sale and purchase of shares, dated October 23rd 2013, whereas the remaining four (4) equal installments will be paid as follows: on 15.10.2014 the second one, on 15.10.2015 the third one, on 14.10.2016 the fourth one and on 16.10.2017 the fifth one.

The above mentioned amount was discounted with 11,47% interest rate (Company WACC) and the consideration amount booked was €62.416,56.

The temporary and the final values included in the previous financial statements, and the differences are as follows:

Assets	Temporary Value	Final Value	Difference
Tangible assets	3.456,26	3.456,26	0,00
Intangible assets	29.586,70	30.290,70	704,00
Deferred tax assets	10.021,00	6.521,00	(3.500,00)
Inventories	5.290,00	5.290,00	0,00
Receivables	39.549,30	39.549,30	0,00
Cash and cash equivalents	18.851,00	18.851,00	0,00
Other long term liabilities	(6.145,00)	(6.145,00)	0,00
Short term liabilities	(6.441,00)	(6.441,00)	0,00
Other short term liabilities	(47.817,00)	(47.817,00)	0,00
Provisions	(11.241,00)	(11.241,00)	0,00
Total assets	35.110,26	32.314,26	
Cost of acquisition	62.416,56	62.416,56	
Goodwill	27.306,30	30.102,30	(2.796,00)

The resulting goodwill was included in the Scheduled flights operating segment and was tested for impairment on 31.12.2014 and no impairment loss resulted.

The values of assets and liabilities acquired are the fair values at the acquisition date (Level 3 fair value), except the deferred tax assets and Provisions for staff retirement identified under IAS 12 and IAS 19, respectively.

(b) The Extraordinary General Shareholders Meeting convened on 14/3/2014 has approved the Share capital increase amounting 71,417,100 Euros by partial capitalization of "Share premium account" and by increasing the nominal value of each share of the Company by 1.00 Euro (from 0.65 Euro to 1.65 Euro) and at the same time the reduction of the Share capital by the amount of 71,417,100 Euros, by reducing the nominal value of each share of the Company by 1.00 Euro (from 1.65 Euro to 0.65 Euro) and the return - payment of the relevant amount to the Company's shareholders. The relevant obligation is included in the item "Other short term liabilities" of the Financial Position of the Company & the Group and the payment was effected on 07/07/2014.

(c) Within August 2014 the Company has signed an agreement with Airbus for 7 A320 family aircraft.

5 out of 7 aircraft were part of the initial a 2010 order to Airbus, originally scheduled for delivery within 2010 but their delivery dates were up to now postponed due to the economic crisis, and the other 2 aircraft are additional orders to Airbus. The agreed delivery years are the following :

- 2015 4 A320 aircraft
- 2016 3 A320 aircraft

(d) The items included in the consolidated financial statements of the comparative period include only the parent company AEGEAN AIRLINES S.A. because the acquisition of OLYMPIC AIR occurred at 23/10/2013, therefore the consolidated data for the period 01.01-31.12.2014 are not comparable with the corresponding period 01.01 - 31.12.2013.

5.61 Auditor's remuneration

Auditors' remuneration for the period 2014 was € 100,00 thousand. This remuneration includes the financial audit and the provision of tax certificate for the fiscal year 2014. Except the above mentioned services there were no other services provided.

The annual Financial Statements for the period of 2014 have been approved by the Board of Directors of "Aegean Airlines S.A." on 26.03.2015 and are posted on the Company's website (www.aegeanair.com) for investors' reference, where they will remain for at least 5 years after their compilation and public announcement date.

Kifissia, March 26th 2015

Chairman

Chief Executive Officer

Chief Financial Officer

Chief Accountant

Theodore Vasilakis

Dimitrios Gerogiannis

Michael Kouveliotis

Maria Zannaki

I.D. no. AK031549

I.D. no. AB642495

I.D. no. P490629

I.D. no. Σ723984

F. Company announcements as per Art.10 Law 3401/2005 published during fiscal year 2014

Aegean Airlines had disclosed the following information over the period beginning 01/01/2014 and ending 31/12/2014, which are posted on the Company's website (www.aegeanair.com) as well as the website of Athens Exchange (www.athex.gr) and www.helex.gr.

