HELLENIC
PETROLEUM

ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR 2011

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

HELLENIC PETROLEUM

TABLE OF CONTENTS

1. Audited Annual Financial Statements

1.1 Group Consolidated Financial Statements

1.2 Parent Company Financial Statements

2. Board of Directors' Consolidated Financial Report for the fiscal year 2011

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

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

5. Complementary information and data pursuant to decision 7/448/11.10.07 of the Capital Market Commission

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

5.2 Published Summary Financial Statements

5.3 Website

1. Audited Annual Financial Statements

1.1 Group Consolidated Financial Statements

HELLENIC PETROLEUM S.A.

Consolidated Financial Statements
in accordance with IFRS for the
year ended 31 December 2011

COMPANY REGISTRATION NUMBER: 2443/06/B/86/23
REGISTERED OFFICE: 8[A] CHIMARRAS STR, 15125 MAROUSSI, GREECE

Index to the consolidated financial statements

Company Information 4

Consolidated statement of financial position 7

Consolidated statement of comprehensive income 8

Consolidated statement of changes in equity 9

Consolidated statement of cash flows 10

Notes to the consolidated financial statements 11

1 General information 11
2 Summary of significant accounting policies 11
2.1 Basis of preparation 11
2.2 Consolidation 16
2.3 Segment reporting 17
2.4 Foreign currency translation 18
2.5 Property, plant and equipment 19
2.6 Intangible assets 19
2.7 Exploration for and Evaluation of Mineral Resources 20
2.8 Impairment of non-financial assets 21
2.9 Financial assets 21
2.10 Derivative financial instruments and hedging activities 23
2.11 Government grants 23
2.12 Inventories 24
2.13 Trade receivables 24
2.14 Cash and cash equivalents 24
2.15 Share capital 24
2.16 Borrowings 24
2.17 Current and deferred income tax 25
2.18 Employee benefits 25
2.19 Trade and other payables 26
2.20 Provisions 26
2.21 Environmental liabilities 26
2.22 Revenue recognition 27
2.23 Leases 27
2.24 Dividend distribution 28
2.25 Comparative figures 28
3 Financial risk management 28
3.1 Financial risk factors 28
3.2 Capital risk management 31
3.3 Fair value estimation 32
4 Critical accounting estimates and judgements 33
5 Segment information 36
6 Property, plant and equipment 39

7 Intangible assets 40
8 Investments in associates and joint ventures 41
9 Loans, Advances & Long Term assets 44
10 Inventories 44
11 Trade and other receivables 45
12 Held-to-maturity investments 45
13 Cash and cash equivalents 46
14 Share capital 46
15 Reserves 47
16 Trade and other payables 49
17 Borrowings 50
18 Deferred income tax 52
19 Retirement benefit obligations 53
20 Provisions and other long term liabilities 55
21 Fair values of derivative financial instruments 57
22 Employee costs 58
23 Selling, distribution and administrative expenses 58
24 Exploration and Development expenses 59
25 Other operating income / (expenses) - net 59
26 Finance costs -net 59
27 Currency exchange gains / (losses) 59
28 Income tax expense 60
29 Earnings per share 61
30 Dividends per share 61
31 Cash generated from operations 62
32 Contingencies and litigation 62
33 Commitments 64
34 Related-party transactions 64
35 Principal subsidiaries, associates and joint ventures included in the consolidated financial statements 66
36 Other significant events 66
37 Subsequent events 67

Company Information

Directors	Christos-Alexis Komninos – Chairman of the Board (since 23/12/2011) John Costopoulos – Chief Executive Officer, Executive Member Theodoros-Achilleas Vardas – Executive Member DimokritosAmallos – Non executive Member Alexios Athanasopoulos – Non executive Member GeorgiosKallimopoulos – Non executive Member AlexandrosKatsiotis – Non executive Member GerassimosLachanas – Non executive Member Dimitrios Lalas – Non executive Member Panagiotis Ofthalmides – Non executive Member TheodorosPantalakis – Non executive Member SpyridonPantelias – Non executive Member Ioannis Sergopoulos – Non executive Member (since 31/8/2011)
Other Board Members during the previous period:	Anastasios Giannitsis – Chairman of the Board (02/12/2009 – 11/11/2011) AnastassiosBanos – Non executive Member (28/12/2009 – 31/8/2011)
Registered Office:	8A Chimarras Str. 15125Maroussi, Greece
Registration number:	2443/06/B/86/23
Auditors:	PricewaterhouseCoopers S.A. 268 Kifissias Ave. 152 32 Halandri Greece

Independent auditor's report

To the Shareholders of Hellenic Petroleum S.A.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Hellenic Petroleum S.A. (the "Company") and its subsidiaries (together, the "Group") set out on pages 7 to 65 which comprise the statement of financial position as of 31 December 2011 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2011, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Reference on Other Legal and Regulatory Matters

a) Included in the Board of Directors' Report is the corporate governance statement that contains the information that is required by paragraph 3d of article 43a of Codified Law 2190/1920.
b) We verified the conformity and consistency of the information given in the Board of Directors' report with the accompanying financial statements in accordance with the requirements of articles 43a, 108 and 37 of Codified Law 2190/1920.

Athens, 28 February 2012
The Certified Auditor Accountant

PricewaterhouseCoopers S.A.

SOEL Reg. No. 113

MariosPsaltis
SOEL Reg.No.38081

Consolidated statement of financial position

	Note	As at 31 December 2011	31 December 2010
ASSETS			
Non-current assets			
Property, plant and equipment	6	3.204.096	2.668.495
Intangible assets	7	177.875	205.008
Investments in associates and joint ventures	8	616.095	560.783
Deferred income tax assets	18	19.969	38.827
Available-for-sale financial assets		2.062	2.078
Loans, advances and other receivables	9	96.235	87.850
		4.116.332	**3.563.041**
Current assets			
Inventories	10	1.141.191	1.600.625
Trade and other receivables	11	945.818	937.879
Held to maturity securities	12	-	167.968
Cash and cash equivalents	13	985.486	595.757
		3.072.495	**3.302.229**
Total assets		**7.188.827**	**6.865.270**
EQUITY			
Share capital	14	1.020.081	1.020.081
Reserves	15	493.142	500.066
Retained Earnings		884.374	866.737
Capital and reserves attributable to owners of the parent		**2.397.597**	**2.386.884**
Non-controlling interests		132.393	144.734
Total equity		**2.529.990**	**2.531.618**
LIABILITIES			
Non- current liabilities			
Borrowings	17	1.142.296	1.133.196
Deferred income tax liabilities	18	49.134	50.796
Retirement benefit obligations	19	113.991	143.414
Derivative financial instruments	21	50.158	66.296
Provisions and other long term liabilities	20	59.588	47.494
		1.415.167	**1.441.196**
Current liabilities			
Trade and other payables	16	1.686.950	1.472.712
Current income tax liabilities		22.403	119.227
Borrowings	17	1.531.893	1.297.498
Dividends payable		2.424	3.019
		3.243.670	**2.892.456**
Total liabilities		**4.658.837**	**4.333.652**
Total equity and liabilities		**7.188.827**	**6.865.270**

The notes on pages 11 to 67are an integral part of these consolidated financial statements.

These consolidated financial statements were approved by the board on 23 February 2012.

C. Komninos	J. Costopoulos	A. Shiamishis	I. Letsios
Chairman of the Board	Chief Executive Officer	Chief Financial Officer	Accounting Director

Consolidated statement of comprehensive income

	Note	For the year ended 31 December 2011	31 December 2010
Sales		**9.307.582**	**8.476.805**
Cost of sales		(8.657.489)	(7.666.726)
Gross profit		**650.093**	**810.079**
Selling, distribution and administrative expenses	**23**	(466.638)	(480.812)
Exploration and development expenses	**24**	(3.556)	(20.660)
Other operating (expenses) / income- net	**25**	(4.890)	35.306
Operating profit		**175.009**	**343.913**
Finance (expenses) / income- net	**26**	(68.371)	(59.434)
Currency exchange gains / (losses)	**27**	(10.697)	(15.793)
Share of net result of associates and dividend income	**8**	67.488	30.027
Profit before income tax		**163.429**	**298.713**
Income tax (expense) / credit	**28**	(45.763)	(111.294)
Profit for the year		**117.666**	**187.419**
Other comprehensive income:			
Fair value gains / (losses) on available-for-sale financial assets	**15**	(72)	44
Unrealised gains / (losses) on revaluation of hedges	**15**	(12.908)	(25.188)
Currency translation differences on consolidation of subsidiaries	**15**	(40)	639
Other Comprehensive (loss) / income for the year, net of tax		(13.020)	(24.505)
Total comprehensive income for the year		**104.646**	**162.914**
Profit attributable to:			
Owners of the parent		114.150	179.818
Non-controlling interests		3.516	7.601
		117.666	**187.419**
Total comprehensive income attributable to:			
Owners of the parent		101.286	155.773
Non-controlling interests		3.360	7.141
		104.646	**162.914**
Basic and diluted earnings per share (expressed in Euro per share)	**29**	**0,37**	**0,59**

The notes on pages11 to 67are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

		Attributable to owners of the Parent					
	Note	**Share Capital**	**Reserves**	**Retained Earnings**	**Total**	**Non-controlling Interest**	**Total Equity**
Balance at 1 January 2010		**1.020.081**	**505.839**	**841.374**	**2.367.294**	**141.246**	**2.508.540**
Fair value gains / (losses) on available-for-sale financial assets	**15**	-	44	-	44	-	44
Currency translation differences on consolidation of subsidiaries	**15**	-	1.099	-	1.099	(460)	639
Unrealised gains / (losses) on revaluation of hedges	**15**	-	(25.188)	-	(25.188)	-	(25.188)
Other comprehensive income / (loss)		**-**	**(24.045)**	**-**	**(24.045)**	**(460)**	**(24.505)**
Profit for the year		-	-	179.818	179.818	7.601	187.419
Total comprehensive income for the year		**-**	**(24.045)**	**179.818**	**155.773**	**7.141**	**162.914**
Share based payments	**14**	-	1.352	-	1.352	-	1.352
Transfers to statutory and tax reserves	**15**	-	16.919	(16.919)	-	-	-
Dividends to minority shareholders	**15**	-	-	-	-	(3.652)	(3.652)
Dividends relating to 2009 and interim dividend 2010	**15**	-	-	(137.536)	(137.536)	-	(137.536)
Balance at 31 December 2010		**1.020.081**	**500.065**	**866.737**	**2.386.883**	**144.734**	**2.531.618**
Fair value gains / (losses) on available-for-sale financial assets	**15**	-	(72)	-	(72)	-	(72)
Currency translation differences on consolidation of subsidiaries	**15**	-	116	-	116	(156)	(40)
Unrealised gains / (losses) on revaluation of hedges	**15**	-	(12.908)	-	(12.908)	-	(12.908)
Other comprehensive income / (loss)		**-**	**(12.864)**	**-**	**(12.864)**	**(156)**	**(13.020)**
Profit for the year		-	-	114.150	114.150	3.516	117.666
Total comprehensive income for the year		**-**	**(12.864)**	**114.150**	**101.286**	**3.360**	**104.646**
Share based payments	**14**	-	1.119	-	1.119	-	1.119
Transfers to statutory and tax reserves	**15**	-	4.822	(4.822)	-	-	-
Participation of minority holding in share capital decrease of subsidiary	**35**	-	-	-	-	(12.962)	(12.962)
Dividends to minority shareholders	**15**	-	-	-	-	(2.739)	(2.739)
Dividends relating to 2010	**15**	-	-	(91.691)	(91.691)	-	(91.691)
Balance at 31 December 2011		**1.020.081**	**493.142**	**884.374**	**2.397.597**	**132.393**	**2.529.990**

The notes on pages 11 to 67are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Note	For the year ended 31 December 2011	31 December 2010
Cash flows from operating activities			
Cash generated from operations	**31**	843.476	719.272
Income and other taxes paid		(43.182)	(13.552)
Net cash generated from operating activities		**800.294**	**705.720**
Cash flows from investing activities			
Purchase of property, plant and equipment & intangible assets	**6,7**	(674.964)	(709.338)
Proceeds from disposal of property, plant and equipment & intangible assets		3.108	8.986
Acquisition of subsidiary (ex BP Hellas), net of cash acquired		-	10.901
Proceeds from the sale of EKO Georgia, net of cash owned	**36**	6.059	-
Grants received		-	131
Interest received	**26**	25.777	13.270
Dividends received		5.976	4.462
Participation in share capital (increase) / decrease of associates		(775)	(17.720)
Net cash used in investing activities		**(634.819)**	**(689.308)**
Cash flows from financing activities			
Interest paid	**26**	(91.323)	(72.061)
Dividends paid to shareholders of the Company		(85.079)	(137.369)
Dividends paid to non-controlling interests		(2.739)	(3.652)
Repayments / (Acquisitions) of held-to-maturity securities	**12**	167.968	(167.968)
Proceeds from borrowings		932.551	662.122
Repayments of borrowings		(702.158)	(191.354)
Net cash generated from financing activities		**219.220**	**89.718**
Net increase in cash & cash equivalents		**384.695**	**106.130**
Cash & cash equivalents at the beginning of the year	**13**	**595.757**	**491.196**
Exchange gains / (losses) on cash & cash equivalents		5.034	(1.569)
Net increase in cash & cash equivalents		384.695	106.130
Cash & cash equivalents at end of the year	**13**	**985.486**	**595.757**

The notes on pages 11 to 67 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 General information

Hellenic Petroleum (the "Company") and its subsidiaries (together "Hellenic Petroleum" or the "Group") operate in the energy sectorpredominantly in Greece and the Balkans. The Group'smain activities include:

- Refining and marketing of oil products (R&M)
- Manufacturing and marketing of petrochemical products
- Power generation and trading
- Exploration, development and production, of hydrocarbons (E&P)

The parent Company is incorporated in Greece and the address of its registered office is 8[A]Chimarras street, Marousi. The shares of the Company are listed on the Athens Stock Exchange and the London Stock Exchange through GDNs.

The financial statements and the consolidated financial statements of Hellenic Petroleum S.A. for the year ended 31 December 2011 were authorised for issue by the Board of Directors on 23 February 2012. The shareholders of the Company have the power to amend the financial statements after issue.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

These consolidated financial statements of Hellenic Petroleum S.A. for the year ended 31 December 2011 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union ("EU").

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

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

2.1.1 Going Concern

The financial statements as of 31 December 2011are prepared in accordance with IFRS and present the financial position, results of operations and cash flows of the Group on a going concern basis. As a result of the economic crisis, there is significant economic uncertainty in the international financial markets and more specifically with regards to the Greek economy and the implications of a possible unsuccessful completion of its public sector debt restructuring program. After careful consideration, for reasons explained below, the Group considers that;

(a) the going concern basis of preparation of the accounts is not affected, (b) all assets and liabilities of the Group are appropriately presented in accordance with the Group's accounting policies and (c) contingency plans are in place to avoid material disruptions in the operations of the Group.

Greek Sovereign debt and macroeconomic situation:

During the recent meeting of the Eurogroup, the decision to extend the second support package to Greece with the involvement of the private sector investors (PSI) was confirmed, as well as the commitment of the Greek government to implement the necessary measures that will support the country's recovery and reduction of public sector debt.

In addition, the Group's business is naturally hedged against the risk of having a different functional currency, as all of the petroleum industry transactions are referenced to international benchmark quotes for crude oil and oil products in USD. Each company depending on the local market practices uses USD prices for its transactions or translates the reference prices into local currency for accounting and settlement reasons (see also notes 2.4 " Foreign Currency" and 3.1 "Financial risk factors").

Taking the above into consideration, the Group does not consider there is any reason to consider a change on the basis of preparation of its financial statements nor for a change in its accounting policies.

Greek Banking System and liquidity:

The new package agreed and the PSI is expected to have a material impact on the financial statements and the balance sheets of Greek banks. The exact recapitalisation requirements for each bank will be determined after the completion of the bond exchange program and may result to reduced capacity to maintain the same level of credit lines. On the other hand, additional liquidity which will be made available at the end of the PSI process through EFSF, and the reduction of the uncertainty over the Greek economy are expected to have a positive impact on overall credit availability for Greek corporates of high credit quality.

The impact on the Greek market from any de-leveraging process is expected to be seen over the next six to twenty four months and will affect not only the Group directly but also its trading partners in the local market. As a result, appropriate steps are being taken to ensure uninterrupted operations for the Group and its ability to meet its obligations and commitments as shown in note 3.1 "Financial risk factors". These steps include inter alia (a) tight management of working capital (eg. shortening of the cash conversion cycle, increase of credit quality of own customers through collaterals), (b) non-dependence on the Greek banking system for trading transactions with overseas suppliers and (c) ability to operate through different banks, in different countries and multicurrency accounts and (d) careful planning of the Group's financing requirements. During the year, the Group's achieved the refinancing of all of its debt maturing in 2011 through syndicated transactions involving both Greek as well as international banks. A positive development in 2012 will be the completion and the start-up of the Elefsina upgraded refinery which reduces the need for additional funding requirements and is expected to significantly increase trading cash flows.

Greek domestic market and operations:

Official projectionsshow that the economy will continue to contract during 2012 and fiscal measures are expected to lead to even more challenging conditions in the domestic market. Plans in respect of operations and the balance of trading activities between domestic market and exports are adjusted to reflect these expectations. The percentage of exports versus total sales is estimated to increase and given the coastal location of the refineries and the logistics infrastructure this is well within the operating capabilities of the Group. Most of the additional production of the Group coming from the upgraded Elefsina refinery is scheduled to be exported in international marketswhich are short in these types of products; thus further reducing the dependence of the Group on the Greek domestic market.

Securing continuous crude oil supplies:

Over the past months, adverse economic conditions and risk aversion for Greece have led to reduced trading limits from international traders as well as European banks who were previously providing the majority of credit lines used for the supply of crude oil and oil products. As a result, the Group has had to change its working capital supply chain and refinery operations to adapt to these developments; this changetook place successfully albeit with an increase in the cost of supply. In addition, supply mix for crude oils was further affected by the lack of Libyan crude during the year (accounting for 10 – 15% of crude oil purchases), which was replaced by similar type of crudes from different sources.

For 2012, the Group will address yet another change in its crude oil mix to recent sanctions imposed by the US on Iran and the subsequent decision by the EU to impose similar sanctions effective from 1 July 2012. Depending on refinery optimisation plans, over the last three years Iranian crude purchases accounted for 10 – 30% of total annual crude oil purchases. The Group is reviewing its planned mix of crudes and will seek to establish options for alternative to Iran sources of crude oil supply. Given the significance of this issue and the prevailing uncertainty which is outside the control of the Group, different scenarios are under evaluation from an operations and cash flow perspectives to ensure no material supply chain disruption occurs. The Group expects that following (i) the implementation of the Public sector debt restructuring program, (ii) the recapitalisation of the Greek banking system and finally, (iii) increased trading cash flows from the start-up of the Elefsina upgraded refinery, will support the re-establishing of adequate credit lines (Letters of Credit) and will allow the refining to revert to a more flexible and lower cost operation model.

2.1.2 New standards, amendments to standards and interpretations

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

a) The following standards, amendments to standards and interpretations to existing standards are applicable to the Group for periods on or after 1 January 2011:

- *IAS 1 (Amendment) "Presentation of Financial Statements"* *(effective for annual periods beginning on or after 1 July 2012).*The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future.The Group is currently evaluating the impact the amendments will have on its consolidated financial statements. This amendment has not yet been endorsed by the EU.

- *IAS 19 (Amendment) "Employee Benefits"* (*effective for annual periods beginning on or after 1 January 2013).*This amendment makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits (eliminates the corridor approach) and to the disclosures for all employee benefits. The key changes relate mainly to recognition of actuarial gains and losses, recognition of past service cost / curtailment, measurement of pension expense, disclosure requirements, treatment of expenses and taxes relating to employee benefit plans and distinction between "short-term" and "other long-term" benefits. The Group is currently evaluating the impact the amendments will have on its consolidated financial statements. This amendment has not yet been endorsed by the EU.

- *IAS 24 (Amendment) 'Related Party Disclosures'.* This amendment attempts to reduce disclosures of transactions between government-related entities and clarify related-party definition. More specifically, it removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities, clarifies and simplifies the definition of a related party and requires the disclosure not only of the relationships, transactions and outstanding balances between related parties, but of commitments as well in both the consolidated and the individual financial statements. The Group has applied these changes from 1 January 2011.

- *IFRS 7 (Amendment) "Financial Instruments: Disclosures" – transfers of financial assets (effective for annual periods beginning on or after 1 July 2011)*. This amendment sets out disclosure requirements for transferred financial assets not derecognised in their entirety as well as on transferred financial assets derecognised in their entirety but in which the reporting entity has continuing involvement. It also provides guidance on applying the disclosure requirements. The Group is currently evaluating the impact the amendments will have on its consolidated financial statements.

- *IFRS 7 (Amendment) "Financial Instruments: Disclosures" (effective for annual periods beginning on or after 1 January 2013)*. The IASB has published this amendment to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The Group is currently evaluating the impact the amendments will have on its financial statements. This amendment has not yet been endorsed by the EU.

- *IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 1 January 2015).* IFRS 9 is the first Phase of the Board's project to replace IAS 39 and deals with the classification and measurement of financial assets and financial liabilities. The IASB intends to expand IFRS 9 in subsequent phases in order to add new requirements for impairment and hedge accounting. The Group is currently investigating the impact of IFRS 9 on its financial statements. The Group cannot currently early adopt IFRS 9 as it has not been endorsed by the EU. Only once approved will the Group decide if IFRS 9 will be adopted prior to 1 January 2015.

- *IFRS 13 'Fair value measurement' (effective for annual periods beginning on or after 1 January 2013).* IFRS 13 provides new guidance on fair value measurement and disclosure requirements. These requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. IFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. Disclosure requirements are enhanced and apply to all assets and liabilities measured at fair value, not just financial ones. The Group is currently evaluating the impact the amendments will have on its consolidated financial statements. This standard has not yet been endorsed by the EU.

- *Group* of standards on consolidation and joint arrangements (*effective for annual periods beginning on or after 1 January 2013*):

  The IASB has published five new standards on consolidation and joint arrangements: IFRS 10, IFRS 11, IFRS 12, IAS 27 (amendment) and IAS 28 (amendment). These standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted only if the entire "package" of five standards is adopted at the same time. These standards have not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standards on its consolidated financial statements. The main provisions are as follows:

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

  - *IFRS 11 "Joint Arrangements"*. IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The types of joint arrangements are reduced to two: joint operations and joint ventures. Proportional consolidation of joint ventures is no longer allowed. Equity accounting is

mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations today. The standard also provides guidance for parties that participate in joint arrangements but do not have joint control.

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

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

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

b) The following amendments to standards and interpretations to existing standards are mandatory for the Group's accounting periods beginning on or after 1 January 2011 or later periods, but without any significant impact to the Group:

- IAS 32 (Amendment) 'Financial Instruments: Presentation'

- IFRIC 13 – 'Customer Loyalty Programmes'

- IFRIC 14 – (Amendment) 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'

- IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'

- Amendments to standards were issued in May 2010 following the publication of the results of the IASB's 2010 annual improvements project. The effective dates vary by standard, but most are effective for annual periods beginning on or after 1 January 2011. The amendments will not have a material impact on the Group's consolidated financial statements.

c) The following amendments to standards and interpretations to existing standards are mandatory for the Group's accounting periods beginning on or after 1 January 2011 or later periods but are not applicable to the Group:

- IAS 12 (Amendment) 'Income Taxes' with regard to Investment Property using the fair value model (effective for annual periods beginning on or after 1 January 2012). This amendment has not yet been endorsed by the EU.

- IFRIC 20 'Stripping Costs in the Production Phase of a Surface Mine'(effective for annual periods beginning on or after 1 January 2013), applicable only to costs incurred in surface mining activity. This interpretation has not yet been endorsed by the EU.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquireeand the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquireeon an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree'sidentifiable net assets. Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date.Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability isrecognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income.Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accountedfor within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss(see Note 2.6).

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition (see Note 2.6).

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profit or loss is recognised in the statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit (loss) of an associate' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group. Dilution gains and losses arising in investments in associates are recognised in the income statement.

(d) Joint ventures

The Group's interests in jointly controlled assets are accounted for by proportionate consolidation. The Groupcombines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows ona line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion ofgains or losses on the sale of assets by the Group to the joint venture to the extent that the gain or loss isattributable to the other venturers. The Group does not recognise its share of profits or losses from the jointventure that result from the Group's purchase of assets from the joint venture until it resells the assets to anindependent party. A loss on the transaction is recognised immediately if it provides evidence of a reduction inthe net realisable value of current assets, or an impairment loss. Joint ventures' accounting policies are changedwhere necessary to ensure consistency with the policies adopted by the Group. Currently the Group does nothave any such cases.

The Group's interests in jointly controlled entities are accounted for using the equity method. The Group's shareof its joint ventures' post-acquisition profits or losses is recognised in the statement of comprehensive income,and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative postacquisitionmovements are adjusted against the carrying amount of the investment. When the Group's share oflosses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecuredreceivables, the Group does not recognise further losses, unless it has incurred obligations or made payments onbehalf of the joint venture. Unrealised gains on transactions between the Group and its joint ventures areeliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unlessthe transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventureshave been changed where necessary to ensure consistency with the policies adopted by the Group

2.3 Segment reporting

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

2.4 Foreign currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

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

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

(c) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effectof the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognized as a separate component of equity.

On consolidation,exchange differences arising from the translation of the net investment in foreign operations, and ofborrowings and other currency instruments designated as hedges of such investments, aretaken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognisedin the statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.5 Property, plant and equipment

Land and buildings comprise mainly plant, the owned retail network and offices. All property, plant and equipment is shown at historical cost less subsequent depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the income statement as incurred. Refinery turnaround costs that take place periodically(usually on a four year basis)are deferred and charged against income on a straight line basis over the scheduled turnaround period.

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

– Land	Nil
– Buildings	13 – 20 years
– Specialised industrial installations	10 – 25 years
– Machinery, equipment and motor vehicles	5 – 8 years
– Furniture and fixtures	4 – 8 years
– Computer hardware	3 – 5 years
– LPG and white products carrier vessels	25 years
– Other Vessels	20 – 25 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the income statement within 'Other income / (expenses) – net'.

Capitalisation of borrowing costs

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

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

2.6 Intangible assets

(a) Goodwill

Goodwill represents the excess of the consideration transferred over the Company's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-

controlling interest in the acquiree at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. In the event that the fair value of the Company's share of the identifiable assets of the acquired subsidiary at the date of acquisition is higher than the cost, the excess remaining is recognised immediately in the statement of comprehensive income.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment. Goodwill impairment reviews are undertaken annually or more frequently, if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and fair value less costs to sell.

(b) Goodwill from Retail operations

Goodwill from retail operations represents upfront lump-sum amounts paid to new operators upon the signing of a new retail agreement for sites that previously did not form part of the Group's retail operations. Such payments are made to secure future revenues for the Group that were not available in the past and are therefore capitalised in accordance with IAS 38, Intangible Assets. They are amortised over the life of the acquired right.

(c) Licences and rights

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

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

(d) Computer software

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

2.7 Exploration for and Evaluation of Mineral Resources

(a) Exploration and evaluation assets

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

(b) Development of tangible and intangible assets

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

(c) Oil and gas production assets

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

(d) Depreciation/amortization

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

(e) Impairment – exploration and evaluation assets

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

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

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

2.8 Impairment of non-financial assets

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

2.9 Financial assets

2.9.1 Classification

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

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

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

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Loans and receivables include “Trade and other receivables” and “Cash and cash equivalents” in the statement of financial position.

(c)Held-to-maturityto maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale.

(d) Available-for-sale financial assets

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

2.9.2 Recognition and measurement

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

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

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

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

2.9.3 Impairment of financial assets

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

If there is objective evidence that an impairment loss on held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

Impairment testing forloans and receivables is described in note 2.13.

2.9.4 Offsetting financial instruments

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

2.10 Derivative financial instruments and hedging activities

As part of its risk management policy, the Group utilizes financial and commodity derivatives to mitigate the impact of future price volatility. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

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

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

(c) Hedges of a net investment in a foreign operation (net investment hedge).

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

In 2006, the Group entered into certain derivative contracts that were designated as cash flow hedges. The effective portion of changes in the fair value of these derivatives is recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the statement of comprehensive income. Amounts accumulated in equity are recycled in the statement of comprehensive income in the periods when the hedged item affects profit or loss (i.e. when the forecast transaction being hedged takes place).

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

The derivatives that are not designated as hedges and do not qualify for hedge accounting are classified as held-for-trading and accounted for at fair value through profit or loss. Changes in the fair value of these derivative instruments that do not qualify for hedge accounting are recognized immediately in the statement of comprehensive income within “Other operating (expenses)/income – net”, or in “Cost of Sales” (refer to note 21).

2.11 Government grants

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

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Cost of inventories is determined using the monthly weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads.

2.13 Trade receivables

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

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

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

2.14 Cash and cash equivalents

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

2.15 Share capital

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

2.16 Borrowings

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

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

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

2.17 Current and deferred income tax

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

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction does not affect either accounting or taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

2.18 Employee benefits

(a) *Pension obligations*

The Group participates in various pension schemes. The payments are determined by the local legislation and the funds' regulations. The Group has both defined benefit and defined contribution plans.

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

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

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

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Cumulative actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess 10% of the defined benefit obligation are spread to income over the employees' expected average remaining working lives.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

(b) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is *demonstrably* committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after end of the reporting period are discounted to present value.

(c) Share-based compensation

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

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

2.19 Trade and other payables

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

2.20 Provisions

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

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

2.21 Environmental liabilities

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

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

Liabilities for environmental remediation costs are recognised when environmental assessments or clean-ups are probable and the associated costs can be reasonably estimated. Generally, the timing of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites.

2.22 Revenue recognition

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

(a) Sales of goods – wholesale

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

(b) Sales of goods – retail

Sales of goods are recognised when a Group entity has delivered products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

(c) Sales of services

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

(d) Interest income

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

(e) Dividend income

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

2.23 Leases

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

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

2.24 Dividend distribution

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

2.25 Comparative figures

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

3 Financial risk management

3.1 Financial risk factors

The Group's activities are primarily centered around its Downstream Oil & Gas assets; secondary or new activities relate to Petrochemicals, exploration of hydrocarbons and power generation and trading. As such, the Group is exposed to a variety of financial and commodity markets risks including foreign exchange and commodity price risk, credit risk, liquidity risk, cash flow risk and fair value interest-rate risk. In line with international best practices and within the context of local markets and legislative framework, the Group's overall risk management policies aim at reducing possible exposure to market volatility and / or mitigating its adverse effects on the financial position of the Group to the extent possible.

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

(a) Market risk

(i) Foreign exchange risk

As explained in note 2.4 "Foreign Currency translation", the functional and presentation currency of the Group is the Euro. However, in line with industry practice in all international crude oil and oil trading transactions, underlying commodity prices are based on international reference prices quoted in US dollars. As a result, the impact of not having Euro as a functional currency for Greek operations, even though following recent developments not a likely scenario, does not materially affect the Group's operations. In addition, most of the Group's financing contracts provide for multi-currency facilities which include the Euro and USD.

Foreign currency exchange risk arises on three types of exposure:

- **Financial position translation risk:** Most of the inventory held by the Group is reported in Euro while its underlying value is determined in USD. Thus, a possible devaluation of the USD against the Euro leads to a reduction in the realisable value of inventory included in the statement of financial position. In order to manage this risk, asignificant part of the Group's funding is denominated in USD providing an opposite effect to the one described above. It should be noted however, that while in the case of USD devaluation the impact on the statement of financial position is mitigated, in cases of USD appreciation the mark-to-market valuation of such loans leads to a reported loss under foreign exchange differences with no compensating benefit as stocks continue to be included in the statement of financial position at cost. The exposure at any point in time is clearly given by the amounts shown in the statement of financial position and the related disclosures.It is estimated, that at 31 December

2011if the Euro had weakened against the US dollar by 5% with all other variables held constant, pre-tax profits would have been €15million lower, as a result of foreign exchange losses on translation of US dollar-denominated receivables, payables and borrowings.

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

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

(ii) Commodity price risk

The Group's primary activity as a refiner creates two types of commodity price exposures; exposure to crude oil and oil products price levels which affect the value of inventory and exposure to refining margins which in turn affect the future cashflows of the business.

In the case of price risk, the level of exposure is determined by the amount of priced inventory carried at the end of the reporting period. In periods of sharp price decline, as Group policy is to report its inventory at the lower of historical cost and net realisable value, results are affected by the reduction in the carrying value of the inventory. The extent of the exposure relates directly to the level of stocks and rate of price decrease. This exposure is partly hedged with paper derivatives to the extent that the cost of such instruments is considered positive from a risk-return point of view.

Refining margin exposure relates to the absolute level of margin generated by the operation of the refineries. This is determined by Platt's prices and varies on a daily basis; as an indication of the impact to the Group financial results, a change in the refinery margins has a proportionate impact on the Group's profitability. Where possible, the Group aims to hedge 10-50% of each of the various components of its expected production. This, however, is not possible to do in all market conditions and as a result only a small part of the price risk is effectively hedged.The sensitivity of the fair value of the open derivative contracts affecting profits to an immediate 10% increase or decrease in all reference prices, would have been €1,2million at 31 December 2011.(31 December 2010: €1.1 million).This figure does not include any corresponding economic impact that would arise from the natural business exposure, which would be expected to largely offset the gain or loss on the derivatives.

(iii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, while borrowings issued at fixed rates expose the Group to fair value interest rate risk. Depending on the levels of net debt at any given period of time, any change in the base interest rates (EURIBOR or LIBOR), has a proportionate impact on the Groups results. At 31 December 2011, if interest rates on US dollar denominated borrowings had been 0.5% higher with all other variables held constant, pre-tax profit for the year would have been€3million lower. At 31 December 2011, if interest rates on Euro denominated borrowings had been 0,5% higher with all other variables held constant, pre-tax profit for the year would have been Euro€10million lower.

(b) Credit risk

Credit risk is managed on Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale customers, including outstanding receivables and committed transactions. If wholesale customers are

independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

Due to market conditions, the approval of credit risk is subject to a more strict process involving all levels of senior management. A Group credit committee has been formed which meets and discusses material credit exposures on a Group wide basis.

The Group especially monitors the balance of receivables and its exposure to Greek sovereign debt; during the end of the year, the investment in Greek Government bonds was collected in cash at full value. In addition to that, the Group also carries receivable balances from the Greek state as part of its normal course of business, such as prepaid income taxes or trade receivables. A significant mitigant to the risk of delayed collection of these receivables is the recently adopted legislation which allows companies to offset overdue receivables with their financial obligations to the state. Due to its business model and the relevant tax framework, the Group generates on a monthly basis significant financial obligations towards the state, such as VAT, oil products consumption tax and income tax as part of its business; which can be used to net the amounts receivable.

The table below shows the segregation of trade receivables:

	As at	
	31 December 2011	**31 December 2010**
Total trade receivables	704.184	668.456
of which:		
Past due receivables	168.757	124.352
Doubtful receivables balance	163.743	145.027
	332.500	**269.379**
Allowance for bad debts	**153.664**	**135.947**

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

As of 31 December 2011, the ageing analysis of trade receivables that were past due but not impaired,is as follows:

	As at	
	31 December 2011	**31 December 2010**
Up to 30 days	79.643	54.765
30 - 90 days	36.502	26.095
Over 90 days	52.612	43.492
Total	**168.757**	**124.352**

As of 31 December 2011, the ageing analysis of trade receivables that were individually impaired is as follows:

	As at	
	31 December 2011	**31 December 2010**
Up to 30 days	2.356	3.774
30 - 90 days	446	503
Over 90 days	160.941	140.750
Total	**163.743**	**145.027**

The doubtful receivables mainly relate to wholesalers, which are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered.

(c) Liquidity risk

Prudent liquidity risk management entails maintaining sufficient cash, the availability of funding through adequate amounts of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in its funding through the use of committed credit facilities.

Given market developments during 2011, liquidity risk and cashflow management have become more important. The Group managed to refinance all of the committed facilities maturing during the year and to maintain the short term uncommitted lines required for its operations.

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
31 December 2011				
Borrowings	1.531.893	738.463	-	403.833
Derivative financial instruments	46.355	50.158	-	-
Trade and other payables	1.640.595	-	-	-
31 December 2010				
Borrowings	1.297.498	54.630	673.248	405.318
Derivative financial instruments	24.003	33.952	32.344	-
Trade and other payables	1.448.709	-	-	-

3.2 Capital risk management

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

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

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the statement of financial position) less "Cash & cash equivalents", "Available for Sale financial assets" and "Held-to-maturity securities". Total capital employed is calculated as "Total Equity" as shown in the statement of financial position plus net debt.

During 2011 the Group managed its gearing ratio to 40 – 49% as planned.

The gearing ratios at 31 December 2011 and 2010 were as follows:

	As at	
	31 December 2011	**31 December 2010**
Total Borrowings (Note 17)	2.674.189	2.430.694
Less: Cash & Cash Equivalents (Note 13)	(985.486)	(595.757)
Less: Available for sale financial assets	(2.062)	(2.078)
Less: Held-to-maturity securities (Note 12)	-	(167.968)
Net debt	**1.686.641**	**1.664.891**
Total Equity	2.529.990	2.531.618
Total Capital Employed	**4.216.631**	**4.196.509**
Gearing ratio	**40%**	**40%**

The gearing ratio was sustained at same levels as the previous year as funding requirements of the Group's refinery upgrade project in Elefsinaare on-going.

3.3 Fair value estimation

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

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

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2011:

	Level 1	**Level 2**	**Level 3**	**Total balance**
Assets				
Derivatives held for trading	-	-	-	-
Derivatives used for hedging	-	-	-	-
	-	**-**	**-**	**-**
Liabilities				
Derivatives held for trading	-	12.577	-	12.577
Derivatives used for hedging	-	83.936	-	83.936
	-	**96.513**	**-**	**96.513**

The following table presents the group's assets and liabilities that are measured at fair value at 31 December 2010:

	Level 1	Level 2	Level 3	Total balance
Assets				
Derivatives held for trading	-	12.715	-	12.715
Derivatives used for hedging	-	-	-	-
	-	**12.715**	**-**	**12.715**
Liabilities				
Derivatives held for trading	-	21.137	-	21.137
Derivatives used for hedging	-	69.162	-	69.162
	-	**90.299**	**-**	**90.299**

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices arereadily and regularly available from an exchange, dealer, broker, industry Group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

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

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

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- The fair value of commodity swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

4 Critical accounting estimates and judgements

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

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

(a) Income taxes

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

(b) Provision for environmental restoration

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

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

The Group tests annually whether goodwill and non-financial assets have suffered any impairment, in accordance with its accounting policies(see Note 2.8). The recoverable amounts of cash generating units are determined based on value-in-use calculations. Significant judgement is involved in management's determination of these estimates.

(d) Fair value of derivatives and other financial instruments

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

(e) Held-to-maturity investments

The Group follows the IAS 39 guidance on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held to maturity. This classification requires judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than for specific circumstances explained in IAS 39, it will be required to reclassify the whole class as available-for-sale. The investments would, therefore, be measured at fair value not amortised cost.

(f) Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost / (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-

quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 19.

(g) Provisions for legal claims

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

5 Segment information

Management has determined the operating segments based on the reports reviewed by the executive committee, that reviews the Group's internal reporting in order to assess performance and allocate resources. The committee considers the business from a number of measures which may vary depending on the nature and evolution of a business segment by taking into account the risk profile, cash flow, product and market considerations.

The Group is organised into five main business segments determined in accordance with the type of business activity: Refining, Marketing, Exploration & Production, Petrochemicals, andGas & Power.

Information on the Group's operating segments is as follows:

	Refining	Marketing	Exploration & Production	Petro-chemicals	Gas & Power	Other	Inter-Segment	Total
Year ended 31 December 2011								
Sales	8.937.391	3.953.223	-	339.613	-	25.851	(3.948.496)	9.307.582
Other operating income / (expense) - net	(21.923)	19.038	(2.561)	4.352	-	(3.796)	-	(4.890)
Operating profit / (loss)	**174.025**	**(10.505)**	**(10.413)**	**20.405**	**(446)**	**1.943**	**-**	**175.009**
Currency exchange gains/ (losses)	(8.143)	(2.703)	-	-	-	149	-	(10.697)
Profit before tax, share of net result of associates & finance costs	**165.882**	**(13.208)**	**(10.413)**	**20.405**	**(446)**	**2.092**	**-**	**164.312**
Share of net result of associates and dividend income	101	128	-	(1.602)	68.861	-	-	67.488
Profit after associates	**165.983**	**(13.080)**	**(10.413)**	**18.803**	**68.415**	**2.092**	**-**	**231.800**
Finance (expense)/income - net								(68.371)
Profit before income tax								**163.429**
Income tax expense								(45.763)
Income applicable to non-controlling interests								(3.516)
Profit for the year attributable to the owners of the parent								**114.150**

	Refining	Marketing	Exploration & Production	Petro-chemicals	Gas & Power	Other	Inter-Segment	Total
Year ended 31 December 2010								
Sales	7.832.281	3.507.741	726	377.056	843	21.921	(3.263.763)	8.476.805
Other operating income / (expense) - net	136	28.888	-	3.497	-	1.125	1.660	35.306
Operating profit / (loss)	**297.851**	**42.137**	**(25.156)**	**33.415**	**273**	**(4.875)**	**267**	**343.913**
Currency exchange gains/ (losses)	(11.257)	(4.694)	-	-	-	158	-	(15.793)
Profit before tax, share of net result of associates & finance costs	**286.594**	**37.443**	**(25.156)**	**33.415**	**273**	**(4.717)**	**267**	**328.120**
Share of net result of associates and dividend income	309	320	-	(1.426)	30.825	-	-	30.027
Profit after associates	**286.903**	**37.763**	**(25.156)**	**31.989**	**31.098**	**(4.717)**	**267**	**358.147**
Finance (expense)/income - net								(59.434)
Profit before income tax								**298.713**
Income tax expense								(111.294)
Income applicable to non-controlling interests								(7.601)
Profit for the year attributable to the owners of the parent								**179.818**

– Inter-segment sales primarily relate to sales from the refining segment to the other operating segments.

The segment assets and liabilities at 31 December 2011 and 2010 are as follows:

Year ended 31 December 2011	**Refining**	**Marketing**	**Exploration & Production**	**Petro-chemicals**	**Gas & Power**	**Other**	**Inter-Segment**	**Total**
Total assets	5.066.792	1.531.042	9.980	271.625	611.719	1.798.173	(2.100.504)	7.188.827
Investments in associates	3.378	653	-	1.906	610.158	-	-	616.095
Total liabilities	2.974.867	896.667	1	169.067	124	1.509.076	(890.965)	4.658.837
Net assets	2.091.925	634.375	9.979	102.557	611.596	289.097	(1.209.539)	2.529.990
Capital expenditure	651.527	21.990	-	1.214	-	233	-	674.964
Depreciation & Amortisation	77.055	64.858	345	16.862	-	477	-	159.597

Year ended 31 December 2010	**Refining**	**Marketing**	**Exploration & Production**	**Petro-chemicals**	**Gas & Power**	**Other**	**Inter-Segment**	**Total**
Total assets	4.729.818	1.634.711	3.502	284.585	548.119	1.795.836	(2.131.301)	6.865.270
Investments in associates	9.392	790	-	3.508	547.093	-	-	560.783
Total liabilities	2.555.376	916.227	638	194.783	(1)	1.627.664	(961.035)	4.333.652
Net assets	2.174.441	718.484	2.864	89.802	548.120	168.172	(1.170.265)	2.531.618
Capital expenditure	675.138	28.044	-	6.035	-	121	-	709.338
Depreciation & Amortisation	74.619	64.099	682	16.938	-	456	-	156.794

6 Property, plant and equipment

	Land	Buildings	Plant & Machinery	Motor vehicles	Furniture and fixtures	Assets Under Con-struction	Total
Cost							
As at 1 January 2010	**275.387**	**536.242**	**2.100.284**	**76.340**	**116.323**	**722.488**	**3.827.064**
Additions	636	2.768	8.620	1.060	6.430	688.794	708.308
Finalisation of PPA of BP Hellas	-	(2.001)	-	-	-	-	(2.001)
Capitalised projects	251	17.558	48.678	4.779	6.914	(78.180)	-
Disposals	-	(7.093)	(12.844)	(197)	(1.777)	(6.849)	(28.760)
Currency translation effects	(947)	(3.715)	(1.146)	(2)	(29)	(305)	(6.144)
Transfers and other movements	144	3.582	(2.307)	110	32	(5.904)	(4.343)
As at 31 December 2010	**275.471**	**547.341**	**2.141.285**	**82.090**	**127.893**	**1.320.044**	**4.494.124**
Accumulated Depreciation							
As at 1 January 2010	**-**	**267.353**	**1.321.314**	**33.188**	**90.450**	**-**	**1.712.305**
Charge for the year	-	22.587	97.592	4.622	10.470	-	135.271
Disposals	-	(6.828)	(11.369)	(173)	(1.697)	-	(20.067)
Currency translation effects	-	(665)	(692)	(48)	27	-	(1.378)
Transfers and other movements	-	(59)	(391)	55	(107)	-	(502)
As at 31 December 2010	**-**	**282.388**	**1.406.454**	**37.644**	**99.143**	**-**	**1.825.629**
Net Book Value at 31 December 2010	**275.471**	**264.953**	**734.831**	**44.446**	**28.750**	**1.320.044**	**2.668.495**
Cost							
As at 1 January 2011	**275.471**	**547.341**	**2.141.285**	**82.090**	**127.893**	**1.320.044**	**4.494.124**
Additions	1.464	2.324	8.764	956	5.467	654.636	673.611
Capitalised projects	-	35.044	286.629	73	4.153	(325.899)	-
Disposals	(285)	(3.686)	(9.069)	(557)	(1.411)	(2.168)	(17.176)
Currency translation effects	52	228	28	20	(4)	(10)	314
Transfers and other movements	13.551	(1.447)	3.300	(26)	(8)	(13.538)	1.832
As at 31 December 2011	**290.253**	**579.804**	**2.430.937**	**82.556**	**136.090**	**1.633.065**	**5.152.705**
Accumulated Depreciation							
As at 1 January 2011	**-**	**282.388**	**1.406.454**	**37.644**	**99.143**	**-**	**1.825.629**
Charge for the year	-	23.277	100.352	4.665	10.767	-	139.061
Disposals	-	(3.885)	(8.483)	(557)	(1.400)	-	(14.325)
Currency translation effects	-	18	13	-	(3)	-	28
Transfers and other movements	-	(769)	(803)	(109)	(103)	-	(1.784)
As at 31 December 2011	**-**	**301.029**	**1.497.533**	**41.643**	**108.404**	**-**	**1.948.609**
Net Book Value at 31 December 2011	**290.253**	**278.775**	**933.404**	**40.913**	**27.686**	**1.633.065**	**3.204.096**

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

(2) Within the balance of Assets under construction at 31 December 2011 an amount of €1.304million (31 December 2010: €836million) relates to costs in respect of the construction phase of the Elefsina refinery upgrade. The project is expected to be completed byQ2 2012. Any potential delays during the construction phase will have equivalent effects on the project completion date.

(3) During 2011 an amount of €67,5million (2010: €21,8million) in respect of interest has been capitalised in relation to Assets Under Construction relating to the refining segment, at an average borrowing rate of 4,5% (2010: 2,8%).

(4) Transfers of€13,3 million to land out of "other intangibles" (Note 7) relate to plots of land in Serbia where the Group has obtained ownership titles following change in local legislation.

(5) Under 'Transfers and other movements' in assets under construction of €13,5 million an amount of €5,9 million is transferred to intangible assets under 'Computer software' which relate to completed IT software projects capitalised during 2011.