Date	Subject	Link
12/12/2014	Write-off of the unclaimed dividend for fiscal year 2008	http://en.aegeanair.com/files/1/Content/Announcements/2014/20141212_Div%202008_en.pdf
03/12/2014	Intention to participate in a public tender	http://en.aegeanair.com/files/1/Content/Announcements/2014/20141203_tender_en.pdf
27/11/2014	Nine-Month 2014 Results	http://en.aegeanair.com/files/1/Content/IR_Annual_Reports/20141127_9M14_en.pdf
24/11/2014	Reschedule of Publication date of Nine-Month 2014 financial results	http://en.aegeanair.com/files/1/Content/Announcements/2014/20141124_9M14date_en.pdf
31/10/2014	Publication date of Nine-Month 2014 financial results	http://en.aegeanair.com/files/1/Content/Announcements/2014/20141031_9M14date_en.pdf
29/8/2014	First Half 2014 Results	http://en.aegeanair.com/files/1/Content/IR_Annual_Reports/20140829_1H14_en.pdf
27/08/2014	7 brand-new Airbus A320 to be added in its existing fleet in 2015-16	http://en.aegeanair.com/files/1/Content/Announcements/2014/20140827_7new%20airbus_en.pdf
26/08/2014	Conference Call Invitation	http://en.aegeanair.com/files/1/Content/Announcements/2014/20140826_CC_en.pdf
23/7/2014	Interest to participate in the preliminary process concerning the sale of shares or a bundle of assets of Cyprus Airways	http://en.aegeanair.com/files/1/Content/Announcements/2014/20140723_CY_en.pdf
21/07/2014	Publication date of First Half 2014 Results	http://en.aegeanair.com/files/1/Content/Announcements/2014/20140721_1H14date_en.pdf
04/06/2014	Decisions of the Ordinary General Shareholders Meeting	http://en.aegeanair.com/files/1/Content/IR_Syneleuseis/AGM_DECISIONS_en2014.pdf
27/5/2014	First Quarter 2014 Results	http://en.aegeanair.com/files/1/Content/IR_Annual_Reports/20140527_1Q14_EN.pdf
23/5/2014	Capital Return	http://en.aegeanair.com/files/1/Content/Announcements/2014/20140523_return_en.pdf
12/5/2014	Publication date of First Quarter 2014 financial results	http://en.aegeanair.com/files/1/Content/Announcements/2014/20140512_1Q14date_en.pdf
10/4/2014	Shareholder Voting Rights Percentage Change Pursuant to the Law 3556/2007	http://en.aegeanair.com/files/1/Content/Announcements/2014/20140410_PP_en.pdf
14/03/2014	Decisions of the extraordinary shareholders meeting	http://en.aegeanair.com/files/1/Content/IR_Syneleuseis/EGM_decisions%20en14.pdf
4/03/2013	2013 Results	http://en.aegeanair.com/files/1/Content/Announcements/2014/030414_2013press_en.pdf

21/02/2014	Replacement of the internal audit	http://en.aegeanair.com/files/1/Content/Announcements/2014/20140221_audit_en.pdf
21/02/2014	Conference Call Invitation	http://en.aegeanair.com/files/1/Content/Announcements/2014/20140221_CC_en.pdf
20/2/2014	Draft amendment of articles of association - Correction	http://en.aegeanair.com/files/1/Content/Announcements/2014/20140220_Draftamendment_en.pdf
19/2/2014	Financial Calendar 2014	http://en.aegeanair.com/files/1/Content/Announcements/2014/20140219_calendar_en.pdf
19/2/2014	Draft amendment of articles of association	http://en.aegeanair.com/files/1/Content/Announcements/2014/20140219_Draftamendment_en.pdf

In addition, in the following page: <http://en.aegeanair.com/investor-relations/announcements/trade-acknowledgements/> as well as on Athens Exchange website www.athex.gr & www.helex.gr announcements of regulated information in accordance with Law 3556/2007 (Insiders transactions according to article 13 of Law 3340/2005 & Significant changes in voting rights according to Law 3556/2007) were posted on the following dates:

1	13/08/2014
2	17/07/2014
3	30/06/2014
4	30/04/2014
5	08/01/2014
6	02/01/2014

G. Website for the publication of the Annual Financial Statements

The Company's financial statements, the independent auditors' report and the Board of Directors' report for the annual period ended on 31.12.2014 are posted on the Company's website www.aegeanair.com