7 Intangible assets

	Goodwill	Goodwill from Retail Operations	Computer software	Licences & Rights	Other	Total
Cost						
As at 1 January 2010	**139.005**	**48.771**	**67.938**	**32.431**	**103.712**	**391.857**
Additions	-	-	930	-	100	1.030
Finalisation of PPA of BP Hellas	-	-	-	-	(4.044)	(4.044)
Disposals	-	-	(3)	-	-	(3)
Other movements & Currency translation effects	-	-	3.139	105	(6.512)	(3.268)
As at 31 December 2010	**139.005**	**48.771**	**72.004**	**32.536**	**93.256**	**385.572**
Accumulated Amortisation						
As at 1 January 2010	**71.829**	**4.612**	**63.466**	**15.237**	**8.505**	**163.649**
Charge for the year	-	4.299	3.854	2.128	11.242	21.523
Disposals	-	-	(3)	-	-	(3)
Other movements & Currency translation effects	-	-	(580)	2	(4.027)	(4.605)
As at 31 December 2010	**71.829**	**8.911**	**66.737**	**17.367**	**15.720**	**180.564**
Net Book Value at 31 December 2010	**67.176**	**39.860**	**5.267**	**15.169**	**77.536**	**205.008**
Cost						
As at 1 January 2011	**139.005**	**48.771**	**72.004**	**32.536**	**93.256**	**385.572**
Additions	-	-	1.239	-	114	1.353
Disposals	(22)	(1.396)	-	-	-	(1.418)
Other movements & Currency translation effects	-	2.304	5.939	-	(13.350)	(5.107)
As at 31 December 2011	**138.983**	**49.679**	**79.182**	**32.536**	**80.020**	**380.400**
Accumulated Amortisation						
As at 1 January 2011	**71.829**	**8.911**	**66.737**	**17.367**	**15.720**	**180.564**
Charge for the year	-	4.753	2.688	1.669	11.426	20.536
Disposals	-	(846)	-	-	-	(846)
Other movements & Currency translation effects	-	2.296	(56)	-	31	2.271
As at 31 December 2011	**71.829**	**15.114**	**69.369**	**19.036**	**27.177**	**202.525**
Net Book Value at 31 December 2011	**67.154**	**34.565**	**9.813**	**13.500**	**52.843**	**177.875**

(1) The majority of the remaining amount of goodwill as at 31 December 2011relates to the unamortised goodwill arising on the acquisition of Hellenic Petroleum Cyprus Ltd from BP plc in 2003 which is treated in line with the accounting policy in note 2.6.This has been tested for impairment as at 31 December 2011using the value-in-use model, by projecting expected cash flows for the component for a period of five years, using 2011 as the basis year and with subsequent annual growth to perpetuity of 2,5%. Such cash flows were discounted using an 8,3% discount rate, which represents the weighted average cost of capital of the component.

(2) Goodwill from retail operations relates to upfront lump-sum payments in respect of new retail sites. Details of the accounting policy are given in note 2.6

(3) Licenses and rights include Upstream Exploration rights which are amortised over the period of the exploration period as per the terms of the relevant licences. Details of the accounting policy are given in note 2.6.

(4) Otherintangible assets category includes rights of use of land in Serbiawhere under local statutory law, certain plots of land belong to the user under a right of use. The Group transferred an amount of €13,3 million to PPE, under “Land” (Note 6), relating to plots whereby ownership was obtained. Also included are amounts paid to the government for use of land in Montenegro where the company holds title.

Furthermore, included therein is the fair value of the contractual customer relationships from the subsidiary acquired in December 2009 (ex BP Hellas).

8 Investments in associates and joint ventures

	As at	
	31 December 2011	**31 December 2010**
Beginning of the Year	**560.783**	**517.378**
Dividend income	(7.423)	(4.211)
Share of results of associates & joint ventures	67.488	30.027
Share capital increase / (decrease)	775	17.589
Impairment of investment	(5.528)	-
End of the year	**616.095**	**560.783**

During 2011, the Group took an impairment charge against its investment in Thraki SA.

a) Jointly Controlled Group Entities

The Group is active in power generation and trading business in Greece through its 50% shareholding in Elpedison B.V., a jointly controlled entity with EDISON International. The Group opted to consolidate ELPEDISON BV using the equity method, and as such ELPEDISON B.V. group of companies consolidated results, appear under Results from Associates and its Net assets under the Investment in Associates.

Given the materiality of this activity for the Group, the table below summarises theunaudited proformakey financials of Elpedison B.V. group which includes Elpedison Power (75%) and Elpedison Trading (100%):

Elpedison B.V Group	As at 31 December 2011 *(Unaudited Proforma)*	31 December 2010 *(Audited)*
Statement of Financial Position		
Non-Current Assets	443.969	468.800
Cash and Cash Equivalents	6.160	5.608
Other Current Assets	190.098	110.293
Total Assets	**640.227**	**584.701**
Equity	**163.288**	**158.227**
Long Term Borrowings	325.747	-
Other Non-Current Liabilities	6.990	3.937
Short Term Borrowings	14.266	359.227
Other Current Liabilities	129.936	63.310
Total Liabilities	**476.939**	**426.474**
Total Liabilities and Equity	**640.227**	**584.701**
Statement of Comprehensive Income		
Revenue	431.685	156.443
EBITDA	**60.815**	**19.064**
Depreciation & Amortisation	28.906	15.694
EBIT	**31.909**	**3.370**
Interest Income	375	375
Interest Expense	(24.674)	(7.281)
Income Tax	(2.549)	876
Profit / (Loss) after Tax	**5.061**	**(2.660)**
Profit / (Loss) After Tax and Minorities	**3.676**	**(2.053)**
Income / (Loss) accounted in Helpe Group	**1.838**	**(1.330)**

Elpedison Power was formed through a merger of T-Power SA (HELPE 100% subsidiary) and Thisvi SA, an EDISON/HED joint venture in 2009. The company concluded a short term loan for €360m ("Bridge Facility") in September 2009 which was used to repay existing indebtedness originally obtained through HPF plc and serving as a bridge finance to a full Project Finance structure. In September 2011, due to the prevailing financial market conditions, Elpedison Power proceeded with refinancing the balance of the Bridge Facility with a new two year amortising €345 million loan. The loan is fully guaranteed on a pro rata basis by all the shareholders of ELPEDISON Power SA and includes normal restrictions on dividends distribution.

b) Associates

The Group exercises significant influence in a number of other entities, also accounted for by the equity method.

The table below summarises the income / (loss) from the principal investments in associates:

	For the year ended 31 December 2011	31 December 2010
Public Natural Gas Corporation of Greece (DEPA)	66.825	31.778
Other associates	(1.175)	(421)
Total	**65.650**	**31.357**

The main financial information of DEPA Groupis presented below:

	For the year ended	
	31 December 2011 *(Unaudited Proforma)*	**31 December 2010** *(Audited)*
EBITDA	275.038	204.317
Income before Tax	244.739	152.316
Income Tax	(53.810)	(61.522)
Net income	**190.929**	**90.794**
Income accounted in Helpe Group	**66.825**	**31.778**

An alternative analysis of the Group's share in major associates' financial position and results is set below:

	% interest held	As at 31 December 2011 *(Unaudited Proforma)*		
		Assets	**Liabilities**	**Revenues**
DEPA	35%	2.955.515	1.452.299	1.761.093
EAKAA	50%	18.207	9.135	3.167
DMEP Holdco (ultimate parent of OTSM)	48%	210.899	210.415	564

	% interest held	As at 31 December 2010 *(Audited)*		
		Assets	**Liabilities**	**Revenues**
DEPA	35%	2.743.944	1.412.111	1.216.957
EAKAA	50%	19.726	10.929	3.484

DMEP HoldCo Ltd

In 2011, the Group participated with 48% holding through its subsidiary company Hellenic Petroleum International A.G. in the setting-up of a new company DMEP HoldCo Ltd, a company incorporated in UK, which in turn owns 100% of OTSM, "SocieteAnonyme of Maintenance Compulsory Stocks and Trading of Crude Oil and Petroleum Products". OTSM is established under Greek law and is fully permitted to provide crude oil and petroleum products stock keeping and management services. The Group has delegated part of its compulsory stock keeping obligations to OTSM at a fee calculated in line with the legal framework. In December 2011 Hellenic Petroleum S.A. sold inventory of total value €200 millionto OTSM (Note 10). This move is in line with the strategy of the Group to de-risk its balance sheet and reduce the level of funding requirements for working capital.

9 Loans, Advances & Long Term assets

	As at	
	31 December 2011	**31 December 2010**
Loans and advances	53.116	18.850
Other long term assets	43.119	69.000
Total	**96.235**	**87.850**

Loans and advances relate primarily to merchandise credit extended to third parties as part of the retail network expansion and is non-interest bearing.

Other long term assets primarily include payments made to secure long term retail network locations and other prepayments of long term nature, which are non-interest bearing. These are amortised over the remaining life of the relating contracts of the petrol stationsand are discounted using a rate of 5% for 2011 (2010: 5%).

10 Inventories

	As at	
	31 December 2011	**31 December 2010**
Crude oil	324.736	706.237
Refined products and semi-finished products	705.032	791.958
Petrochemicals	34.982	34.598
Consumable materials and other spare parts	85.813	81.308
- Less: Provision for consumables and spare parts	(9.372)	(13.476)
Total	**1.141.191**	**1.600.625**

The cost of goods sold included in "Cost of sales" for 2011 is equal to €7,9billion (2010: €7,0billion).

During 2011, the parent company released part of its provision for obsolete inventories, amounting to €4,1 million, mostly because these were used for the purposes of the refinery upgrade project..

During 2011, the Company released part of its provision for obsolete inventories, amounting to €4,1 million, mostly because these were used for the purposes of the refinery upgrade projectThe amount of the reversal in provisions for obsolete inventories of €4,1millionis recognized within "other operating income" (2010: €1,1 million write-down included in "cost of sales").

During 2011, inventory with value of €200 million was sold to OTSM S.A. (Note 8) as part of the working capital reduction program.

11 Trade and other receivables

	As at	
	31 December 2011	**31 December 2010**
Trade receivables	704.184	668.456
- Less: Provision for impairment of receivables	(153.664)	(135.947)
Trade receivables net	**550.520**	**532.509**
Other receivables	401.644	387.821
- Less: Provision for impairment of receivables	(25.778)	(24.696)
Other receivables net	**375.866**	**363.125**
Derivatives held for trading (Note 21)	-	12.715
Deferred charges and prepayments	19.432	29.530
Total	**945.818**	**937.879**

Other receivables include balances in respect of VAT, income tax prepayment and advances to personnel.

The fair values of receivables approximate their carrying amount.

The movement in the provision for impairmentof trade receivables is set out below.

	As at	
	31 December 2011	**31 December 2010**
Balance at 1 January	135.947	106.918
Charged / (credited) to the income statement:		
- Additional provisions	23.112	25.633
- Unused amounts reversed	(1.094)	(1.415)
- Receivables written off during the year as uncollectible	(4.326)	(1.388)
Other movements	25	(1.452)
Acquisition of sumbsidiary (ex BP Hellas)	-	7.651
Balance at 31 December	**153.664**	**135.947**

The movement in the provision for impairment has been included in Selling,Distribution and Administration costs in the statement of comprehensive income.

12 Held-to-maturity investments

	As at	
	31 December 2011	**31 December 2010**
Held-to-maturity investments	-	167.968
Total	**-**	**167.968**

Held-to-maturity investments as at 31 December 2010 were short-term government bonds issued on the 30th December 2010 by Ministry of Finance to repay trade receivables. They were repaid in full on their maturity date, in December 2011.

13 Cash and cash equivalents

	As at	
	31 December 2011	**31 December 2010**
Cash at Bank and in Hand	501.744	396.709
Short term bank deposits	483.742	199.048
Total	**985.486**	**595.757**

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

	As at	
	31 December 2011	**31 December 2010**
Euro	0,62%	3,39%
USD	0,56%	0,32%

14 Share capital

	Number of Shares (authorised and issued)	**Share Capital**	**Share premium**	**Total**
As at 1 January 2010& 31 December 2010	**305.635.185**	**666.285**	**353.796**	**1.020.081**
As at 31 December 2011	**305.635.185**	**666.285**	**353.796**	**1.020.081**

All ordinary shares were authorised, issued and fully paid. The nominal value of each ordinary share is €2,18 (31 December 2010: €2,18).

Share options

During the AGM of Hellenic Petroleum S.A. held on 25 May 2005, a new share option scheme was approved, based on years 2005 – 2007, with the intention to link the number of share options granted to employees with the results and performance of the Company and its management. The AGM of Hellenic Petroleum S.A of 31 May 2006 has approved and granted stock options for the year 2005 of 272.100 shares. The AGM of 17 May 2007 has approved and granted stock options for the year 2006 of 408.015 shares. The AGM of 14 May 2008 has approved and granted stock options for the year 2007 of 385.236 shares and extended the scheme for an additional base year, namely 2008. The AGM of 3 June 2009 has approved and granted stock options for the year 2008 of 1.704.716 shares and extended the scheme for 2009. The vesting period is 1 November to 5 December of the years 2008 – 2012, 2009 – 2013, 2010 – 2014 and 2011 – 2015 for each of the base years 2005, 2006, 2007 and 2008 respectively.

Following the Board Decision of 27 April 2010, the AGM of Hellenic Petroleum held on 2 June 2010 approved the non – granting of any stock options for the year 2009, as a result of the adverse macroeconomic environment and extended the scheme for an additional base year, 2010, for which the vesting period will commence in 2012. Similarly the AGM of Hellenic Petroleum held on 29 June 2011 validated the Board Decision of 7 June 2011 and approved the non – granting of any stock options for the year 2010 and extended the scheme for an additional base year, namely 2011, for which the vesting period will commence in 2012. The total number of stock options approved during the original AGM of 25 May 2005 has not been altered by the subsequent extensions to the scheme.

No stock options have been exercised during 2011, or during the previous year, due to the negative relationship between the exercise price and the share market price during the respective vesting periods.

The movement in share options during the year were:

	As at			
	31 December 2011		31 December 2010	
	Average Exercise Price in € per share	Options	Average Exercise Price in € per share	Options
At 1 January	**8,74**	**2.720.950**	**8,77**	**2.770.067**
Granted	-	-	-	
Exercised	-	-	-	-
Lapsed	-	-	10,89	(49.117)
At 31 December	**8,74**	**2.720.950**	**8,74**	**2.720.950**

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

Expiry Date	Exercise Price in € per share	No. of share options as at 31 December 2011	31 December 2010
5 December 2012	9,69	268.658	268.658
5 December 2013	10,88	397.815	397.815
5 December 2014	11,01	349.761	349.761
5 December 2015	7,62	1.704.716	1.704.716
	Total	**2.720.950**	**2.720.950**

The average remaining contractual life of stock options outstanding at 31 December 2011 was 4,3 years(2010: 4,3 years).

The total expense recognised in the statement of comprehensive income for share based compensation is €1.119 (2010: €1.352).

15 Reserves

	Statutory reserve	Special reserves	Hedging reserve	Share-based payment reserve	Tax reserves	Other reserves	Total
Balance at 1 January 2010	**100.664**	**98.420**	**(29.054)**	**1.166**	**342.709**	**(8.066)**	**505.839**
Cash flow hedges (Note 21):							
- Fair value gains / (losses) on cash flow hedges	-	-	(34.759)	-	-	-	(34.759)
- De-recognition of 2011 hedges	-	-	9.571	-	-	-	9.571
Share-based payments (Note 14)	-	-	-	1.352	-	-	1.352
Transfers from retained earnings (Law 3299/04)	-	-	-	-	8.613	-	8.613
Transfer to statutory reserves	8.306	-	-	-	-	-	8.306
Fair value gains on available-for-sale financial assets	-	-	-	-	-	44	44
Translation exchange differences	-	-	-	-	-	1.100	1.100
Balance at 31 December 2010	**108.970**	**98.420**	**(54.242)**	**2.518**	**351.322**	**(6.922)**	**500.066**
Cash flow hedges (Note 21):							
- Fair value gains / (losses) on cash flow hedges	-	-	(19.684)	-	-	-	(19.684)
- De-recognition of 2012 hedges	-	-	6.776	-	-	-	6.776
Share-based payments (Note 14)	-	-	-	1.119	-	-	1.119
Transfer to statutory reserves	4.822	-	-	-	-	-	4.822
Fair value losses on available-for-sale financial assets	-	-	-	-	-	(72)	(72)
Translation exchange differences	-	-	-	-	-	115	115
Balance at 31 December 2011	**113.792**	**98.420**	**(67.150)**	**3.637**	**351.322**	**(6.879)**	**493.142**

The movement in the hedging reserve is shown net of tax of€1.866(2010: €6.723) – refer to Note 28.

Statutory reserves

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

Special reserves

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

Tax free reserves

Tax free reserves include:

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

(ii) Partially taxed reserves are retained earnings, which have been taxed at a rate less than the corporate tax rate as allowed by Greek law. Certain of these retained earnings will be subject to the remaining tax up to the corporate tax rate prevailing at the time of distribution to shareholders or conversion to share capital.

16 Trade and other payables

	As at	
	31 December 2011	**31 December 2010**
Trade payables	1.498.886	1.358.885
Accrued Expenses	58.211	18.520
Derivatives (Note 21)	46.355	24.003
Other payables	83.498	71.304
Total	**1.686.950**	**1.472.712**

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

17 Borrowings

	As at	
	31 December 2011	**31 December 2010**
Non-current borrowings		
Bank borrowings	1.136.283	1.127.863
Finance leases	6.013	5.333
Total non-current borrowings	**1.142.296**	**1.133.196**
Current borrowings		
Short term bank borrowings	1.531.418	1.297.103
Finance leases - current portion	475	395
Total current borrowings	**1.531.893**	**1.297.498**
Total borrowings	**2.674.189**	**2.430.694**

The maturity of non-current borrowings is the following:

	As at	
	31 December 2011	**31 December 2010**
Between 1 and 2 years	738.463	54.630
Between 2 and 5 years	0	673.248
Over 5 years	403.833	405.318
	1.142.296	**1.133.196**

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

		As at 31 December 2011	
	€	**US$**	**RSD**
Bank Borrowings (short-term)			
- Floating Euribor + margin	5,67%	-	-
- Floating Libor + margin	-	1,14%	-
Bank Borrowings (long-term)			
- Floating Euribor + margin	2,21%	-	-
- Floating Libor + margin	-	0,63%	-
- NBS 2wk repo + margin	-	-	13,71%

		As at 31 December 2010	
	€	**US$**	**RSD**
Bank Borrowings (short-term)			
- Floating Euribor + margin	4,71%	-	-
- Floating Libor + margin	-	0,86%	-
Bank Borrowings (long-term)			
- Floating Euribor + margin	1,87%	-	-
- Floating Libor + margin	-	0,61%	-
- NBS 2wk repo + margin	-	-	14,24%

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

	As at	
	31 December 2011	**31 December 2010**
Euro	2.009.590	1.787.831
US dollar	599.737	571.771
Other	64.862	71.092
Total borrowings	**2.674.189**	**2.430.694**

Hellenic Petroleum Finance plc (HPF) was established in November 2005 in the U.K. and is a wholly-owned subsidiary of Hellenic Petroleum S.A. The company acts as the central treasury vehicle of the Hellenic Petroleum Group and its activities include the financing of the Group companies.

On 18 April 2006 HPF concluded a €300 million syndicated 364-day multi-currency revolving credit facility agreement with the guarantee of the Parent Company. The facility had an extension option for a further 364-day period which was exercised in 2007 and consequently the maturity date was extended to 15 April 2008. In April 2008, the facility was extended for a further 364 day period until 14 April 2009 and the facility amount was increased to €400 million. Subsequently the facility was extended as follows, each time for a further 364-day period: a) in April 2009 it was extended to 13 April 2010, b) in April 2010 it was extended to 12 April 2011 and c) in April 2011 it was extended to 10 April 2012 and is further extended to July 2013. The Euro equivalent of the total amount outstanding under the facility at 31 December 2011 was €225 million (31 December 2010: €285 million).

On 2 February 2007 HPF signed a syndicated credit facility agreement of US$ 1,18 billion with a maturity of five years and two 364-day extension options exercisable prior to the first and the second anniversary of the facility. A total of fifteen Greek and international financial institutions have participated in the facility. The facility is guaranteed by the Parent Company and comprises of fixed term borrowings and revolving credit. In 2007 the Company exercised the first extension option of the facility to mature on 31 January 2013 to which all participating financial institutions have consented, except for one bank whose participation amounted to US$ 20 million. The Company did not exercise the second extension option. The Euro equivalent of the total amount outstanding under the facility at 31 December 2011 was €901 million (31 December 2010: €875 million), of which short term revolving loans amounted to €517 million (31 December 2010: €499 million).

On 9 December 2009, HPF concluded a syndicated €250 million credit facility agreement with a maturity of three years and the possibility to increase the amount up to €350 million after syndication of the facility in the secondary market. On 11 February 2010 following successful syndication in the secondary market the credit facility amount was increased to €350 million. The facility is guaranteed by the Parent Company. The proceeds of the facility have been used to finance the acquisition of Hellenic Fuels S.A. (former BP Hellas S.A.) by Hellenic Petroleum International A.G. which is 100% owned by the Parent Company. The outstanding balance of the facility amounted to €350 million as at 31 December 2011 (31 December: €350 million).

The total balance of HPF's bank borrowings as at 31 December 2011 amounted to the equivalent of €1,5 billion (31 December 2010: €1,5 billion). The proceeds of the aforementioned facilities have been used to provide loans to other Group companies.

On 26 May 2010, Hellenic Petroleum S.A. signed two loan agreements with the European Investment Bank for a total amount of €400 million (€200 million each). The loans have a maturity of 12 years. The purpose of the loans is to finance part of the investment programme relating to the upgrade of Elefsina Refinery. As at 31 December 2011, the outstanding loan balance amounted to €400 million.

The Group subsidiaries also have loans with various banks to cover their local financing needs. As at 31 December 2011, the outstanding balance of such loans amounted to approximately €0.8 billion (31 December 2010: approximately €0,5 billion). Out of these approximately €0,6 billionrelate to short-term loansof the parent company Hellenic Petroleum S.A. with various banks that areused to cover its financing needs.

The loan analysis is as follows:

	As at	
	31 December 2011	**31 December 2010**
Revolving credit facilities	1.533.908	1.297.088
Term loans	1.133.793	1.127.878
Finance lease	6.488	5.728
Total borrowings	**2.674.189**	**2.430.694**

Finance leases are analysed as follows:

	As at	
	31 December 2011	**31 December 2010**
Obligations under finance leases		
Within 1 year	1.067	874
Between 1 and 5 years	4.059	3.440
After 5 years	4.847	4.725
Total lease payments	**9.973**	**9.039**
less: Interest	(3.485)	(3.311)
Total	**6.488**	**5.728**

18 Deferred income tax

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

	As at	
	31 December 2011	**31 December 2010**
Deferred tax assets:		
Deferred tax assets to be recovered after more than 12 months	19.968	38.827
	19.968	**38.827**
Deferred tax liabilities:		
Deferred tax liabilities to be incurred after more than 12 months	(49.134)	(50.796)
	(49.134)	**(50.796)**
	(29.164)	**(11.969)**

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

	As at	
	31 December 2011	**31 December 2010**
Beginning of the year	(11.969)	(29.692)
Income statement recovery / (charge)	(15.221)	8.450
Charged / (released) to equity	1.866	6.723
Acquisition of subsidiary	-	2.583
Other movements	(3.840)	(33)
End of year	**(29.164)**	**(11.969)**

Deferred tax relates to the following types of net temporary differences:

Intangible and tangible fixed assets	(55.625)	(38.251)
Inventory valuation	(365)	1.658
Unrealised exchange gains	-	6.058
Employee benefits provision	22.929	29.649
Derivative financial instruments at fair value	19.310	17.874
Acquisition of subsidiary	-	2.583
Environmental provisions (Note 20)	3.220	-
Other temporary differences	(18.633)	(31.540)
End of year	**(29.164)**	**(11.969)**

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

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

19 Retirement benefit obligations

	As at	
	31 December 2011	**31 December 2010**
Balance sheet obligations for:		
Pension benefits	113.991	143.414
Total as per balance sheet	**113.991**	**143.414**

	For the year ended	
	31 December 2011	**31 December 2010**
Income statement charge for:		
Pension benefits	54.649	23.600
Total as per income statement	**54.649**	**23.600**

The amounts recognised in the balance sheet are as follows:

	As at	
	31 December 2011	**31 December 2010**
Present value of funded obligations	10.538	10.580
Fair value of planned assets	(7.801)	(8.563)
Present value of unfunded obligations	132.660	168.784
Unrecognised actuarial gains / (losses)	(18.392)	(24.116)
Unrecognised prior service cost	(3.014)	(3.271)
Liability in the Balance Sheet	**113.991**	**143.414**

The amounts recognised in the income statement are as follows:

	For the year ended	
	31 December 2011	**31 December 2010**
Current service cost	8.759	10.961
Interest cost	6.603	9.663
Net actuarial (gains) / losses recognised in the year	720	1.068
Past service cost	288	192
Regular profit & loss charge	**16.370**	**21.884**
Additional cost of extra benefits	38.279	1.716
Total included in employee benefit expense	**54.649**	**23.600**

Additional cost of extra benefits for 2011,relate primarily to the voluntary retirement scheme costs (see also Note 25).

The movement in liability recognised in the balance sheet is as follows:

	As at	
	31 December 2011	**31 December 2010**
Beginning of the year	143.414	148.464
Total expense included in employee benefit expense	54.649	23.600
Payments made	(83.875)	(29.729)
Other adjustments	(197)	1.079
At year end	**113.991**	**143.414**

The principal actuarial assumptions used were as follows:

	As at	
	31 December 2011	**31 December 2010**
Discount Rate	4,50%	4,50%
Future Salary Increases	2,00%	2,00%
Average future working life in years	14,1	12,6

20 Provisions and other long term liabilities

	As at	
	31 December 2011	**31 December 2010**
Government grants	20.367	24.084
Litigation and tax provisions	11.135	5.761
Provisions for environmental costs	16.100	-
Other provisions & Long Term Liabilities	11.986	17.649
Total	**59.588**	**47.494**

The movement for provisions and other long term liabilities for 2011 is as follows:

	Government advances and grants	Litigation & tax povisions	Provisions for environmental costs	Other Provisions	Total
At 1 January 2010	**27.813**	**8.842**	**-**	**14.576**	**51.231**
Charged / (credited) to the income statement:					
- Unused amounts reversed	-	(1.113)	-	117	(996)
- Amortisation of grants	(3.860)	-	-	-	(3.860)
- Utilized during year	-	(1.968)	-		(1.968)
Reclassifications	-	-	-	3.536	3.536
Additional grants	131	-	-	-	131
Used during year	-	-	-	(580)	(580)
At 31 December 2010	**24.084**	**5.761**	**-**	**17.649**	**47.494**
Charged / (credited) to the income statement:					
- Additional provisions	-	2.000	16.100	1.337	19.437
- Unused amounts reversed	-	-	-	(1.162)	(1.162)
- Amortisation of grants	(3.717)	-	-	-	(3.717)
- Utilized during year	-	(1.070)	-	418	(652)
Other movements / Reclassifications	-	4.444	-	(6.256)	(1.811)
At 31 December 2011	**20.367**	**11.135**	**16.100**	**11.986**	**59.588**

Government grants

Advances by the Government to the Group's entities relate to property plant and equipment.

Environmental costs

The respective provision relates to the estimated cost of the CO2 emission rights required under the corresponding environmental legislation. No provision for environmental remediation is included in the accounts as the Company has a policy for addressing environmental issues.

Other provisions and other long-term liabilities

Other provisions and long term liabilities relate tosundry operating items and risks arising from the Group's ordinary activities.

21 Fair values of derivative financial instruments

Derivatives held for trading

In the context of managing risk resulting from the volatility in the inventory values of products and crude oil, the Group enters into derivativecontracts. To the extent that these contracts are not designated as hedges, they are categorized as derivatives held-for-trading. The fair value of derivatives held-for-trading is recognized on the statement of financial position in “Trade and other debtors” and “Trade and other payables” if the maturity is less than 12 months and in “Loans, advances and other receivables” and “Other long term liabilities” if the maturity is more than 12 months. Changes in the fair value of these derivatives are charged to the Statement of comprehensive income either within Other (expenses)/income or Cost of Sales.

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

As part of managing operating and price risk, the Group engages in derivative transactions with 3rd parties with the intention of matching physical positions and trades or close proxies thereof and are therefore considered an integral part of “Cost of Sales”. During 2011 the amounts attributable to such derivatives were € 51.854 loss (2010: €2.296 gain) and are included in “Cost of Sales”.

In certain cases it may not be possible to achieve a fully matched position, in which case the impact cannot be considered as a “Cost of Sales” component. The result from such derivative positions in 2011 was € 510 gain (2010: €11.895 loss) and is shown under “Other operating (expenses) / income – net” (see Note 25). Also in “Other operating (expenses) / income – net” includes a loss of € 10.320 for de-designation of 2012 cash flow hedges related to the Elefsina Refinery Upgrade as explained below.

Derivatives designated as cash flow hedges

The Group uses derivative financial instruments to manage certain exposures to fluctuations in commodity prices. In this framework, the Group has entered into a number of commodity price swaps which have been designated by the Group as cash flow hedges, have been evaluated and proven to be highly effective, and in this respect, any changes in their fair value are recorded within Equity. The fair value of the Commodity swaps at the end of the reporting periodwas recognised in “Long term derivatives”, while changes in their fair value are recorded in reserves as long as the forecasted purchase of inventory is highly probable and the cash flow hedge is effective as defined in IAS 39.

When certain of the forecasted transactions cease to be highly probable, they are de-designated from cash flow hedges at which time amounts charged to reserves are transferred to the statement of comprehensive income within “other income/expense”. As at 31 December 2011 amounts transferred to the statement of comprehensive income for de-designated hedges amounted to €6.776 loss net of tax which relate to 2012 valuation of projected transactions for the Elefsina refinery upgrade(31 December 2010: €9.571). The remaining cash flow hedges are highly effective and the movement in the fair value of these derivatives, amounting to a loss of €19.684 net of tax (2010: €34.759 loss), was transferred to the “Hedging Reserve”.

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

Derivatives held for Trading

	31 December 2011				31 December 2010			
Commodity Derivative type	**Notional Amount**		**Assets**	**Liabilities**	**Notional Amount**		**Assets**	**Liabilities**
	MT'000	**Bbls'000**	**€**	**€**	**MT'000**	**Bbls'000**	**€**	**€**
Commodity Swaps	300	3.329	-	12.577	2.460	-	12.715	21.137
	300	**3.329**	**-**	**12.577**	**2.460**	**-**	**12.715**	**21.137**

Derivatives designated as Cash Flow Hedges

	31 December 2011				31 December 2010			
Commodity Derivative type	**Notional Amount**		**Assets**	**Liabilities**	**Notional Amount**		**Assets**	**Liabilities**
	MT'000	**Bbls'000**	**€**	**€**	**MT'000**	**Bbls'000**	**€**	**€**
Commodity Swaps	1.050	-	-	83.936	1.440	-	-	69.162
	1.050	**-**	**-**	**83.936**	**1.440**	**-**	**-**	**69.162**
Total			**-**	**96.513**			**12.715**	**90.299**

	31 December 2011		31 December 2010	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Non-current portion				
Commodity swaps	-	50.158	-	66.296
	-	**50.158**	**-**	**66.296**
Current portion				
Commodity swaps (Notes 11, 16)	-	46.355	12.715	24.003
	-	**46.355**	**12.715**	**24.003**
Total	**-**	**96.513**	**12.715**	**90.299**

22 Employee costs

	For the year ended	
	31 December 2011	**31 December 2010**
Wages and salaries	224.024	227.836
Social security costs	43.242	43.376
Pension costs	21.206	25.533
Other employment benefits	38.804	40.450
Total	**327.276**	**337.195**

Other employment benefits include medical insurance, catering, and transportation expenses. The value of shared – based compensation of €1.119 (2010: €1.352) is also included therein (see Note 14).

23 Selling, distribution and administrative expenses

	For the year ended	
	31 December 2011	**31 December 2010**
Selling and distribution expenses	330.165	332.578
Administrative expenses	136.473	148.235
	466.638	**480.813**

24 Exploration and Development expenses

Exploration and development expenses comprise expenditure associated with the Group's exploration activities as an operator in one block in westernEgypt and in another block in southern Egypt in a joint venture with Melrose and Kuwait Energy through the Hellenic Petroleum branch in Egypt. As these projects are still in the exploration phase, all amounts spent are expensed (2011: €3.556and2010: € 20.660).

25 Other operating income / (expenses) - net

	For the year ended	
	31 December 2011	**31 December 2010**
Income from grants	3.717	3.870
Gains on derivative financial instruments	510	11.460
Losses on derivative financial instruments	-	(11.895)
De-designation of cash flow hedges	(10.320)	-
Services to third parties	4.323	4.457
Rental income	17.909	23.368
Voluntary retirement scheme cost	(40.870)	(5.132)
Excess of acquirer's interest resulting from business combinations	-	(1.434)
Gain from the sale of subsidiary (Note 36)	1.178	-
Impairment losses from associates	(5.528)	-
Gains from sale of CO2 emission rights	8.220	-
Reversal of provisions for obsolete inventories	4.623	-
Other income / (expense) - net	11.348	10.612
Total	**(4.890)**	**35.306**

Other operating (expenses) / income – net include amongst other items income or expenses which do not represent trading activities of the Group. Also included in Other Operating (Expenses) / Income are gains / (losses) from derivative positions not directly associated with operating activities (note 21).

26 Finance costs -net

	For the year ended	
	31 December 2011	**31 December 2010**
Interest income	25.777	13.270
Interest expense and similar charges	(90.168)	(71.549)
Accrued Interest	(3.980)	(1.155)
Finance costs -net	**(68.371)**	**(59.434)**

In addition to the finance cost shown above, an amount of €67,5million (2010: €22,6million) has been capitalized, as further explained in Note 6.

27 Currency exchange gains / (losses)

Currency exchange losses of €11 million for the year ended 31 December 2011 are mostly driven by marked-to-market losses on US$ denominated loans of €19 million, due to the strengthening of the US$ against the Euro

taking place during 2011, which were partly net off by net realized and unrealized gains of €8 million from the translation of trade payables and receivables balances. The Group opts to borrow funds in US$ in order to finance the acquisition of US$ denominated crude oil stocks and as a result a Euro-related compensating benefit is included in the gross margin.

28 Income tax expense

	For the year ended	
	31 December 2011	**31 December 2010**
Current tax	30.541	119.744
Deferred tax (Note 18)	15.221	(8.450)
Total	**45.763**	**111.294**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the company, as follows:

	For the year ended	
	31 December 2011	**31 December 2010**
Profit Before Tax	**163.429**	**298.713**
Income tax calculated at tax rates applicable to profits	34.484	68.258
Tax on income not subject to tax	(38.178)	(27.554)
Tax on expenses not deductible for tax purposes	22.299	37.199
Additional one-off tax on profits (L.3845/10)	-	25.963
Income tax provision on interim dividend 2010	(12.225)	12.225
Additional taxes resulting from tax audits	17.720	-
Deferred tax and other movements	21.662	(4.797)
Tax Charge	**45.763**	**111.294**

The basic tax rate for Hellenic Petroleum S.A. was 20% for the period ending 31 December 2011 (24% for the period ending 31 December 2010).

On 31 March 2011 a new tax law was enacted in Greece. The new tax law introduced certain amendments in the corporate income tax legislation such as the reduction of the Greek statutory income tax rate to 20% for accounting years starting as of 1 January 2011 onwards (the previous tax law stipulated that the income tax rate would be gradually reduced to 20% by 2014 onwards). The change in tax rates resulted in lower income taxes for the Group. The new tax law also changed taxation with regard to distributed earnings. Consequently, the amount of €12,225 million which was provided as of 31/12/2010 as incremental tax for the interim dividend paid during 2010 in line with the previous law 3842/2010 was reversed as of 31December 2011.

The income tax charge for 2010 had been affected by a special contribution amounting to €26 million on the profits of year 2009, in line with L.3845/2010. No provision for special contribution on the profits of year 2011 has been included in the results for the year ended 31December 2011, as a relevant tax law has not yet been enacted.

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

	For the year ended					
	31 December 2011			31 December 2010		
	Before tax	Tax (charge)/ credit	After tax	Before tax	Tax (charge)/ credit	After tax
Available-for-sale financial assets	(72)	-	(72)	44	-	44
Cash flow hedges	(14.774)	1.866	(12.908)	(31.911)	6.723	(25.188)
Currency translation differences	(40)	-	(40)	639	-	639
Other comprehensive income	**(14.886)**	**1.866**	**(13.020)**	**(31.228)**	**6.723**	**(24.505)**

29 Earnings per share

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

	For the year ended	
	31 December 2011	31 December 2010
Earnings per share attributable to the Company Shareholders (expressed in Euro per share):	**0,37**	**0,59**
Net income attributable to ordinary shares (Euro in thousands)	114.150	179.818
Average number of ordinary shares outstanding	305.635.185	305.635.185

Diluted earnings per share are the same as basic earnings per share as the effect of share options is not significant.

30 Dividends per share

A proposal to the AGM for an additional €0,30 per share as final dividend for 2010 (amounting to a total of €91.691) was approved by the Board of Directors on 24 February 2011 and the final approval was given by the shareholders at the AGM held on 29 June 2011. Tax law 3943/2011 changed the treatment of distributed earnings and in line with the relevant regulations the parent company has withheld – on behalf of shareholders that are subject to taxation – 21% tax on the total dividend for the 2010 financial year, i.e. on €0,45 per share (refer to Note 28).

A proposal to the AGM for € 0,45 per share as final dividend was approved by the Board of Directors on 23 February 2012. This amounts to €137.536 and is not included in these accounts as it has not yet been approved by the shareholders' AGM.

31 Cash generated from operations

	Note	For the year ended 31 December 2011	31 December 2010
Profit before tax		**163.429**	**298.713**
Adjustments for:			
Depreciation and amortisation of property, plant & equipment and intangible assets	**6,7**	159.597	156.794
Amortisation of grants		(3.717)	(3.860)
Finance costs - net	**26**	68.371	59.434
Share of operating profit of associates and dividends	**8**	(67.488)	(30.028)
Gain from disposal of EKO Georgia	**35**	(1.178)	-
Provisions for expenses & valuation charges		37.989	38.034
Foreign exchange (gains) / losses		10.697	15.793
Loss / (gain) on sale of P.P.E.		315	(292)
		368.015	**534.588**
Changes in working capital			
Decrease / (increase) in inventories		461.969	(227.345)
Increase in trade and other receivables		(19.332)	(41.672)
Increase in payables		32.824	453.701
		475.461	**184.684**
Net cash generated from operating activities		**843.476**	**719.272**

32 Contingencies and litigation

The Group has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business. Provisions are set up by the Group against such matters whenever deemed necessary, in accordance with its accounting policies and included in other provisions (note 20). They are as follows:

(i) The Group is involved in a number of legal proceedings and has various unresolved claims pending arising in the ordinary course of business. Based on currently available information and the opinion of legal counsel, management believes the final outcome will not have a significant effect on the Group's operating results or financial position, over and above provision only reflected in the financial statements (Note 20).

(ii) InJune 2011 the tax audits for the financial years 2002 to 2005 of Hellenic Petroleum S.A. were finalized, the outcome of which resulted in disallowable expenses of €64 million. The Company has assessed the results of the tax audit and accepted disallowable expensesof €32 million, resulting in €17,6 million of additional taxes and surcharges, which were charged through the financial information for the year ended 31December 2011. The remaining amount of disallowable expenses assessed, amounting to €32 million, includes, amongst other items the alleged inventory "shortages" (note v below), which were originally assessed by the customs authorities. The Company has appealed against this assessment on the ground that it believes that it has no merit or a valid basis of calculation. Moreover the aforementioned tax audit also resulted in additional property taxes of a total amount of €2,2 million, against which the Company has appealed to the relevant authorities. No provision has been made in the financial statements as of 31 December 2011 with respect to the above, as the Company believes that both cases will be finally assessed in its favour

Furthermore, the V.A.T. audit for the financial years 2003 to 2006 of the parent Company was finalised in January 2011, resulting in the recovery of V.A.T. receivable amounting to €24,6 million. Also within

2011 aprovisional V.A.T. audit for the years 2010 and 2011 was finalized, resulting in the determination of V.A.T. receivable amounting to €137 million.

The parent Company has not undergone a tax audit for the financial years 2006 to 2010. Provisional tax audits for the financial years 2006 and 2008 have been finalised, albeit with no major findings, while the tax audit for the financial years 2006 to 2009 is currently underway.

The following tax audits are also currently in progress:

– For Hellenic Fuels S.A. (ex BP Hellas) for the years 2005 – 2009

– For EL.PET. Balkaniki for the years 2005 – 2009

Vardax S.A. (owner of the Thessaloniki – Skopje pipeline) was charged with an amount of €6 million in respect of VAT (including additional charges) following a provisional VAT tax audit for year 2005, as the tax auditor had considered that the company's activities should be subject to VAT. The company had paid this amount and included this in "Other debtors" upon filing an appeal before the Administrative Court for the annulment of the above action. The relevant action has been annulled and the aforementioned amount has been approved for return to Vardax. Following the finalisation of the provisional VAT audit for the years 2006 – 2010 of Vardax S.A. an additional amount of € 6,5 million has been approved for return to the company.

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

(iii) The parent Company has provided letters of comfort and guarantees in favour of banks as security for loans granted by them to subsidiaries and associates of the Group, the outstanding amount of which as at 31 December 2011 was the equivalent of €1.747 million (31 December 2010: €1.801 million). Out of these, €1.615 million (31 December 2010: €1.662 million) are included in consolidated borrowings of the Group and presented as such in these interim financial statements. The Group has also issued letters of credit and guarantees in favour of third parties, mainly for the procurement of crude oil, which as at 31 December 2011 amounted to the equivalent of €257 million (31 December 2010: €687 million) equivalent.

(iv) Following complaints by IATA, the Greek Competition Committee initiated an investigation into the pricing of aviation jet fuel in the Greek market. The conclusion of the investigation was to assert a fine of €9,4m to all Greek refineries, Hellenic Petroleum share accounts for €7,3m and it is based on a percentage of the relevant sales revenues in the year preceding the complaint. The Group maintaining its position that the rational of the conclusion has not taken into account critical evidence presented, filed an appeal with the Athens Administrative Court of Appeals. In parallel a petition to suspend the decision was also filed and partially accepted; the Court suspended the corrective measures imposed by the Greek Competition Committee until 31 August 2007 (since then all necessary changes have been implemented), but did not suspend the payment of the fine, which has been paid. Management believes that the final outcome of this case will not have any material impact on the Group's interim consolidated financial statements. The court date for the appeal, initially set for the 27 September 2007 was postponed to take place on 17 January 2008, and was finally tried on 25 September 2008. The resolution issued has partly accepted the Group's appeal i.e. (a) has reduced the fine of €7,3 million by €1,5 million and (b) has revoked the corrective measures which were temporarily suspended as above. The Group is contesting the above decision before the Supreme Administrative Court for the part for which the aforementioned resolution has not been fully accepted. The case was finally heard on 22 June 2011 and the decision is still pending.

(v) In 2008, the D' Customs Office (Formerly Z' Customs Office) of Piraeus, issued deeds of assessment amounting at approximately €40 million for alleged custom stock shortages in the bonded warehouses of Aspropyrgos and Elefsina installations. In relation with the above, the Company has filed within the deadlines required by the Law, contestations before the Administrative Court of First Instance of Piraeus, for which no dates of hearing have been assigned to date. In addition, independent auditors have confirmed that there are no stock shortages and the books are in complete agreement with official stock counts. Further to the substantial reasons of contestation, legal advisors of the Company have expressed the opinion that such claims have been time-barred.

(vi) Even-though not material to have an impact on these financial statements, Group's international operations face a number of legal issues related to changes in local permitting and tax regulations. Such cases include a dispute in connection with the local tank depots of Jugopetrol AD Kotor in Montenegro. Specifically, following the completion of the international tender process and the resulting Share Purchase Agreement for the acquisition of Jugopetrol ADKotor shares in 2002, ownership and use of a part of the company's tank assets remains under legal dispute as ex-federation strategic stock terminals. The Group is contesting this case in local courts, while also evaluating appealing to international courts and management believes that no additional material liabilities will arise as a result of this dispute for its local subsidiary over and above those recognised in the consolidated financial statements.

33 Commitments

Significant contractual commitments of the Groupamount to €324 million (31 December 2010: €559million), of which€166million relate to the Elefsina refinery upgrade.

34 Related-party transactions

	For the year ended	
	31 December 2011	**31 December 2010**
Sales of goods and services to related parties (within Sales)	574.891	421.105
Purchases of goods and services from related parties (within Cost of sales)	64.207	49.198
	639.099	**470.303**

	As at	
	31 December 2011	**31 December 2010**
Balances due to related parties (within Trade and other payables)	278.849	301.402
Balances due from related parties (within Trade and other receivables)	52.961	196.167
	331.810	**497.569**

	For the year ended	
	31 December 2011	**31 December 2010**
Charges for directors remuneration	3.613	4.450

All transactions with related parties are conducted under normal trading and commercial terms on an arm's length basis.

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

a) Parties which are under common control with the Group due to the shareholding and control rights of the HellenicState:
   - Public Power Corporation Hellas
   - Hellenic Armed Forces

b) Financial institutions which are under common control with the Group due to the shareholding and control rights of the HellenicState. The Group had loans amounting to the equivalent of € 644 million as at 31 December 2011 (31 December 2010: equivalent of €408 million) which represent loan balances due to the following related financial institutions:

- National Bank of Greece
- Agricultural Bank of Greece

c) Joint ventures with other third parties relating to exploration and production of hydrocarbons in Greece and abroad:
- STPC Sea of Thrace (Greece, sea of Thrace)
- Melrose– Kuwait Energy – Beach Petroleum (Egypt, Mesaha)
- VEGAS Oil & Gas (Egypt, West Obayed)
- Medusa (Montenegro)
- Edison (Montenegro, Ulcinj)

d) Associates of the Group which are consolidated under the equity method:
- Athens Airport Fuel Pipeline Company S.A. (EAKAA)
- Public Gas Corporation of Greece S.A. (DEPA)
- ArteniusS.A.
- Elpedison B.V.
- Spata Aviation Fuel Company S.A. (SAFCO)
- HELPE Thraki
- Biodiesel
- D.M.E.P. / OTSM

e) Financial institutions in which substantial interest is owned by parties which hold significant participation in the share capital of the Group. The Group had loans amounting to the equivalent of € 636 million as at 31 December 2011 (31 December 2010: equivalent of € 580 million) with the following related financial institutions:
- EFG Eurobank Ergasias S.A.

f) Enterprises in which substantial interest is owned by parties which hold significant participation in the share capital of the Group.
- Private Sea Marine Services (ex Lamda Shipyards)

35 Principal subsidiaries,associates and joint ventures included in the consolidated financial statements

COMPANY NAME	ACTIVITY	COUNTRY OF REGISTRATION	EFFECTIVE PARTICIPATION PERCENTAGE	METHOD OF CONSOLIDATION
EKO S.A	Marketing	GREECE	100,00%	FULL
HELLENIC FUELS S.A.	Marketing	GREECE	100,00%	FULL
EKOTA KO	Marketing	GREECE	49,00%	FULL
EKO KALYPSO	Marketing	GREECE	100,00%	FULL
EKO ATHINA S.A.	Vessel owning	GREECE	100,00%	FULL
EKO ARTEMIS S.A.	Vessel owning	GREECE	100,00%	FULL
EKO DIMITRA S.A.	Vessel owning	GREECE	100,00%	FULL
EKO IRA S.A.	Vessel owning	GREECE	100,00%	FULL
EKO AFRODITI S.A.	Vessel owning	GREECE	100,00%	FULL
EKO BULGARIA	Marketing	BULGARIA	100,00%	FULL
EKO SERBIA AD	Marketing	SERBIA	100,00%	FULL
HELPE INT'L	Holding	AUSTRIA	100,00%	FULL
HELPE CYPRUS	Marketing	U.K	100,00%	FULL
RAMOIL S.A.	Marketing	CYPRUS	100,00%	FULL
HELLENIC PETROLEUM BULGARIA (HOLDINGS) LTD	Marketing	CYPRUS	100,00%	FULL
HELLENIC PETROLEUM BULGARIA PROPERTIES LTD	Marketing	CYPRUS	100,00%	FULL
HELLENIC PETROLEUM SERBIA (HOLDINGS) LTD	Marketing	CYPRUS	100,00%	FULL
JUGOPETROL AD KOTOR	Marketing	MONTENEGRO	54,35%	FULL
GLOBAL ALBANIA S.A	Marketing	ALBANIA	99,96%	FULL
ELDA PETROL ALBANIA	Marketing	ALBANIA	99,96%	FULL
ELPET BALKANIKI S.A.	Holding	GREECE	63,00%	FULL
VARDAX S.A	Pipeline	GREECE	50,40%	FULL
OKTA CRUDE OIL REFINERY A.D	Refining	FYROM	51,35%	FULL
ASPROFOS S.A	Engineering	GREECE	100,00%	FULL
DIAXON S.A.	Petrochemicals	GREECE	100,00%	FULL
POSEIDON S.A.	Vessel owning	GREECE	100,00%	FULL
APOLLON S.A.	Vessel owning	GREECE	100,00%	FULL
HELLENIC PETROLEUM FINANCE PLC	Treasury services	U.K	100,00%	FULL
HELLENIC PETROLEUM CONSULTING	Consulting services	GREECE	100,00%	FULL
HELLENIC PETROLEUM RENEWABLE ENERGY SOURCES S.A.	Energy	GREECE	100,00%	FULL
HELPE-LARCO ENERGIAKI SERVION S.A.	Energy	GREECE	51,00%	FULL
HELPE-LARCO ENERGIAKI KOKKINOU S.A.	Energy	GREECE	51,00%	FULL
ELPEDISON B.V.	Power Generation	NETHERLANDS	50,00%	EQUITY
SAFCO S.A.	Airplane Fuelling	GREECE	50,00%	EQUITY
DEPA S.A.	Natural Gas	GREECE	35,00%	EQUITY
ARTENIUS HELLAS S.A.	Petrochemicals	GREECE	35,00%	EQUITY
E.A.K.A.A	Pipeline	GREECE	50,00%	EQUITY
HELPE THRAKI S.A	Pipeline	GREECE	25,00%	EQUITY
BIODIESEL S.A.	Energy	GREECE	25,00%	EQUITY
DMEP HOLDCO	Holding	U.K	48,00%	EQUITY
OTSM	Trading of Crude products & Trading	GREECE	48,00%	EQUITY

During 2011 ELPET Valkaniki(a 63% subsidiary of the Group) as well as Vardax (its 80% owned subsidiary) decreased their share capital by €22,6 million and €23million respectively. The impact for the non-controlling interests amounting to €13,0 million is reflected in the statement of Changes in Equity.

36 Other significant events

HELLENIC PETROLEUM S.A. (“HELPE”) announced in July 2011 its exit from the Georgian market through the transfer of 100% of the shares of its subsidiary Hellenic Petroleum Georgia (Holdings) Limited, owner of 100% share interest in the Georgian entity, EKO Georgia Ltd – which operates in the Georgian retail and wholesale fuel market through a network of 20 petrol stations – to Energy Solutions Investments Inc., a holding company which is active in the energy market of Eastern Europe.

The consideration amounted to approximately € 6.6 million.The effect of the disposal on the Group is summarised as follows:

	As at	
	30 September 2011	**31 December 2010**
Consideration received in cash	6.571	-
Carrying amount of interest disposed of	(5.393)	-
Gain on disposal recorded within other income	**1.178**	**-**

37 Subsequent events

The EGM held on January 31st, 2012 approved a Memorandum of Understanding with Hellenic Republic (Group's 35.5% controlling shareholder) agreeing to participate in a joint sales process for the Group's 35% shareholding in DEPA. As at 31 December 2011, DEPA Group carrying value in the Group's books is €526 million. The decision to sell the shares will be subject to a shareholders approval at a new EGM. Given that no final commitments for this disposal has been made, the Group considers that DEPA should continueto be presented under Associates.

1.2 Parent Company Financial Statements

HELLENIC PETROLEUM S.A.

Financial Statements
in accordance with IFRS for the
year ended 31 December 2011

COMPANY REGISTRATION NUMBER: 2443/06/B/86/23
REGISTERED OFFICE: 8[A] CHIMARRAS STR, 15125 MAROUSSI, GREECE

Index to the financial statements

Company Information 4
Statement of Financial Position 7
Statement of Comprehensive Income 8
Statement of Changes in Equity 9
Statement of Cash flows 10
Notes to the financial statements 11
1 General information 11
2 Summary of significant accounting policies 12
2.1 Basis of preparation 12
2.2 Investments in affiliated companies 16
2.3 Segment reporting 16
2.4 Foreign currency translation 16
2.5 Property, plant and equipment 17
2.6 Intangible assets 18
2.7 Exploration for and Evaluation of Mineral Resources 18
2.8 Impairment of non-financial assets 19
2.9 Financial assets 19
2.10 Derivative financial instruments and hedging activities 20
2.11 Government grants 21
2.12 Inventories 21
2.13 Trade receivables 21
2.14 Cash and cash equivalents 22
2.15 Share capital 22
2.16 Borrowings 22
2.17 Current and deferred income tax 22
2.18 Employee benefits 23
2.19 Trade and other payables 24
2.20 Provisions 24
2.21 Environmental liabilities 24
2.22 Revenue recognition 24
2.23 Leases 25
2.24 Dividend distribution 25
2.25 Comparative figures 25
3 Financial risk management 26
3.1 Financial risk factors 26
3.2 Capital risk management 29
3.3 Fair value estimation 30
4 Critical accounting estimates and judgements 31
5 Segment information 33
6 Property, plant and equipment 35

7 Intangible assets 36
8 Investment in affiliated companies 37
9 Loans, advances and other receivables 38
10 Inventories 38
11 Trade and other receivables 38
12 Held-to-maturity investments 39
13 Cash and cash equivalents 39
14 Share capital 40
15 Reserves 42
16 Trade and other payables 43
17 Borrowings 43
18 Deferred income tax 45
19 Retirement benefit obligations 46
20 Provisions and other long term liabilities 47
21 Fair values of derivative financial instruments 48
22 Employee benefit expenses 49
23 Selling, distribution and administrative expenses 49
24 Exploration and development expenses 50
25 Other operating income / (expenses) 50
26 Finance costs - net 50
27 Currency exchange gains / (losses) 50
28 Income tax expense 51
29 Earnings per share 52
30 Dividends per share 52
31 Cash generated from operations 53
32 Contingencies 53
33 Commitments 54
34 Related-party transactions 55
35 Subsequent events 56

Company Information

Directors	Christos-Alexis Komninos – Chairman of the Board (since 23/12/2011) John Costopoulos – Chief Executive Officer, Executive Member Theodoros-Achilleas Vardas – Executive Member DimokritosAmallos – Non executive Member Alexios Athanasopoulos – Non executive Member GeorgiosKallimopoulos – Non executive Member AlexandrosKatsiotis – Non executive Member GerassimosLachanas – Non executive Member Dimitrios Lalas – Non executive Member Panagiotis Ofthalmides – Non executive Member TheodorosPantalakis – Non executive Member SpyridonPantelias – Non executive Member Ioannis Sergopoulos – Non executive Member (since 31/8/2011)
Other Board Members during the previous period:	Anastasios Giannitsis – Chairman of the Board (02/12/2009 – 11/11/2011) AnastassiosBanos – Non executive Member (28/12/2009 – 31/8/2011)
Registered Office:	8A Chimarras Str. 15125Maroussi, Greece
Registration number:	2443/06/B/86/23
Auditors:	PricewaterhouseCoopers S.A. 268 Kifissias Ave. 152 32 Halandri Greece

Independent auditor's report

To the Shareholders of Hellenic Petroleum S.A.

Report on the Financial Statements

We have audited the accompanying financial statements of Hellenic Petroleum S.A. (the "Company") set out on pages 7 to 57which comprise the statement of financial position asof 31 December 2011 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended anda summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of 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.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2011, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Reference on Other Legal and Regulatory Matters

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

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

Athens, 28 February 2012

The Certified Auditor Accountant

PricewaterhouseCoopers S.A.

SOEL Reg. No. 113

MariosPsaltis

SOEL Reg.No.38081

Statement of Financial Position

	Note	As at 31 December 2011	31 December 2010
ASSETS			
Non-current assets			
Property, plant and equipment	6	2.471.921	1.901.566
Intangible assets	7	13.412	9.971
Investments in affiliated companies	8	665.404	689.718
Deferred income tax assets	18	-	21.701
Available-for-sale financial assets		41	41
Loans, advances and other receivables	9	3.843	1.406
		3.154.621	**2.624.403**
Current assets			
Inventories	10	994.893	1.425.693
Trade and other receivables	11	868.601	765.858
Held to maturity securities	12	-	167.968
Cash and cash equivalents	13	563.282	220.000
		2.426.776	**2.579.519**
Total assets		**5.581.397**	**5.203.922**
EQUITY			
Share capital	14	1.020.081	1.020.081
Reserves	15	488.096	495.063
Retained Earnings		408.648	392.397
Total equity		**1.916.825**	**1.907.541**
LIABILITIES			
Non- current liabilities			
Borrowings	17	837.603	815.142
Deferred income tax liabilities	18	509	-
Retirement benefit obligations	19	86.027	107.917
Derivative financial instruments	21	50.158	66.296
Provisions and other long term liabilities	20	39.213	23.729
		1.013.510	**1.013.084**
Current liabilities			
Trade and other payables	16	1.568.241	1.377.367
Current income tax liabilities		15.140	99.326
Borrowings	17	1.065.276	803.604
Dividends payable		2.405	3.000
		2.651.062	**2.283.297**
Total liabilities		**3.664.572**	**3.296.381**
Total equity and liabilities		**5.581.397**	**5.203.922**

The Notes on pages 11 to 56are an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 23 February 2012.

C. Komninos	J.Costopoulos	A. Shiamishis	I. Letsios
Chairman of the Board	Chief Executive Officer	Chief Financial Officer	Accounting Director

Statement of Comprehensive Income

	Note	For the year ended 31 December 2011	31 December 2010
Sales		**8.592.359**	**7.681.580**
Cost of sales		(8.223.407)	(7.193.483)
Gross profit		**368.952**	**488.097**
Selling, distribution and administrative expenses	**23**	(172.426)	(186.922)
Exploration and development expenses	**24**	(3.556)	(20.660)
Other operating income/(expenses) - net	**25**	(20.244)	2.228
Dividend income		15.819	11.879
Operating profit		**188.545**	**294.622**
Finance (expenses)/income -net	**26**	(26.201)	(32.561)
Currency exchange (losses)/gains	**27**	(5.552)	(14.308)
Profit/(loss) before income tax		**156.792**	**247.753**
Income tax expense	**28**	(44.028)	(93.800)
Profit/(loss) for the year		**112.764**	**153.953**
Other comprehensive income:			
Unrealised gains/(losses) on revaluation of hedges	**15**	(12.908)	(25.188)
Other Comprehensive (loss) / income for the year, net of tax		(12.908)	(25.188)
Total comprehensive income for the year		**99.856**	**128.765**
Basic and diluted earnings per share (expressed in Euro per share)	**29**	**0,37**	**0,50**

The Notes on pages 11 to 56 are an integral part of these financial statements.

Statement of Changes in Equity

	Note	Share Capital	Reserves	Retained Earnings	Total Equity
Balance at 1 January 2010		**1.020.081**	**501.980**	**392.899**	**1.914.960**
Unrealised gains / (losses) on revaluation of hedges	**15**	-	(25.188)	-	(25.188)
Other comprehensive income		**-**	**(25.188)**	**-**	**(25.188)**
Profit for the year		-	-	153.953	153.953
Total comprehensive income for the year		**-**	**(25.188)**	**153.953**	**128.765**
Share based payments	**14**	-	1.352	-	1.352
Transfers to statutory and tax reserves	**15**		16.919	(16.919)	-
Dividends relating to 2009 and to interim 2010		-	-	(137.536)	(137.536)
Balance at 31 December 2010		**1.020.081**	**495.063**	**392.397**	**1.907.541**
Unrealised gains / (losses) on revaluation of hedges	**15**	-	(12.908)	-	(12.908)
Other comprehensive income / (loss)		**-**	**(12.908)**	**-**	**(12.908)**
Profit for the year		-	-	112.764	112.764
Total comprehensive income for the year		**-**	**(12.908)**	**112.764**	**99.856**
Share based payments	**14**	-	1.119	-	1.119
Transfers to statutory and tax reserves	**15**	-	4.822	(4.822)	-
Dividends relating to 2010		-	-	(91.691)	(91.691)
Balance at 31 December 2011		**1.020.081**	**488.096**	**408.648**	**1.916.825**

The Notes on pages 11 to 56 are an integral part of these financial statements.

Statement of Cash flows

	Note	For the year ended 31 December 2011	31 December 2010
Cash flows from operating activities			
Cash (used in) / generated from operations	**31**	658.656	654.331
Income and other taxes paid		(23.945)	(1.425)
Net cash generated from operating activities		**634.711**	**652.906**
Cash flows from investing activities			
Purchase of property, plant and equipment & intangible assets	**6,7**	(649.983)	(676.754)
Proceeds from disposal of property, plant and equipment & intangible assets		142	-
Grants received		-	131
Dividends received		14.312	11.844
Interest received	**26**	13.649	4.273
Participation in share capital decrease / (increase) of affilated companies		13.214	6.230
Purchases of available-for-sale financial assets		-	(20)
Net cash used in investing activities		**(608.666)**	**(654.296)**
Cash flows from financing activities			
Interest paid	**26**	(36.612)	(37.024)
Dividends paid		(85.067)	(137.369)
Repayments / (Acquisitions) of held-to-maturity financial assets	**12**	167.968	(167.968)
Repayments of borrowings		(1.015.999)	(324.542)
Proceeds from borrowings		1.281.179	762.253
Net cash generated from financing activities		**311.469**	**95.350**
Net increase in cash & cash equivalents		**337.515**	**93.960**
Cash & cash equivalents at beginning of the year	**13**	**220.000**	**127.809**
Exchange gains on cash & cash equivalents		5.767	(1.769)
Net increase in cash & cash equivalents		337.515	93.960
Cash & cash equivalents at end of the year	**13**	**563.282**	**220.000**

The Notes on pages 11 to 56 are an integral part of these financial statements.

Notes to the financial statements

1 General information

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

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

The same accounting policies and recognition and measurement principles are followed in these financial statements as compared with the annual consolidated financial statements of the Group for the year ended 31 December 2011. The Company's functional and presentation currency is the Euro, and the financial information in these financial statements is expressed in thousands of Euro (unless otherwise stated).

The financial statements of Hellenic Petroleum S.A. for year ended 31 December2011 were approved for issue by the Board of Directors on 23 February 2012. The shareholders of the Company have the power to amend the financial statements after issue.

Users of these stand-alone financial statements should read them together with the Group's consolidated financial statements for the year ended 31 December2011 in order to obtain full information on the financial position, results of operations and changes in financial position of the Group as a whole. These are located on the Group's website:www.helpe.gr.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The financial statements of Hellenic Petroleum S.A. for the year ended 31 December 2011 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union ("EU").

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

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

2.1.1 Going Concern

The financial statements as of 31 December 2011are prepared in accordance with IFRS and present the financial position, results of operations and cash flows of the Company on a going concern basis. As a result of the economic crisis, there is significant economic uncertainty in the international financial markets and more specifically with regards to the Greek economy and the implications of a possible unsuccessful completion of its public sector debt restructuring program. After careful consideration, for reasons explained below, the Company considers that; (a) the going concern basis of preparation of the accounts is not affected, (b) all assets and liabilities of the Company are appropriately presented in accordance with the Company's accounting policies and (c) contingency plans are in place to avoid material disruptions in the operations of the Company.

Greek Sovereign debt and macroeconomic situation:

During the recent meeting of the Eurogroup, the decision to extend the second support package to Greece with the involvement of the private sector investors (PSI) was confirmed, as well as the commitment of the Greek government to implement the necessary measures that will support the country's recovery and reduction of public sector debt.

The Company's business is naturally hedged against the risk of having a different functional currency, as all of the petroleum industry transactions are referenced to international benchmark quotes for crude oil and oil products in USD. Each company depending on the local market practices uses USD prices for its transactions or translates the reference prices into local currency for accounting and settlement reasons (see also notes 2.4 " Foreign Currency" and 3.1 "Financial risk factors").

Taking the above into consideration, the Companydoes not consider there is any reason to consider a change on the basis of preparation of its financial statements nor for a change in its accounting policies.

Greek Banking System and liquidity:

The new package agreed and the PSI is expected to have a material impact on the financial statements and the balance sheets of Greek banks. The exact recapitalisation requirements for each bank will be determined after the completion of the bond exchange program and may result to reduced capacity to maintain the same level of credit lines. On the other hand, additional liquidity which will be made available at the end of the PSI process

through EFSF, and the reduction of the uncertainty over the Greek economy are expected to have a positive impact on overall credit availability for Greek corporates of high credit quality.

The impact on the Greek market from any de-leveraging process is expected to be seen over the next six to twenty four months and will affect not only the Companydirectly but also its trading partners in the local market. As a result, appropriate steps are being taken to ensure uninterrupted operations for the Companyand its ability to meet its obligations and commitments as shown in note 3.1 “Financial risk factors”. These steps include inter alia (a) tight management of working capital (eg. shortening of the cash conversion cycle, increase of credit quality of own customers through collaterals), (b) non-dependence on the Greek banking system for trading transactions with overseas suppliers and (c) ability to operate through different banks, in different countries and multicurrency accounts and (d) careful planning of the Company’s financing requirements. During the year, the Company’s achieved the refinancing of all of its debt maturing in 2011 through syndicated transactions involving both Greek as well as international banks. A positive development in 2012 will be the completion and the start-up of the Elefsina upgraded refinery which reduces the need for additional funding requirements and is expected to significantly increase trading cash flows.

Greek domestic market and operations:

Official projectionsshow that the economy will continue to contract during 2012 and fiscal measures are expected to lead to even more challenging conditions in the domestic market. Plans in respect of operations and the balance of trading activities between domestic market and exports are adjusted to reflect these expectations. The percentage of exports versus total sales is estimated to increase and given the coastal location of the refineries and the logistics infrastructure this is well within the operating capabilities of the Company. Most of the additional production of the Company coming from the upgraded Elefsina refinery is scheduled to be exported in international marketswhich are short in these types of products; thus further reducing the dependence of the Company on the Greek domestic market.

Securing continuous crude oil supplies:

Over the past months, adverse economic conditions and risk aversion for Greece have led to reduced trading limits from international traders as well as European banks who were previously providing the majority of credit lines used for the supply of crude oil and oil products. As a result, the Company has had to change its working capital supply chain and refinery operations to adapt to these developments; this change took place successfully albeit with an increase in the cost of supply. In addition, supply mix for crude oils was further affected by the lack of Libyan crude during the year (accounting for 10 – 15% of crude oil purchases), which was replaced by similar type of crudes from different sources.

For 2012, the Company will address yet another change in its crude oil mix to recent sanctions imposed by the US on Iran and the subsequent decision by the EU to impose similar sanctions effective from 1 July 2012. Depending on refinery optimisation plans, over the last three years Iranian crude purchases accounted for 10 – 30% of total annual crude oil purchases. The Company is reviewing its planned mix of crudes and will seek to establish options for alternative to Iran sources of crude oil supply. Given the significance of this issue and the prevailing uncertainty which is outside the control of the Company, different scenarios are under evaluation from an operations and cash flow perspectives to ensure no material supply chain disruption occurs. The Company expects that following (i) the implementation of the Public sector debt restructuring program, (ii) the recapitalisation of the Greek banking system and finally, (iii) increased trading cash flows from the start-up of the Elefsina upgraded refinery, will support the re-establishing of adequate credit lines (Letters of Credit) and will allow the refining to revert to a more flexible and lower cost operation model.

2.1.2 Changes in accounting policies and disclosures

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

a) The following new standards, amendments to standards and interpretations to existing standards are applicable to the Company for periods on or after 1 January 2011:

- *IAS 1 (Amendment) 'Presentation of Financial Statements' (effective for annual periods beginning on or after 1 July 2012).*The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. The Company is currently evaluating the impact the amendments will have on its financial statements. This amendment has not yet been endorsed by the EU.

- *IAS 19 (Amendment) 'Employee Benefits' (effective for annual periods beginning on or after 1 January 2013).*This amendment makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits (eliminates the corridor approach) and to the disclosures for all employee benefits. The key changes relate mainly to recognition of actuarial gains and losses, recognition of past service cost / curtailment, measurement of pension expense, disclosure requirements, treatment of expenses and taxes relating to employee benefit plans and distinction between "short-term" and "other long-term" benefits. The Company is currently evaluating the impact the amendments will have on its financial statements. This amendment has not yet been endorsed by the EU.

- *IAS 24 (Amendment) 'Related Party Disclosures'.* This amendment attempts to reduce disclosures of transactions between government-related entities and clarify related-party definition. More specifically, it removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities, clarifies and simplifies the definition of a related party and requires the disclosure not only of the relationships, transactions and outstanding balances between related parties, but of commitments as well in both the consolidated and the individual financial statements. The Company has applied these changes from 1 January 2011.

- *IFRS 7 (Amendment) "Financial Instruments: Disclosures" – transfers of financial assets (effective for annual periods beginning on or after 1 July 2011)*. This amendment sets out disclosure requirements for transferred financial assets not derecognised in their entirety as well as on transferred financial assets derecognised in their entirety but in which the reporting entity has continuing involvement. It also provides guidance on applying the disclosure requirements. The Company is currently evaluating the impact the amendments will have on its financial statements.

- *IFRS 7 (Amendment) "Financial Instruments: Disclosures" (effective for annual periods beginning on or after 1 January 2013)*. The IASB has published this amendment to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The Company is currently evaluating the impact the amendments will have on its financial statements. This amendment has not yet been endorsed by the EU.

- *IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 1 January 2015).*IFRS 9 is the first Phase of the Board's project to replace IAS 39 and deals with the classification and measurement of financial assets and financial liabilities. The IASB intends to expand IFRS 9 in subsequent phases in order to add new requirements for impairment and hedge accounting. The Company is currently investigating the impact of IFRS 9 on its financial statements. The Company cannot currently early adopt IFRS 9 as it has not been endorsed by the EU. Only once approved will the Company decide if IFRS 9 will be adopted prior to 1 January 2015.

- *IFRS 13 'Fair value measurement' (effective for annual periods beginning on or after 1 January 2013).*IFRS 13 provides new guidance on fair value measurement and disclosure requirements. These requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. IFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. Disclosure requirements are enhanced and apply to all assets and liabilities measured at fair value, not just financial ones. The Company is currently evaluating the

impact the amendments will have on its financial statements. This standard has not yet been endorsed by the EU.

- Group of standards on consolidation and joint arrangements (*effective for annual periods beginning on or after 1 January 2013*):

The IASB has published five new standards on consolidation and joint arrangements: IFRS 10, IFRS 11, IFRS 12, IAS 27 (amendment) and IAS 28 (amendment). These standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted only if the entire "package" of five standards is adopted at the same time. These standards have not yet been endorsed by the EU. The Company is in the process of assessing the impact of the new standards on its financial statements. The main provisions are as follows:

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

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

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

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

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

b) The following amendments to standards and interpretations to existing standards are mandatory for the Company's accounting periods beginning on or after 1 January 2011 or later periods, but without any significant impact to the Company's financial statements:

- IAS 32 (Amendment) 'Financial Instruments: Presentation'
- IFRIC 13 'Customer Loyalty Programmes'
- IFRIC 14 (Amendment) 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'
- IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'
- Amendments to standards were issued in May 2010 following the publication of the results of the IASB's 2010 annual improvements project. The effective dates vary by standard, but most are effective for annual periods beginning on or after 1 January 2011. The amendments will not have a material impact on the Company's financial statements.

c) The following amendments to standards and interpretations to existing standards are mandatory for the Company's accounting periods beginning on or after 1 January 2011 or later periods but are not applicable to the Company:

- IAS 12 (Amendment) 'Income Taxes' with regard to Investment Property using the fair value model (effective for annual periods beginning on or after 1 January 2012). This amendment has not yet been endorsed by the EU.
- IFRIC 20 'Stripping Costs in the Production Phase of a Surface Mine' (effective for annual periods beginning on or after 1 January 2013), applicable only to costs incurred in surface mining activity. This interpretation has not yet been endorsed by the EU.

2.2 Investments in affiliated companies

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

2.3 Segment reporting

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

2.4 Foreign currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in

foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

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

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

2.5 Property, plant and equipment

Land and buildings comprise mainly plant and offices. All property, plant and equipment is shown at historical cost less subsequent depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the income statement as incurred. Refinery turnaroundcosts are deferred (usually every four years) and charged against income on a straight line basis over the scheduled turnaroundperiod.

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

– Land	Nil
– Buildings	13 – 20 years
– Specialised industrial installations	10– 25 years
– Machinery, equipment and motor vehicles	5 – 8 years
– Furniture and fixtures	4 – 8 years
– Computer hardware	3 – 5 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These areincluded in the income statement within 'Other income / (expenses) – net'.

Capitalisation of borrowing costs

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

Borrowing costs are capitalised to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. To the extent that funds are borrowed generally and used for the purpose of obtaining a

qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. All other borrowing costs are expensed.

2.6 Intangible assets

(α) Licences and rights

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

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

(b) Computer software

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

2.7 Exploration for and Evaluation of Mineral Resources

(a) Exploration and evaluation assets

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

(b) Development of tangible and intangible assets

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

(c) Oil and gas production assets

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

(d) Depreciation/amortization

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

(e) Impairment – exploration and evaluation assets

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

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

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

2.8 Impairment of non-financial assets

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

2.9 Financial assets

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

2.9.1 Classification

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

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

(b) Loans and receivables

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

(c)Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale.

(d) Available-for-sale financial assets

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

2.9.2 Recognition and measurement

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

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

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

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

2.9.3 Impairment of financial assets

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

If there is objective evidence that an impairment loss on held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

Impairment testing for loans and receivables is described in Note 2.13.

2.9.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet, when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously

2.10 Derivative financial instruments and hedging activities

As part of its risk management policy, the Company utilizes financial and commodity derivatives to mitigate the impact of future price volatility. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

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

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

(c) Hedges of a net investment in a foreign operation (net investment hedge).

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

In 2006, the Company has entered into certain derivative contracts that have been designated as cash flow hedges. The effective portion of changes in the fair value of these derivatives is recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement. Amounts accumulated in equity are recycled in the statement of comprehensive income in the periods when the hedged item affects profit or loss (i.e. when the forecast transaction being hedged takes place).

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

The derivatives that are not designated as hedges and do not qualify for hedge accounting are classified as held-for-trading and accounted for as financial assets at fair value through profit or loss. Changes in the fair value of these derivative instruments that do not qualify for hedge accounting are recognized immediately in the statement of comprehensive income within “Other operating (expenses)/income – net”, or in “Cost of Sales” (refer to Note 21).

2.11 Government grants

Government grants received by the Company relating toProperty, Plant and Equipmentare initially recorded as deferred government grants and included in “Provisions and other long term liabilities”.Subsequently, they are credited to income over the useful lives of the related assets in direct relationship to the depreciation charged on such assets.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Cost of inventories is determined using the monthly weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads.

2.13 Trade receivables

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

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

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

2.14 Cash and cash equivalents

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

2.15 Share capital

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

2.16 Borrowings

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

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

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

2.17 Current and deferred income tax

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

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

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

the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

2.18 Employee benefits

(a) *Pension obligations*

The Company has both defined benefit and defined contribution plans.

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

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

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. None of the Company's defined benefit plans are funded.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Cumulative actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of 10% of the defined benefit obligation are spread to income over the employees' expected average remaining working lives.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

(b) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after end of the reporting period are discounted to present value.

(c) Share-based compensation

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

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

2.19 Trade and other payables

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

2.20 Provisions

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

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

2.21 Environmental liabilities

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

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

Liabilities for environmental remediation costs are recognised when environmental assessments or clean-ups are probable and the associated costs can be reasonably estimated. Generally, the timing of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites.

2.22 Revenue recognition

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

(a) Sales of goods – wholesale

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

(b) Sales of services

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

(c) Interest income

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

(d) Dividend income

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

2.23 Leases

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

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

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

2.24 Dividend distribution

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

2.25 Comparative figures

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

3 Financial risk management

3.1 Financial risk factors

The Company's activities are primarily centred around its Downstream Oil & Gas assets; secondary or new activities relate to Petrochemicals, exploration of hydrocarbons and power generation and trading. As such, the Company is exposed to a variety of financial and commodity markets risks including foreign exchange and commodity price risk, credit risk, liquidity risk, cash flow risk and fair value interest-rate risk. In line with international best practices and within the context of local markets and legislative framework, the Company's overall risk management policies aim at reducing possible exposure to market volatility and / or mitigating its adverse effects on the financial position of the Company to the extent possible.

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

(a) Market risk

(i) Foreign exchange risk

As explained in note 2.4 "Foreign Currency translation", the functional and presentation currency of the Company is the Euro. However, in line with industry practice in all international crude oil and oil trading transactions, underlying commodity prices are based on international reference prices quoted in US dollars. As a result, the impact of not having Euro as a functional currency for Greek operations, even though following recent developments not a likely scenario, does not materially affect the Company's operations. In addition, most of the Company's financing contracts provide for multi-currency facilities which include the Euro and USD.

Foreign currency exchange risk arises on three types of exposure:

- **Balance sheet translation risk:** Most of the inventory held by the Company is reported in Euro while its underlying value is determined in USD. Thus, a possible devaluation of the USD against the Euro leads to a reduction in the realisable value of inventory included in the balance sheet. In order to manage this risk, significant part of the Company's funding is denominated in USD providing an opposite effect to the one described above. It should be noted however, that while in the case of USD devaluation the impact on the statement of financial position is mitigated, in cases of USD appreciation the mark to market valuation of such loans leads to a reported loss under foreign exchange differences with no compensating benefit as stocks continue to be included in the balance sheet at cost. The exposure at any point in time is clearly given by the amounts shown in the statement of financial position and the related disclosures. It is estimated, that at 31 December 2011 if the Euro had weakened against the US dollar by 5% with all other variables held constant, pre-tax profits would have been €16million lower.

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

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

(ii) Commodity price risk

The Company's primary activity as a refiner creates two types of commodity price exposures; exposure to crude oil and oil products price levels which affect the value of inventory and exposure to refining margins which in turn affect the future cash flows of the business.

In the case of price risk, the level of exposure is determined by the amount of priced inventory carried at the end of the reporting period. In periods of sharp price decline, as Company policy is to report its inventory at the lower of historical cost and net realisable value, results are affected by the reduction in the carrying value of the inventory. The extent of the exposure relates directly to the level of stocks and rate of price decrease. This exposure is partly hedged with paper derivatives to the extent that the cost of such instruments is considered positive, from a risk – return point of view.

Refining margin exposure relates to the absolute level of margin generated by the operation of the refineries. This is determined by Platt's prices and varies on a daily basis; as an indication of the impact to the Company financial results, a change in the refinery margins has a proportionate impact on the Company's profitability. Where possible, the Company aims to hedge 10%-50% of each of the various components of its expected production. This, however, is not possible to do in all market conditions and as a result only a small part of the price risk is effectively hedged.The sensitivity of the fair value of the open derivative contracts affecting profits to an immediate 10% increase or decrease in all reference prices, would have been €1.2million at 31 December 2011. This figure does not include any corresponding economic impact that would arise from the natural business exposure, which would be expected to largely offset the gain or the loss on the derivatives.

(iii) Cash flow and fair value interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, while borrowings issued at fixed rates expose the Company to fair value interest rate risk. Depending on the levels of net debt at any given period of time, any change in the base interest rates (EURIBOR or LIBOR), has a proportionate impact on the Company results. At 31 December 2011, if interest rates on US dollar denominated borrowings had been 0,5% higher with all other variables held constant, pre-tax profit for the year would have been €3 million lower. At 31 December 2011, if interest rates on Euro denominated borrowings had been 0,5% higher with all other variables held constant, post-tax profit for the year would have been €6,5 million lower.

(b) Credit risk

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

Due to market conditions, the approval of credit risk is subject to a more strict process involving all levels of senior management. A Group credit committee has been formed which meets and discusses material credit exposures on a Group wide basis.

The Company especially monitors the balance of receivables and its exposure to Greek sovereign debt; during the end of the year, the investment in Greek Government bonds was collected in cash at full value. In addition to that, the Company also carries receivable balances from the Greek state as part of its normal course of business, such as prepaid income taxes or trade receivables. A significant mitigant to the risk of delayed collection of these receivables is the recently adopted legislation which allows companies to offset overdue receivables with their financial obligations to the state. Due to its business model and the relevant tax framework, thecompany generates on a monthly basis significant financial obligations towards the state, such as VAT, oil products consumption tax and income tax as part of its business, which can be used to net the amounts receivable

The table below shows the segregation of trade receivables:

	As at	
	31 December 2011	**31 December 2010**
Total trade receivables	658.712	522.745
of which:		
Past due receivables balance	79.558	66.575
Doubtful receivables balance	88.182	92.170
	167.740	**158.745**
Allowance for bad debts	**84.907**	**80.527**

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

As of 31 December 2011 and 2010, the ageing analysis of receivables that were past due but not impaired, is as follows:

	As at	
	31 December 2011	**31 December 2010**
Up to 30 days	51.647	34.222
30 - 90 days	3.097	14.609
Over 90 days	24.814	17.744
Total	**79.558**	**66.575**

As of 31 December 2011 and 2010, the ageing analysis of doubtful receivables is as follows:

	As at	
	31 December 2011	**31 December 2010**
Up to 30 days	-	-
30 - 90 days	-	-
Over 90 days	88.182	92.170
Total	**88.182**	**92.170**

The doubtful receivables mainly relate to wholesalers, which are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered.

(c) Liquidity risk

Prudent liquidity risk management entails maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Company aims to maintain flexibility in its funding through the use of committed credit facilities.

Given market developments during 2011, liquidity risk and cashflow management have become more important. The Company managed to refinance all of the committed facilities maturing during the year and to maintain the short term uncommitted lines required for its operations.

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
31 December 2011				
Borrowings	1.065.276	404.603	-	433.000
Derivative financial instruments	46.355	50.158	-	-
Trade and other payables	1.521.886	-	-	-
31 December 2010				
Borrowings	803.604	-	415.142	400.000
Derivative financial instruments	24.003	33.952	32.344	-
Trade and other payables	1.353.364	-	-	-

3.2 Capital risk management

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

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

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the statement of financial position) less "Cash & Cash equivalents", "Available for Sale Financial Assets" and "Held-to-maturity securities". Total capital employed is calculated as "Total Equity" as shown in the statement of financial position plus net debt.

During 2011 the Company managed its gearing ratio to 40 – 49% as planned.

The gearing ratios at 31 December 2011 and 2010 were as follows:

	As at	
	31 December 2011	**31 December 2010**
Total Borrowings (Note 17)	1.902.879	1.618.746
Less: Cash & Cash Equivalents (Note 13)	(563.282)	(220.000)
Less: Available for sale financial assets	(41)	(41)
Less: Held-to-maturity securities (Note 12)	-	(167.968)
Net debt	**1.339.557**	**1.230.737**
Total Equity	1.916.825	1.907.541
Total Capital Employed	**3.256.381**	**3.138.278**
Gearing ratio	41%	39%

The increase in the gearing ratio resulted primarily from the increase in liquid funds required to finance the construction phase of the on-going refinery's upgrade project in Elefsina.

3.3 Fair value estimation

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

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

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2011:

	Level 1	Level 2	Level 3	Total balance
Assets				
Derivatives held for trading	-	-	-	-
Derivatives used for hedging	-	-	-	-
	-	**-**	**-**	**-**
Liabilities				
Derivatives held for trading	-	12.577	-	12.577
Derivatives used for hedging	-	83.936	-	83.936
	-	**96.513**	**-**	**96.513**

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2010:

	Level 1	Level 2	Level 3	Total balance
Assets				
Derivatives held for trading	-	12.715	-	12.715
Derivatives used for hedging	-	-	-	-
	-	**12.715**	**-**	**12.715**
Liabilities				
Derivatives held for trading	-	21.137	-	21.137
Derivatives used for hedging	-	69.162	-	69.162
	-	**90.299**	**-**	**90.299**

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices arereadily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

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

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

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

4 Critical accounting estimates and judgements

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

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

(a) Income taxes

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

(b) Provision for environmental restoration

The Company operates in the oil industry with its principal activities being that of exploration and production of hydrocarbons, refining of crude oil and sale of oil products, and the production and trading of petrochemical products. Environmental damage caused by such substances may require the Company to incur restoration costs to comply with the regulations in the various jurisdictions in which the Company operates, and to settle any legal or constructive obligation. Analysis and estimates are performed by the Company together with its technical and legal advisers, in order to determine the probability, timing and amount involved with probable required outflow

of resources. Estimated restoration costs, for which disbursements are determined to be probable, are recognised as a provision in the Company's financial statements. When the final determination of such obligation amounts differs from the recognised provisions, the Company's statement of comprehensive income is impacted.

(c) Fair value of derivatives and other financial instruments

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

(d) Held-to-maturity investments

The group follows the IAS 39 guidance on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held to maturity. This classification requires significant judgement. In making this judgement, the group evaluates its intention and ability to hold such investments to maturity. If the group fails to keep these investments to maturity other than for specific circumstances explained in IAS 39, it will be required to reclassify the whole class as available-for-sale. The investments would, therefore, be measured at fair value not amortised cost.

(e) Estimated impairment of investments and other non-financial assets

The Company tests annually whether investments and non-financial assets have suffered any impairment in accordance with its accounting policies. Significant judgement is involved in management's determination of these estimates.

(f) Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/ (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 19.

(g) Provisions for legal claims

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

5 Segment information

Management has determined the operating segments based on the reports reviewed by the executive committee, which reviews the Company's internal reporting in order to assess performance and allocate resources. The committee considers the business from a number of measures which may vary depending on the nature and evolution of a business segment by taking into account the risk profile, cash flow, product and market considerations.

The Company is organised into threemain business segments determined in accordance with the type of business activity:

1. Supply, refining and trading (Refining)
2. Petrochemicals
3. Exploration & production (E&P)

Information on the Company's operating segments is as follows:

Year ended 31 December 2011	**Refining**	**Petro-chemicals**	**Exploration & Production**	**Other**	**Total**
Sales	8.276.480	315.879	-	-	8.592.359
Other operating income / (expense) - net	(20.379)	2.696	(2.561)	-	(20.244)
Operating profit / (loss)	**169.490**	**14.472**	**(10.413)**	**14.996**	**188.545**
Currency exchange gains / (losses)	(5.552)	-	-	-	(5.552)
Profit / (loss) before tax & finance costs	**163.938**	**14.472**	**(10.413)**	**14.996**	**182.993**
Finance costs - net					(26.201)
Profit before income tax					**156.792**
Income tax (expense)/credit					(44.028)
Profit for the year					**112.764**

Year ended 31 December 2010	**Refining**	**Petro-chemicals**	**Exploration & Production**	**Other**	**Total**
Sales	7.327.044	352.967	726	843	7.681.580
Other operating income / (expense) - net	190	2.038	-	-	2.228
Operating profit / (loss)	**282.208**	**26.735**	**(25.156)**	**10.835**	**294.622**
Currency exchange gains / (losses)	(14.308)	-	-	-	(14.308)
Profit / (loss) before tax & finance costs	**267.900**	**26.735**	**(25.156)**	**10.835**	**280.314**
Finance costs - net					(32.561)
Loss before income tax					**247.753**
Income tax credit/(expense)					(93.800)
Profit for the year					**153.953**

Further segmental information as at 31 December 2011 is as follows:

	Refining	Petro-chemicals	Exploration & Production	Other	Total
Total Assets	5.383.519	187.898	9.980	-	**5.581.397**
Total Liabilities	3.490.609	155.908	1	18.054	**3.664.572**
Net Assets	1.892.910	31.990	9.979	(18.054)	**1.916.825**
Capital Expenditure	649.494	489	-	-	**649.983**
Depreciation & Amortisation	68.742	12.182	345	-	**81.269**

Further segmental information as at 31 December 2010 is as follows:

	Refining	Petro-chemicals	Exploration & Production	Other	Total
Total Assets	4.978.538	200.181	3.502	21.701	**5.203.922**
Total Liabilities	3.013.654	179.763	638	102.326	**3.296.381**
Net Assets	1.964.884	20.418	2.864	(80.625)	**1.907.541**
Capital Expenditure	670.882	5.872	-	-	**676.754**
Depreciation & Amortisation	67.096	12.243	682	-	**80.021**

6 Property, plant and equipment

	Land	Buildings	Plant & Machinery	Motor vehicles	Furniture and fixtures	Assets Under Construction	Total
Cost							
As at 1 January 2010	**109.904**	**181.462**	**1.389.185**	**10.078**	**55.240**	**684.390**	**2.430.259**
Additions	-	116	614	394	5.138	670.420	676.682
Capitalised projects	-	7.321	25.969	53	6.433	(39.776)	-
Disposals	-	-	(5.302)	-	(12)	(4.917)	(10.231)
Transfers & other movements	-	-	-	-	-	(3.136)	(3.136)
As at 31 December 2010	**109.904**	**188.899**	**1.410.466**	**10.525**	**66.799**	**1.306.981**	**3.093.574**
Accumulated Depreciation							
As at 1 January 2010	**-**	**100.621**	**973.384**	**8.378**	**39.948**	**-**	**1.122.331**
Charge for the year	-	7.924	60.468	389	6.190	-	74.971
Disposals	-	-	(5.282)	-	(12)	-	(5.294)
As at 31 December 2010	**-**	**108.545**	**1.028.570**	**8.767**	**46.126**	**-**	**1.192.008**
Net Book Value at 31 December 2010	**109.904**	**80.354**	**381.896**	**1.758**	**20.673**	**1.306.981**	**1.901.566**
Cost							
As at 1 January 2011	**109.904**	**188.899**	**1.410.466**	**10.525**	**66.799**	**1.306.981**	**3.093.574**
Additions	100	160	352	88	3.821	644.376	648.897
Capitalised projects	-	33.473	282.377	68	4.033	(319.951)	-
Disposals	-	-	(474)	-	(25)	(139)	(638)
Assets from Merged Company	5.392	-	22	-	-	-	5.414
Transfers & other movements	-	-	-	-	-	(5.722)	(5.722)
As at 31 December 2011	**115.396**	**222.532**	**1.692.743**	**10.681**	**74.628**	**1.625.544**	**3.741.524**
Accumulated Depreciation							
As at 1 January 2011	**-**	**108.545**	**1.028.570**	**8.767**	**46.126**	**-**	**1.192.008**
Charge for the period	-	8.378	61.986	342	7.195	-	77.901
Disposals	-	-	(288)	-	(18)	-	(306)
As at 31 December 2011	**-**	**116.923**	**1.090.268**	**9.109**	**53.303**	**-**	**1.269.603**
Net Book Value at 31 December 2011	**115.396**	**105.609**	**602.475**	**1.572**	**21.325**	**1.625.544**	**2.471.921**

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

(2) Within the balance of Assets Under Construction at 31 December 2011, an amount of €1.304million (31 December 2010: €836million) relates to costs in respect of the upgrade of the Elefsina refinery.The project is expected to be completed byQ2 2012. Any potential delays during the engineering, procurement or construction phase will have equivalent effects on the project completion date.

(3) During 2011 an amount of €67,5million(2010: €21,8 million)in respect of interest has been capitalized in relation to Assets under construction relating to the refining segment, at an average borrowing rate of 4,5% (2010: 2,8%).

(4) 'Transfers and other movements' in assets under construction relate to completed IT software projects capitalised during 2011 and thus transferred to intangible assets under 'Computer software'(Note 7).

7 Intangible assets

	Computer software	Licences & Rights	Total
Cost			
As at 1 January 2010	**56.232**	**23.909**	**80.141**
Additions	72	-	72
Transfers, acquisitions & other movements	3.148	-	3.148
As at 31 December 2010	**59.452**	**23.909**	**83.361**
Accumulated Amortisation			
As at 1 January 2010	**53.455**	**14.885**	**68.340**
Charge for the year	3.312	1.738	5.050
As at 31 December 2010	**56.767**	**16.623**	**73.390**
Net Book Value 31 December 2010	**2.685**	**7.286**	**9.971**
Cost			
As at 1 January 2011	**59.452**	**23.909**	**83.361**
Additions	1.086	-	1.086
Transfers, acquisitions & other movements	5.722	-	5.722
As at 31 December 2011	**66.261**	**23.909**	**90.170**
Accumulated Amortisation			
As at 1 January 2011	**56.767**	**16.623**	**73.390**
Charge for the year	2.082	1.285	3.368
As at 31 December 2011	**58.849**	**17.908**	**76.758**
Net Book Value 31 December 2011	**7.411**	**6.001**	**13.412**

(1) Licenses and rights include Upstream Exploration rights which are amortised over the period of the exploration period as per the terms of the relevant licences. Details of the accounting policy are given in Notes 2.6& 2.7.

(2) 'Transfers and other movements' relate to completed IT software projects capitalised during 2011 and thus transferredfrom in assets under construction (Note 6).

8 Investment in affiliated companies

	As at	
	31 December 2011	31 December 2010
Beginning of the year	**689.718**	**695.948**
(Decrease) / Increase in share capital of subsidiaries	(13.214)	(6.230)
Impairment of investments	(5.600)	-
Finalisation of Petrola A.E. absorption	(5.500)	-
End of the year	**665.404**	**689.718**

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

For 2011the decrease in share capital relates to ELPET Valkaniki.

During 2011, the Company took an impairment charge against its investment in Thraki SA.

For 2010the decrease in share capital relates to Poseidon Shipping Co and Apollon Shipping Co.

9 Loans, advances and other receivables

	As at	
	31 December 2011	**31 December 2010**
Loans and advances and other long term assets	3.843	1.406
Total	**3.843**	**1.406**

10 Inventories

	As at	
	31 December 2011	**31 December 2010**
Crude oil	311.774	688.125
Refined products and semi-finished products	581.079	643.803
Petrochemicals	34.982	34.598
Consumable materials and other	76.332	72.578
- Less: Provision for Consumables and spare parts (Note 25)	(9.274)	(13.411)
Total	**994.893**	**1.425.693**

The cost of goods sold included in “Cost of sales” for 2011 is equal to €7,8 billion(2010: €6,8 billion).

The amount of the write-down of inventories (stock devaluation) recognized as an expense in 2011 and included in “Cost of sales” is equal to €3,9million(2010: €0,5 million write-down included in “cost of sales”).

During 2011, the Company released part of its provision for obsolete inventories, amounting to €4,1 million, mostly because these were used for the purposes of the refinery upgrade project.

During 2011, inventory with value of €200 million was sold to OTSM S.A., a newly established company, as part of the working capital reduction program.

11 Trade and other receivables

	As at	
	31 December 2011	**31 December 2010**
Trade receivables	658.712	522.745
- Less: Provision for impairment of receivables	(84.907)	(80.527)
Trade receivables net	**573.805**	**442.218**
Other receivables	299.141	306.789
- Less: Provision for impairment of receivables	(10.283)	(10.283)
Other receivables net	**288.858**	**296.506**
Derivatives held for trading (Note 21)	-	12.715
Deferred charges and prepayments	5.938	14.419
Total	**868.601**	**765.858**

The carrying amounts of the receivables approximate their fair value.

Other receivables include balances in respect of VAT, income tax prepayment andadvances to personnel.

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

	As at	
	31 December 2011	**31 December 2010**
Balance at 1 January	80.527	64.227
Charged / (credited) to the income statement:		
- Additional provisions	5.880	16.300
- Unused amounts reversed	(1.500)	-
Balance at 31 December	**84.907**	**80.527**

The movement in the provision for impairment has been included in Selling, Distribution and Administration costs in the statement of comprehensive income.

12 Held-to-maturity investments

	As at	
	31 December 2011	**31 December 2010**
Held-to-maturity investments	-	167.968
Total	**-**	**167.968**

The Company currently holds no investments falling under the abovementioned category. Held-to-maturity investments shown as at 31 December 2010 were short-term government bondsissued on 30 December 2010 by then Ministry of Finance to repay trade receivables.These were collected in full on their maturity date during December 2011.

13 Cash and cash equivalents

	As at	
	31 December 2011	**31 December 2010**
Cash at Bank and in Hand	82.592	88.193
Short term bank deposits	480.690	131.807
Total cash and cash equivalents	**563.282**	**220.000**

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

	As at	
	31 December 2011	**31 December 2010**
Euro	1,11%	-
USD	0,63%	0,32%

14 Share capital

	Number of Shares (authorised and issued)	Share Capital	Share premium	Total
As at 1 January 2010& 31 December 2010	**305.635.185**	**666.285**	**353.796**	**1.020.081**
As at 31 December 2011	**305.635.185**	**666.285**	**353.796**	**1.020.081**

All ordinary shareswere authorised, issued and fully paid. The nominal value of each ordinary share is €2,18 (31 December 2010: €2,18).

Share options

During the AGM of Hellenic Petroleum S.A. held on 25 May 2005, a new share option scheme was approved, based on years 2005 – 2007, with the intention to link the number of share options granted to employees with the results and performance of the Company and its management. The AGM of Hellenic Petroleum S.A of 31 May 2006 has approved and granted stock options for the year 2005 of 272.100 shares. The AGM of 17 May 2007 has approved and granted stock options for the year 2006 of 408.015 shares. The AGM of 14 May 2008 has approved and granted stock options for the year 2007 of 385.236 shares and extended the scheme for an additional base year, namely 2008. The AGM of 3 June 2009 has approved and granted stock options for the year 2008 of 1.704.716 shares and extended the scheme for 2009. The vesting period is 1 November to 5 December of the years 2008 – 2012, 2009 – 2013, 2010 – 2014 and 2011 – 2015 for each of the base years 2005, 2006, 2007 and 2008 respectively.

Following the Board Decision of 27 April 2010, the AGM of Hellenic Petroleum held on 2 June 2010 approved the non – granting of any stock options for the year 2009, as a result of the adverse macroeconomic environment and extended the scheme for an additional base year, 2010, for which the vesting period will commence in 2012. Similarly the AGM of Hellenic Petroleum held on 29 June 2011 validated the Board Decision of 7 June 2011 and approved the non – granting of any stock options for the year 2010 and extended the scheme for an additional base year, namely 2011, for which the vesting period will commence in 2012. The total number of stock options approved during the original AGM of 25 May 2005 has not been altered by the subsequent extensions to the scheme.

No stock options have been exercised during 2011, or during the previous year, due to the negative relationship between the exercise price and the share market price during the respective vesting periods.

The movement in share options during the year were:

	As at			
	31 December 2011		**31 December 2010**	
	Average Exercise Price in € per share	Options	Average Exercise Price in € per share	Options
At 1 January	**8,74**	**2.720.950**	**8,77**	**2.770.067**
Granted	-	-	-	
Exercised	-	-	-	-
Lapsed	-	-	10,89	(49.117)
At 31 December	**8,74**	**2.720.950**	**8,74**	**2.720.950**

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

Expiry Date	Exercise Price in € per share	No. of share options as at	
		31 December 2011	31 December 2010
5 December 2012	9,69	268.658	268.658
5 December 2013	10,88	397.815	397.815
5 December 2014	11,01	349.761	349.761
5 December 2015	7,62	1.704.716	1.704.716
	Total	**2.720.950**	**2.720.950**

The average remaining contractual life of stock options outstanding at 31 December 2011 was 4,3 years(2010: 4,3 years)

The total expense recognised in the statement of comprehensive income for share based compensationis €1.119(2010: €1.352).

15 Reserves

	Statutory reserve	Special reserves	Hedging reserve	Share-based payment reserve	Tax reserves	Total
Balance at 1 January 2010	**100.664**	**86.495**	**(29.054)**	**1.166**	**342.709**	**501.980**
Cash flow hedges (Note 21):						
- Fair value gains / (losses) on cash flow hedges	-	-	(34.759)	-	-	(34.759)
- De-recognition of 2011 hedges	-	-	9.571	-	-	9.571
Share-based payments (Note 14)	-	-	-	1.352	-	1.352
Transfers from retained earnings (Law 3299/04)	-	-	-		8.613	8.613
Transfer to statutory reserves	8.306	-	-	-	-	8.306
Balance at 31 December 2010	**108.970**	**86.495**	**(54.242)**	**2.518**	**351.322**	**495.063**
Cash flow hedges (Note 21):	-	-	-	-	-	-
- Fair value gains / (losses) on cash flow hedges	-	-	(19.684)	-	-	(19.684)
- De-recognition of 2012 hedges	-	-	6.776	-	-	6.776
Share-based payments (Note 14)	-	-	-	1.119	-	1.119
Transfer to statutory reserves	4.822	-	-	-	-	4.822
Balance at 31 December 2011	**113.792**	**86.495**	**(67.150)**	**3.637**	**351.322**	**488.096**

Themovement in the year-end hedging reserve is shown net of tax of €1.866(2010: €6.723) – refer to Note 28.

Statutory reserves

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

Special reserves

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

Tax free reserves

Tax free reserves include:

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

(ii) Partially taxed reserves are retained earnings, which have been taxed at a rate less than the corporate tax rate as allowed by Greek law. Certain of these retained earnings will be subject to the remaining tax up to the corporate tax rate prevailing at the time of distribution to shareholders or conversion to share capital.

16 Trade and other payables

	As at	
	31 December 2011	**31 December 2010**
Trade payables	1.428.020	1.303.146
Accrued Expenses	50.400	12.462
Derivatives held for trading (Note 21)	46.355	24.003
Other payables	43.466	37.756
Total	**1.568.241**	**1.377.367**

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

17 Borrowings

	As at	
	31 December 2011	**31 December 2010**
Non-current borrowings		
Bank borrowings	837.603	815.142
Non-current borrowings	**837.603**	**815.142**
Current borrowings		
Short term bank borrowings	1.065.276	803.604
Current portion of long-term bank borrowings	-	-
Total current borrowings	**1.065.276**	**803.604**
Total borrowings	**1.902.879**	**1.618.746**

The maturity of non-current borrowings is as follows:

	As at	
	31 December 2011	**31 December 2010**
Between 1 and 2 years	404.603	-
Between 2 and 5 years	-	415.142
Over 5 years	433.000	400.000
	837.603	**815.142**

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

	As at 31 December 2011	
	€	**US$**
Bank Borrowings (short-term)		
- Floating Euribor + margin	7,00%	-
- Floating Libor + margin	-	2,61%
Bank Borrowings (long-term)		
- Floating Euribor + margin	2,24%	-
- Floating Libor + margin	-	2,61%

	As at 31 December 2010	
	€	**US$**
Bank Borrowings (short-term)		
- Floating Euribor + margin	3,99%	-
- Floating Libor + margin	-	0,86%
Bank Borrowings (long-term)		
- Floating Euribor + margin	1,15%	-
- Floating Libor + margin	-	0,86%

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

	As at	
	31 December 2011	**31 December 2010**
Euro	1.303.915	1.043.982
US dollar	598.964	574.764
Total borrowings	**1.902.879**	**1.618.746**

In April 2006, the Company concluded a €400 million multi-currency loan agreement with Hellenic Petroleum Finance Plc ("HPF"), a subsidiary of the Group in order to refinance existing financial indebtedness and for general corporate purposes. The loan facility amount was increased to €600 million on 18 October 2006 and to €1 billion on 18 October 2007. In April 2010 the loan facility amount was increased €1.5 billion.As at 31 December 2011, the outstanding loan balance with HPF amounted to the equivalent of €885 million (US$774 million and €287 million).

On 26 May 2010, the Company signed two loan agreements with the European Investment Bank for a total amount of €400 million (€200 million each). The loans have a maturity of 12 years. The purpose of the loans is to finance part of the investment programme relating to the upgrade of Elefsina Refinery. As at 31 December 2011, the outstanding loan balance amounted to €400 million (31 December 2010: €400 million).

On 30 November 2011 Hellenic Petroleum S.A. signed a long-term loan agreement with its subsidiary Diaxon S.A. for a total amount of €33 million. The interest rate has been agreed at 5,5%.

Loans with various banks are also utilised to cover the Company's financing needs. As at 31 December 2011, the outstanding balance of such loans amounted to €585 million (31 December 2010: €293 million).

The loan analysis is as follows:

	As at	
	31 December 2011	**31 December 2010**
Revolving Credit Facilities	1.049.421	803.604
Term loans	853.458	815.142
Total borrowings	**1.902.879**	**1.618.746**

18 Deferred income tax

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

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

	As at	
	31 December 2011	**31 December 2010**
Beginning of the year	21.701	10.231
Income statement recovery / (charge)	(22.076)	4.747
Charged / (released) to equity & other movements	(134)	6.723
End of year	**(509)**	**21.701**

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

	As at	
	31 December 2011	**31 December 2010**
Intangible and tangible fixed assets	(44.499)	(25.986)
Inventory valuation	1.855	3.085
Environmental provision	3.220	-
Unrealised exchange gains	-	6.058
Employee benefits provision	17.277	20.609
Derivative financial instruments at fair value	19.310	17.874
Other temporary differences	2.328	61
Net deferred income tax asset/(liability)	**(509)**	**21.701**
Deferred income tax liabilities	**(57.768)**	**(54.350)**
Deferred income tax assets	**57.259**	**76.051**

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

19 Retirement benefit obligations

	As at	
	31 December 2011	**31 December 2010**
Balance sheet obligations for:		
Pension benefits	86.027	107.917
Total as per balance sheet	**86.027**	**107.917**

	Year ended	
	31 December 2011	**31 December 2010**
Income statement charge for:		
Pension benefits	39.659	18.193
Total as per income statement	**39.659**	**18.193**

The amounts recognised in the balance sheet are as follows:	As at	
	31 December 2011	**31 December 2010**
Present value of unfunded benefit obligations	104.289	131.457
Unrecognised actuarial gains / (losses)	(15.315)	(20.347)
Unrecognised prior service cost	(2.947)	(3.193)
Liability in the Balance Sheet	**86.027**	**107.917**

The amounts recognised in the income statements are as follows:

	Year ended	
	31 December 2011	**31 December 2010**
Current service cost	6.210	7.305
Interest cost	5.578	7.730
Net actuarial (gains) / losses recognised in the year	567	1.310
Past service cost	294	246
Regular profit & loss charge	**12.649**	**16.591**
Additional cost of extra benefits	27.010	1.602
Total included in employee benefit expense	**39.659**	**18.193**

The movement in liability recognised in the balance sheet is as follows:

	31 December 2011	**31 December 2010**
Beginning of the year	107.917	114.670
Total expense included in employee benefit expense	39.659	18.193
Payments	(61.549)	(24.946)
Total	**86.027**	**107.917**

The principal actuarial assumptions used were as follows:	As at	
	31 December 2011	**31 December 2010**
Discount Rate	4,50%	4,50%
Future Salary Increases	2,00%	2,00%
Average future working life in years	14,1	12,6

Included in Pension payments for 2011 are the additional costs incurred regarding the retirement scheme, amounting to €27,010.

20 Provisions and other long term liabilities

	As at	
	31 December 2011	**31 December 2010**
Government grants	17.607	20.595
Litigation & tax provisions	5.000	3.000
Provisions for environmental costs	16.100	-
Other provisions	506	134
Total	**39.213**	**23.729**

The movement for provisions and other long term liabilities for 2010 and 2011 is as follows:

	Govern-ment advances and grants	**Litigation & tax povisions**	**Provisions for environmental costs**	**Other provisions**	**Total**
At 1 January 2010	**23.595**	**4.000**	**-**	**134**	**27.729**
Charged / (credited) to the income statement:					
- Additional provisions / grants	131	-	-	-	131
- Unused amounts reversed	-	(1.000)	-	-	(1.000)
- Amortisation of grants	(3.131)	-	-	-	(3.131)
At 31 December 2010	**20.595**	**3.000**	**-**	**134**	**23.729**
Charged / (credited) to the income statement:					
- Additional provisions / grants	-	2.000	16.100	372	18.472
- Amortisation of grants	(2.988)	-	-	-	(2.988)
At 31 December 2011	**17.607**	**5.000**	**16.100**	**506**	**39.213**

Government grants

Government (Hellenic State) grants received in connection with investments in property, plant and equipment are accounted for in accordance with our accounting policies (Note 2.11).

Environmental costs

The respective provision relates to the estimated cost of the CO_2 emission rights required under the corresponding environmental legislation. No provision for environmental remediation is included in the accounts as the Company has a policy for addressing environmental issuesas they arise (Note 2.21).

Other provisions

Amounts included in other provisions and long term liabilities relate to sundry operating items and risks arising from the Company's ordinary activities.

21 Fair values of derivative financial instruments

Derivatives held for trading

In the context of managing risk resulting from the volatility in the inventory values of products and crude oil, the Company enters into derivative contracts. To the extent that these contracts are not designated as hedges, they are categorized as derivatives held-for-trading. The fair value of derivatives held-for-trading is recognized on the balance sheet in “Trade and other debtors” and “Trade and other payables” if the maturity is less than 12 months and in “Loans, advances and other receivables” and “Other long term liabilities” if the maturity is more than 12 months. Changes in the fair value of these derivatives are charged to the Income Statement either within Other (expenses)/income or Cost of sales.

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

As part of managing operating and price risk, the Company engages in derivative transactions with 3rd parties with the intention of matching physical positions and trades or close proxies thereof and are therefore considered an integral part of “Cost of Sales”. During 2011the amounts attributable to such derivatives were € 51.854loss(2010: €2.296gain) and are included in “Cost of Sales”.

In certain cases it may not be possible to achieve a fully matched position, in which case the impact cannot be considered as a “Cost of Sales” component. The result from such derivative positions in 2011was € 510gain (2010: €11.895 loss) and is shown under “Other operating (expenses) / income – net” (see Note 25). Also in “Other operating (expenses) / income – net” includes a loss of € 10.320 for de-designation of 1Q 2012 cash flow hedges related to the Elefsina Refinery Upgrade as explained below.

Derivatives designated as cash flow hedges

The Company uses derivative financial instruments to manage certain exposures to fluctuations in commodity prices. In this framework, the Company has entered into a number of commodity price swaps which have been designated by the Company as cash flow hedges, have been evaluated and proven to be highly effective, and in this respect, any changes in their fair value are recorded within Equity. The fair value of the Commodity swaps at the balance sheet date was recognised in “Long term derivatives”, while changes in their fair value are recorded in reserves as long as the forecasted purchase of inventory is highly probable and the cash flow hedge is effective as defined in IAS 39.

When certain of the forecasted transactions cease to be highly probable, they are de-designated from cash flow hedges at which time amounts charged to reserves are transferred to the statement of comprehensive income within “other income/expense”. As at 31 December 2011 amounts transferred to the statement of comprehensive income for de-designated hedges amounted to €6.776loss net of tax which relate to 1Q 2012 valuation of projected transactions for the Elefsina refinery upgrade (31 December 2010: €9.571). The remaining cash flow hedges are highly effective and the movement in the fair value of these derivatives, amounting to a loss of €19.684 net of tax (2010: €34.759loss), was transferred to the “Hedging Reserve”.

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

Derivatives held for Trading

	31 December 2011				31 December 2010			
Commodity Derivative type	**Notional Amount**		**Assets**	**Liabilities**	**Notional Amount**		**Assets**	**Liabilities**
	MT'000	**Bbls'000**	**€**	**€**	**MT'000**	**Bbls'000**	**€**	**€**
Commodity Swaps	300	3.329	-	12.577	2.460	-	12.715	21.137
	300	**3.329**	**-**	**12.577**	**2.460**	**-**	**12.715**	**21.137**

Derivatives designated as Cash Flow Hedges

	31 December 2011				31 December 2010			
Commodity Derivative type	**Notional Amount**		**Assets**	**Liabilities**	**Notional Amount**		**Assets**	**Liabilities**
	MT'000	**Bbls'000**	**€**	**€**	**MT'000**	**Bbls'000**	**€**	**€**
Commodity Swaps	1.050	-	-	83.936	1.440	-	-	69.162
	1.050	**-**	**-**	**83.936**	**1.440**	**-**	**-**	**69.162**
Total			**-**	**96.513**			**12.715**	**90.299**

	31 December 2011		31 December 2010	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Non-current portion				
Commodity swaps	-	50.158	-	66.296
	-	**50.158**	**-**	**66.296**
Current portion				
Commodity swaps (Notes 11, 16)	-	46.355	12.715	24.003
	-	**46.355**	**12.715**	**24.003**
Total	**-**	**96.513**	**12.715**	**90.299**

22 Employee benefit expenses

	For the year ended	
	31 December 2011	**31 December 2010**
Wages and salaries	152.011	153.139
Social security costs	27.246	27.301
Pension costs	14.369	17.677
Other employment benefits	32.227	34.244
Total	**225.853**	**232.361**

Included in Other employment benefits are medical insurance, catering, and transportation expenses. The value of share – based compensation of €1.119 (2010: €1.352) is included therein (see Note 14).

23 Selling, distribution and administrative expenses

	For the year ended	
	31 December 2011	**31 December 2010**
Selling and distribution expenses	83.388	92.297
Administrative expenses	89.038	94.625
	172.426	**186.922**

24 Exploration and development expenses

Exploration and development expenses comprise expenditure associated with the Company's exploration activities as an operator in one block in westernEgypt and in another block in southern Egypt in a joint venture with Melroseand Kuwait Energy through the Hellenic Petroleum branch in Egypt. As these projects are still in the exploration phase, all amounts spent are expensed (2011: €3.556and 2010: €20.660).

25 Other operating income / (expenses)

	For the year ended	
	31 December 2011	31 December 2010
Income from grants	2.988	3.131
Gains on derivative financial instruments	510	11.460
Losses on derivative financial instruments	-	(11.895)
Losses on derivative financial instruments de-designated for he	(10.320)	-
Services to third parties	523	1.802
Rental income	2.480	2.379
Gains from sale of CO2 emission rights	8.220	-
Voluntary retirement scheme cost	(27.010)	-
Reversal of unused provisions for stock obsolesence	4.137	-
Other income / (expense)	(1.772)	(4.649)
Total	**(20.244)**	**2.228**

Other operating (expenses) / income – net include amongst other items income or expenses which do not represent trading activities of the Company. Also included in Other Operating (Expenses) / Income are gains / (losses) from derivative positions not directly associated with operating activities (Note 21).

26 Finance costs - net

	For the year ended	
	31 December 2011	31 December 2010
Interest income	13.649	4.273
Interest expense and similar charges	(35.977)	(36.199)
Accrued interest	(3.873)	(635)
Finance costs - net	**(26.201)**	**(32.561)**

In addition to the finance cost shown above, an amount of €67,5 million in 2011 (2010: €21,8 million) has been capitalized (Note 6).

27 Currency exchange gains / (losses)

Currency exchange losses for the year ended 31 December 2011include marked-to-market losses on US$ denominated loans of €19 million due to the strengthening of the Dollar against Euro taking place throughout the year, which were partly offset by net realized and unrealized gains of €8 million from the translation of trade payables and receivables balances as well as unrealized gains of € 6 million from US$ denominated deposits. The Company opts to borrow funds in US$ in order to finance the acquisition of US$ denominated crude oil stocks and as a result a Euro-related compensating benefit is included in the gross margin.

28 Income tax expense

	For the year ended	
	31 December 2011	**31 December 2010**
Current tax	21.952	98.547
Deferred tax (Note 18)	22.076	(4.747)
Total	**44.028**	**93.800**

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

	For the year ended	
	31 December 2011	**31 December 2010**
Profit / (loss) before Tax	**156.792**	**247.753**
Tax calculated at tax rates applicable to profits	32.397	59.461
Tax on income not subject to tax	(36.370)	(29.583)
Tax on expenses not deductible for tax purposes	18.870	35.514
Additional one-off tax on 2009 profits (L.3845/10)	0	21.409
Income tax on preliminary dividend 2010	(12.225)	12.225
Additional taxes resulting from tax audit (note 32)	17.612	-
Deferred tax and other movements	23.744	(5.226)
Tax Charge / (Credit)	**44.028**	**93.800**

The basic tax rate was 20% for the period ending 31 December2011 (24% for the year ending 31 December2010).

On 31 March 2011 a new tax law was enacted in Greece. The new tax law introduced certain amendments in the corporate income tax legislation such as the reduction of the Greek statutory income tax rate to 20% for accounting years starting as of 1 January 2011 onwards (the previous tax law stipulated that the income tax rate would be gradually reduced to 20% by 2014 onwards). The change in tax rates resulted in lower income taxes. The new tax law also changed taxation with regard to distributed earnings. Consequently, the amount of €12,225 million which was provided as of 31/12/2010 as incremental tax for the interim dividend paid during 2010 in line with the previous law 3842/2010, was reversed as of 31 December 2011.

The income tax charge for 2010 had been affected by a special contribution amounting to €22 million on the profits of year 2009, in line with law 3845/2010. No provision for special contribution on the profits of year 2010 has been included in the results for the current year, as a relevant tax law has not been enacted.

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

	For the year ended					
	31 December 2011			**31 December 2010**		
	Before tax	**Tax (charge)/ credit**	**After tax**	**Before tax**	**Tax (charge)/ credit**	**After tax**
Cash flow hedges	(14.774)	1.866	(12.908)	(31.911)	6.723	(25.188)
Other comprehensive income	(14.774)	1.866	(12.908)	(31.911)	6.723	(25.188)

29 Earnings per share

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

	For the year ended	
	31 December 2011	**31 December 2010**
Earnings per share attributable to the Company Shareholders (expressed in Euro per share):	**0,37**	**0,50**
Net income attributable to ordinary shares (Euro in thousands)	112.764	153.953
Average number of ordinary shares outstanding	305.635.185	305.635.185

Diluted earnings per share were the same as basic earnings per share.

30 Dividends per share

A proposal to the AGM for an additional €0,30 per share as final dividend for 2010 (amounting to a total of €91.691) was approved by the Board of Directors on 24 February 2011 and the final approval was given by the shareholders at the AGM held on 29 June 2011. Tax law 3943/2011 changed the treatment of distributed earnings and in line with the relevant regulations the parent company has withheld – on behalf of shareholders that are subject to taxation – 21% tax on the total dividend for the 2010 financial year, i.e. on €0,45 per share (refer to Note 28).

A proposal to the AGM for € 0,45 per share as final dividend was approved by the Board of Directors on 23 February 2012. This amounts to €137.536 and is not included in these accounts as it has not yet been approved by the shareholders' AGM.

31 Cash generated from operations

	Note	For the year ended 31 December 2011	31 December 2010
Profit before tax		**156.792**	**247.753**
Adjustments for:			
Depreciation and amortisation of property, plant & equipment and intangible assets	**6,7**	81.269	80.021
Grants amortisation		(2.988)	(3.131)
Finance costs - net	**26**	26.201	32.561
Provisions for expenses and valuation charges		27.972	25.528
Losses from disposal of PPE		190	-
Foreign exchange (gains) / losses		5.552	14.308
Dividend income		(15.819)	(11.879)
		279.169	**385.161**
Changes in working capital			
(Increase) / decrease in inventories		434.938	(215.302)
(Increase) / decrease in trade and other receivables		(105.319)	15.232
Increase / (decrease) in payables		49.868	469.240
		379.487	**269.170**
Net cash generated from operating activities		**658.656**	**654.331**

32 Contingencies

The Company has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business. Provisions are set up by the Company against such matters whenever deemed necessary, in accordance with its accounting policies and included in other provisions (Note 20). These are as follows:

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

In June 2011 the tax audits for the financial years 2002 to 2005 of Hellenic Petroleum S.A. were finalized, the outcome of which resulted in "accounting differences" of €64 million. The Company has assessed the results of the tax audit and accepted accounting differences of €32 million, resulting in €17,6 million of additional taxes and surcharges, which were charged through the interim financial information for the nine months ended 30 September 2011. The remaining amount of "accounting differences" assessed, amounting to €32 million, includes, amongst other items the alleged inventory "shortages" (note v below), which were originally assessed by the customs authorities. The Company has appealed against this assessment on the ground that it believes that it has no merit or a valid basis of calculation. Moreover the aforementioned tax audit also resulted in additional property taxes of a total amount of € 2,2 million, against which the Company has appealed to the relevant authorities. No provision has been made in the financial statements as of 31 December 2011 with respect to the above, as the Company believes that both cases will be finally assessed in its favour.

Furthermore, the V.A.T. audit for the financial years 2003 to 2006 of the Company was finalised in January 2011, resulting in the recovery of V.A.T. receivable amounting to €24,6 million. Also within 2011 a temporary V.A.T. audit for the years 2010 and 2011 was finalized, resulting in the determination of V.A.T. receivable amounting to €137 million.

The Company has not undergone a tax audit for the financial years 2006 to 2010. "Temporary" tax audits for the financial years 2006 and 2008 have been finalised, albeit with no major findings, while the tax audit for the financial years 2006 to 2009 is currently underway.

As mentioned in Note 28, based on Art.5 of the Tax Law 3845/2010 (FEK 65A' – 6/5/2010), the Company paid special tax contribution in respect of profits for the financial year 2009. The Company had received the relevant assessment from the tax authorities indicating an obligation amounting to €26 million. However, the tax authorities' calculation was found to be incorrect and the company submitted the relevant supporting analysis for the calculation to be corrected. The overall provision for the Law 3845/2010 special tax contribution in the 2010 financial statements was based on the corrected amount of €22 million.

Management believes that no additional material liability will arise as a result of open tax years over and above the tax liabilities and provisions recognised in these financial statements.

(ii) The Company has provided letters of comfort and guarantees to the favour of banks as security for loans granted by them to subsidiaries and associates of the Group, the outstanding amount of which as at 31 December 2011 was the equivalent of €1.747million (31 December 2010 €1.801 million). The Company has also issued letters of credit and guarantees to the favour of third parties, mainly for the procurement of crude oil, which as at 31 December 2011 amounted to the equivalent of € 86 million (31 December 2010: €456 million).

(iii) Following complaints by IATA, the Greek Competition Committee initiated an investigation into the pricing of aviation jet fuel in the Greek market. The conclusion of the investigation was to assert a fine of €9.4m to all Greek refineries, Hellenic Petroleum share accounts for €7,3m and it is based on a percentage of the relevant sales revenues in the year preceding the complaint. The Company maintaining its position that the rational of the conclusion has not taken into account critical evidence presented, has filed an appeal with the Athens Administrative Court of Appeals. In parallel a petition to suspend the decision has also been filed and partially accepted; the Court has suspended the corrective measures imposed by the Greek Competition Committee until 31 August 2007 (since then all necessary changes have been implemented), but did not suspend the payment of the fine, which has already been paid. Management believes that the final outcome of this case will not have any material impact on the Company's interim financial statements. The court date for the appeal, initially set for the 27 September 2007 and postponed to take place on 17 January 2008, was finally tried on the 25 September 2008. The resolution issued has partly accepted the Company's appeal i.e. and (a) has reduced the fine of €7,3 million by €1,5 million (b) has revoked the corrective measures which were temporarily suspended as above. The Company is contesting the above decision before the Supreme Administrative Court for the part which the aforementioned resolution has not been fully accepted. The case was finally heard on 22 June 2011 and the decision is still pending.

(iv) In 2008, the D' Customs Office of Piraeus (formerly Z' Customs Office), issued deeds of assessment amounting at approximately €40 million for alleged stock shortages in the bonded warehouses of Aspropyrgos and Elefsina installations. In relation with the above, the Company has filed within the deadlines required by the Law, contestations before the Administrative Court of First Instance of Piraeus, for which no dates of hearing have been assigned to date. In addition, independent auditors have confirmed that there are no stock shortages and the books are in complete agreement with official stock counts. Further to the substantial reasons of contestation, legal advisors of the Company have expressed the opinion that such claims have been time-barred.

33 Commitments

Total capital commitments for the Company as of 31 December 2011 amount to € 316 million (31 December 2010: €559 million), of which €166 million relate to the major upgrade project in Elefsina.

34 Related-party transactions

i) Sales of goods and services	**For the year ended**	
	31 December 2011	**31 December 2010**
Sales of goods		
Group Entities	3.867.658	3.185.862
Other related parties	403.162	150.565
Sales of services		
Group Entities	12.891	12.375
	4.283.711	**3.348.802**

ii) Purchases of goods and services		
Purchases of goods		
Other related parties	46.428	38.576
Purchases of services		
Group Entities	56.495	58.551
	102.923	**97.127**

iii) Balances arising from sales / purchases of goods / services	**As at**	
	31 December 2011	**31 December 2010**
Receivables from related parties		
Group Entities		
- Receivables	274.322	278.702
Other related parties		
- Receivables	41.941	174.593
	316.263	**453.295**
Payables to related parties		
Group Entities		
- Payables	38.463	25.579
Other related parties		
- Payables	10.568	2.630
	49.031	**28.209**
Net balances from related parties	**267.232**	**425.086**

	For the year ended	
	31 December 2011	**31 December 2010**
Charges for directors remuneration	1.065	1.127

All transactions with related parties are effected under normal trading and commercial terms.

Group Entities include all companies consolidated under the full method of consolidation.

Other related parties include non-affiliated or Governmental organisations such as the Hellenic Armed Forces and the Public Power Corporation (Hellas). They are considered related parties due to the shareholding in the

Company by the HellenicState. Also included are Group companies consolidated with the equity method of consolidation.

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

a) Hellenic Petroleum Group companies.

b) Parties which are under common control with the Company due to the shareholding and control rights of the HellenicState:

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

c) Financial institutions which are under common control with the Company due to the shareholding and control rights of the HellenicState. The Company as at 31 December 2011 had outstanding loans amounting to € 150 million (31 December 2010: no outstanding loans) due to the following related financial institutions:

- National Bank of Greece S.A.
- Agricultural Bank of Greece S.A.

d) Joint ventures with other third parties relating to the exploration and production of hydrocarbons in Greece and abroad:

- STPC Sea of Thrace (Greece, sea of Thrace)
- Melrose – Kuwait Energy – Beach Petroleum (Egypt, Mesaha)
- VEGAS Oil & Gas (Egypt, West Obayed)
- Medusa (Montenegro)
- Edison (Montenegro, Ulcinj)

e) Associates of the Hellenic Petroleum Group:

- Athens Airport Fuel Pipeline Company S.A. (EAKAA)
- Public Gas Corporation of Greece S.A. (DEPA)
- Artenius S.A.
- Elpedison B.V.
- Spata Aviation Fuel Company S.A. (SAFCO)
- HELPE Thraki
- Biodiesel
- D.M.E.P. / OTSM

f) Financial institutions in which substantial interest is owned by parties which hold significant participation in the share capital of the Company. The Company as at 31 December 2011 had outstanding loans amounting to the equivalent of €440 million (31 December 2010: equivalent of €230 million) with the following related financial institutions:

- EFG Eurobank Ergasias S.A.

g) Enterprises in which substantial interest is owned by parties which hold significant participation in the share capital of the Company.

- Private Sea Marine Services (ex Lamda Shipyards)

35 Subsequent events

There were no significant events that took place after the current balance sheet date as at 31 December 2011.

2. Annual Report of the Board of Directors

HELLENIC PETROLEUM

Index

A. Introduction to the Company and the Group 6
A.1 Hellenic Petroleum SA (Parent Company) 7
A.2 Main Group Activities 7
B. FY 2010 Major Events 10
B.1 Business Environment 11
B.2 Business Review 12
C. Review per Segment – Performance and Financial Position 14
D. Corporate Governance Statement 17
D.1 Corporate Governance Code 18
D.2 Deviations from the Corporate Governance Code 18
D.3 Corporate Governance Practices Exceeding Legal Requirements 19
D.4 Main Features of the System of Internal Controls and Risk Management in relation to the Financial Reporting Process 20
D.5 Information Required by Article 10, Paragraph 1 of the EU Directive 2004/25/EC on Public Takeover Bids 23
D.6 General Meeting of Shareholders and Shareholders' Rights 23
D.7 Composition & Operation of the Board of Directors, its Committees and other Administrative Bodies 23
E. Basic Strategic Goals and Prospects 27
F. Main Risks and Uncertainties for the Next Fiscal year 28
F.1 Financial Risk Management 28
F.2 Management of Capital Risk 31
G. Related Parties Transactions 31
H. Information about Financial Instruments 32
I. Significant Events after the end of the Reporting Period 33
J. Explanatory Report of the BoD required by par.7 art. 4 of Law 3556/2007 (As per par.8 art.4 of Law 3556/2007) 33
Appendix 37

HELLENIC PETROLEUM

Annual Report of the Board of Directors of Hellenic Petroleum SA on the Consolidated and Company Financial Statements for the Financial Year from January 1st to December 31st, 2011

Introduction

Dear Shareholders,

This Board of Directors' report covers the twelve-month period ending 31.12.2011. The report has been prepared in accordance with the relevant provisions of Codified Law 2190/1920, Law 3556/2007, article 4, and decision 7/448/11.10.2007 of the Hellenic Capital Markets Commission. The Consolidated and Company Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union.

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

A. The Company and the Group

The Group comprises of 49 companies, including the Parent Company, which is listed on the Athens Exchange (ATHEX). The list of subsidiaries, the nature of their business, the percentage of ownership and consolidation method for each one of them, are included in an Appendix to this report. The present legal form of the Group is the result of the initial merger that took place during the 1998 privatisation, as well as subsequent corporate transactions (acquisitions).

Of particular importance for the management of the Group and for the better monitoring of its activities is the business structure applied to it which also defines the organizational structure. Specifically, all Group activities are categorized in the main segments (Strategic Business Units) as depicted below:

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

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

HELLENIC PETROLEUM

A.1 Hellenic Petroleum SA (Parent Company)

The Parent Company is listed on the Athens Exchange, while its shares are also traded in the form of GDRs on the London Stock Exchange. Its shareholder structure on 31.12.2011 was:

- Greek State 35,48%
- Paneuropean Oil and Industrial Holdings SA 41,86%
- Institutional and private investors 22,66%

A.2 Main Group Activities

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

Key points per activity are summarized below:

a) Refining, Supply and Trading segment

Refining

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

Domestic Activities

Greek activities are focused on the operation of the Group's three refineries located in Aspropyrgos, Thessaloniki and Elefsina, which account for approximately 68% of the country's total refining capacity. The three refineries in total have storage tanks of 6.65 million m³ for crude oil and petroleum products.

Each refinery's has distinct technical characteristics which are described in the table below and which determine its efficiency

Refinery	Daily Refining Capacity (in 000s of barrels - Kbpd)	Annual Refining Capacity (in million metric tons)	Refinery Type	Nelson Complexity Index
Aspropyrgos	148	7.5	Cracking (FCC)	11.0
Thessaloniki	93	4.5	Hydroskimming	7.3
Elefsina	100	5.0	Topping	1.5

Significant upgrade projects are currently in progress at Elefsina refinery. These projects will increase the Nelson Complexity Index to 7.2 as the addition of conversion units (vacuum gasoil, hydrocracker and flexicoker units) will make it one of the most modern and profitable refineries of the Mediterranean region. Once completed in the first half of 2012, they will contribute to the country's security of oil products supply while at the same time they will enhance the safety of operations and will minimise the environmental impact of the refinery operations.

HELLENIC PETROLEUM

Crude Oil Supplies

Crude oil supplies are centrally coordinated and carried out through both term contracts and spot purchases. Main countries of crude oil supply are Russia (URALS, Siberian Light – 31,96%) and Iran (Iranian Heavy, Iranian Light – 31,41%) whilst significant quantities were supplied from, Kazakhstan (9,10%), Libya (8,59%) Saudi Arabia (6,11%) and Egypt (5,94%).

Refinery Sales (Wholesale Trading)

HELLENIC PETROLEUM SA is engaged in ex-refinery sales of petroleum products to marketing companies, including its two subsidiaries, EKO and Hellenic Fuels, as well as other special customers, such as the country's armed forces. A percentage of the production is exported, while heating oil is imported for seasonal needs that cannot be covered by domestic production. All of the Group's refinery products comply with European standards (Euro V)

International Activities

International refining activities relate to the OKTA hydroskimming refinery in Skopje, with nominal capacity of 2.5 million tons per annum. Crude oil is supplied through a pipeline that connects OKTA with the Thessaloniki refinery, while its products are distributed to the local market through marketing companies or are exported to neighbouring Balkan markets.

b) Marketing

Marketing activities are split into Domestic, comprising the Group's Greek subsidiaries EKO and Hellenic Fuels, and International.

Domestic Activities

EKO has a network of 1,041 fuel stations, while Hellenic Fuels operates 1.034 fuel stations under the BP brand (the total Greek market amounts to approximately 7,000 stations). The two companies have 11 bulk storage and supply terminals, 23 aircraft refuelling stations in the country's main airports, 2 LPG bottling plants and one lubricant production and packaging unit. The market share of the two subsidiaries, including industrial clients, amounts to around 30%.

Hellenic Fuels, under licence from BP Plc, maintains the right to use the brand name and logo of BP in Greece for all ground fuels, for a period of 4 years, with an extension option for 3 additional years.

International Activities

Internationally, the Group is active through subsidiary companies in Cyprus, Bulgaria, Serbia, Montenegro, F.Y.R.O.M., Albania, and Bosnia. The international network comprises of 294 fuel stations, while relevant market position varies from country to country. In Cyprus and Montenegro subsidiaries, originate from acquisition of incumbent companies, maintaining a leading position in their respective markets. In Bulgaria and Serbia, where business was set up on a greenfield basis with the establishment of new companies, the Group's subsidiaries recorded rapid growth_during the 2005-2011 period, and are now among the top five companies in the sector. In F.Y.R.O.M., the network of 29 fuel stations is operating under the local refinery subsidiary trademark. The presence of Hellenic Petroleum in Albania and Bosnia is small, while in 2011 the Group's subsidiary in Georgia was sold, in line with the Group's strategy to withdraw from non-strategic investments

HELLENIC PETROLEUM

c) Petrochemicals

Petrochemical activities focus mainly on further processing of refinery products, such as propylene, polypropylene, solvents and inorganics, as well as trading in the local market. Part of the production takes place at Aspropyrgos, where propylene is produced, while the majority of chemical facilities are located at the Thessaloniki refinery. Basel Technology, considered globally as one of the best, is used in the production of polypropylene.

Based on their contribution to financial results, propylene and polypropylene lines of products comprise the major part of petrochemicals activities. Exports of chemical products are particularly important -60% of sales are directed to the markets of Turkey, Italy and the Iberian peninsula, where they are used as raw materials by local industries.

d) Exploration and Production of Hydrocarbons

The Group is active in exploration and production of hydrocarbons in Greece and Internationally via the Hydrocarbon Exploration and Production business unit.. The main activities of E&P are:

Greece

- Participation with 25% in the exploration of the Thrace Sea Concession in the Northern Aegean, covering an area of approximately 1,600 sq. km.

- With respect to the upcoming international tender for granting concessions for the exploration and exploitation of hydrocarbons over certain areas in Western Greece by the Hellenic Republic, the Company evaluates all available technical data in the wider geographical area.

Egypt

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

- Concession Contract in West Obayed area of the Western Desert, totalling 1.380 sq. km. The contract was signed on June 5, 2007 with the Company as exclusive concessionaire and administrator. At the end of 2010, the Company agreed to farm-out 70% of the concession to Vegas Oil and Gas, and will continue exploration activities in the area through this consortium. On October 12, 2011, the Egyptian Authorities approved the transfer of the concession rights to Vegas.

- Concession Contract in the Mesaha area of the Western Desert in Upper Egypt, totalling 43,000 sq. km. The contract was signed on October 9, 2007 and the companies participating in the consortium are Melrose at 40% (Consortium administrator), HELLENIC PETROLEUM at 30% and Kuwait Energy at 15% and Beach petroleum at 15%.

Montenegro

The Group has been present in Montenegro since 2002, when it acquired 54.35% of the state oil company, JUGOPETROL A.D. KOTOR (JPK). JPK owns the hydrocarbon exploration and production rights in 2 (two) offshore areas in Montenegro. In accordance with the Concession Contract, the exploration and production activities in these areas are conducted through JPK's consortia with foreign companies. The Consortium company shareholding was as follows:

- Blocks 1&2 (1.130 sq. km & 3.710 sq. km respectively): MEDUSA (Montenegro) 40%, HELLENIC PETROLEUM INTERNATIONAL AG 11%, JPK 49%.
- Block 3 (3.930 sq. km): JPK 100%.

The Government of Montenegro unilaterally decided to terminate the Concession Contract of Block 3 to JPK in August 2006. Both JPK and the Group have not accepted this decision.

Hellenic Petroleum in consortium with Edison participates in government tendering procedures for acquiring concession rights for the exploration and exploitation of hydrocarbons in Ulcinj area.

e) Electric Power and Natural Gas

Electric Power

The Group's electric power activities focus mainly on power generation through ELPEDISON POWER, cross-border electricity trading since 2010 and trading in the Greek market through ELPEDISON TRADING. Both companies are controlled by ELPEDISON BV, which holds 75% of the former’s and 100% of the latter’s share capital. The Group owns 50% of the share capital of ELPEDISON BV, the other 50% being held by the Italian EDISON.

ELPEDISON POWER was the first, independent power producer in Greece (IPP), with its combined cycle natural gas technology (CCGT) plant in Thessaloniki having a total capacity of 390 MW, and a maximum annual production capacity of 3,300,000 MWh. The construction and operation of a second 420 MW CCGT plant in Thisvi, Viotia, was completed in 2010making ELPEDISON POWER the second largest electricity producer in Greece, with a total installed capacity of 810 MW.

Natural Gas

The Group is active in the natural gas sector through the 35% participation in affiliate company DEPA SA, while the remaining 65% is owned by the Greek State. DEPA is active in four different kinds of operations which are: importation and trading of natural gas in Greece through pipelines or liquefied natural gas; high pressure transportation system that is owned and operated by DESFA; participation with 51% in local gas supply companies, and; participation in trans-national natural gas transportation projects.

The Group and the Greek State have jointly decided to sell their respective stake in DEPA Group either on a “bundled” or an “unbundled” basis.

B. Financial Year 2011 Major Events

2011 was a unique year, mainly as a result of adverse economic developments and heightened uncertainty over the Greek economy. A synopsis of the main events is as follows:

B.1 Business Environment

a) Global Economy

In 2011 the global economy continued to recover, though at a slower pace, due to the continuing euro area crisis. The global GDP grew by an estimated 3.8% in 2011, compared to an increase of 5.2% the previous year. The growth rate varied significantly across the various regions, as the GDP of developing countries grew by 6.2%, with China's growth rate in particular reaching 9.2% while Eurozone and USA experienced a lower rate of growth at 1.6% and 1.8% respectively (Source:IMF, World Economic Outlook Update, 24 Jan 2012).

b) Petroleum Industry

Crude oil prices rose in 2011, due to increased demand and on disruption of supplies in the midst of uncertainty for sufficient cover of demand (Libya, Iran) registering peaks of over $125 pbl with an average of $111 pbl (2010: $80 pbl). In particular, recently imposed US sanctions and the subsequent agreed EU embargo against Iranian crude, effective 1st July 2012, fueled uncertainty in the global market with upward price pressures. The Group refinery supplies are dependent on Iranian crude by approximately 30% and planning for the operation of the refineries is likely to be altered depending on the sources of supply.

Similarly, the decrease in demand for light and middle distillates led to the weakening of international refining margins for complex refineries, which averaged $2.9/barrel (2010: $4.4/barrel). The deterioration of the Med refining margins to historical low levels in the last quarter resulted in lower capacity utilization rates and temporary refinery closures.

c) Financial indicators

The Euro/USD exchange rate experience significant volatility during 2011, reaching a high of €1=$1.49 and a low of €1=$1.29. The average exchange rate was €1=$1.39 (2010: €1=$1.33), without significant impact on Group's financial results.

The slow recovery of the global economy led to low short-term base interest rates, while 3-5 year forward curves incorporate inflationary pressures expectations. However, as was the case with all Greek corporates, increased sovereign credit spreads as a result of the Greek financial crisis, was the key driver of the increased funding costs for the Group.

d) Greek Market

Greece's economy remained firmly in recession in 2011 as a result of the intensification of the European debt crisis despite efforts to revive it. According to the latest estimates, Greek economy is expected to record significant decline with GDP reduction and unfavorable macroeconomic data. Public deficit for 2011 will reach 9.1% of GDP, while public debt is expected to be 163.7.5% of GDP. Unemployment rate reached 16.5%. On the other hand the current-account deficit was decreased due to increasing exports and declining imports. (Source: Bank of Greece report "Monetary Policy Interim Report"; November 2011). The economic crisis of the Greek market had an adverse impact on Group results, as the decrease of economic activity, the significant increase in 2010 in consumption taxes of auto fuels and VAT, strict income policy limiting disposable income and the crisis in the banking sector have created a new market landscape. Oil products demand recorded further decline which is estimated at 8-10% according to latest available data.

HELLENIC PETROLEUM

During the recent meeting of the Eurogroup, the decision to extend the second support package to Greece with the involvement of the private sector investors (PSI) was confirmed. In addition, the commitment of the Greek government to implement the necessary measures that will support the country's recovery and reduction of public sector debt staved off a disorderly default and exit from the euro zone.

The crisis in the banking sector resulted in an increase in the financing cost for all Greek enterprises and at the same time created liquidity shortages across the market. The new support package agreed and the PSI is expected to have a material impact on the financial statements and the balance sheets of Greek banks. The exact recapitalization requirements for each bank will be determined after the completion of the bond exchange program and may result to reduced capacity to maintain the same level of credit lines. On the other hand, additional liquidity, which will be made available at the end of the PSI process through EFSF, and the reduction of the uncertainty over the Greek economy, are expected to have a positive impact on overall credit availability for Greek corporates of high credit quality.

B.2 Business Review

a) Financial highlights

Tables below present the main financial and operational Group indicators for 2011:

Operational Data	2011	2010
Refinery sales (in million metric tons)	12.53	14.50
Marketing sales (in million metric tons)	5.13	5.74
Refinery production (in million metric tons)	9.65	13.58
Employees in Greece	3.287	3.639
Group employees	4.380	5.034

Financial Data (in million €)	2011	2010
Net sales	9.308	8.477
Reported EBITDA	335	501
Adjusted EBITDA[1]	363	474
Reported net income (attributable to the owners of the Parent Company)	114	180
Adjusted net income[1]	137	205
EPS (€)	0.37	0.59
Adjusted EPS (€)	0.45	0.67

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

HELLENIC PETROLEUM

External factors, such as the increase in the prices of crude oil and decreased refinery margins, as well as the decline in domestic demand and weakening retail margins had a negative effect on financial results.

Transformation projects and improving competitiveness (e.g. procurement – BEST 80, refinery competitiveness improvement – DIAS), as well as cost control, contributed to the reduction of Group operating expenses, recording an additional benefit of €24 million in 2011.

Balance Sheet / Cash Flow	2011	2010
Total Assets	7.189	6.865
Total Equity	2.530	2.532
Capital Employed	4.217	4.191
Net Debt	1.687	1.659
Net Cash Flows	-27	-240
Capital Investments	675	709
% of debt on capital employed - Debt Gearing	41%	40%
% Return on capital employed - ROACE	4.7%	5.4%
% Return on Equity - ROE	4.5%	7.1%

Working capital management contributed to the curtailment of the Group's net debt and leverage ratio, despite increased upgrade investments and rising prices of crude oil and its products.

b) Share performance

The Athens Exchange recorded heavy losses of 52.1% for a second year running. Of the shares comprising the major index FTSE20, which declined 60%, HELLENIC PETROLEUM was the only one to register a positive performance in 2011, closing on 31.12.2011 at €6.35, a 9% increase compared to 2010.

The proposal of the Board of Directors to the Annual General Meeting is to maintain the total gross dividend for 2011 at €0.45 per share, as in the previous financial year. The above stated dividend amount includes withholding tax in accordance with the applicable tax law provisions.

c) Key Developments

The key business developments during the year were:

- Completion of new units' connection and successful launch of operations of the Thessaloniki upgraded refinery. The refinery commenced full commercial operation on September 2011
- Significant progress in the Elefsina refinery upgrade project, which has reached 96% completion. Some units have already been completed and expected launch of operations for the refinery is 2Q 2012.

HELLENIC PETROLEUM

- Continuation of performance improvement programmes with additional contribution to profitability of €51 million for 2011.
- Operating costs reduction of 8%through a series of cost control and transformation initiatives.
- Sale of EKO Georgia, thus disengaging from a non-strategic participation.
- Refinancing of €400m credit line facilities and extension of maturity by 14 months as well as agreement for a €175m inventory monetisation structure reducing working capital needs and supporting the Group's strategy implementation.

C. Review per Segment – Performance and Financial Position

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

a) Refining, Supply and Trading

Financial results and operational indicators:

	2011	2010
Financial Results (€ million)		
Sales	8.937	7.832
EBITDA	251	371
Adjusted EBITDA	259	337
Operational Indicators		
Sales Volume (000s of metric tons) – Total	12.528	14.502
Sales Volume (000s of metric tons) – Refineries in Greece	12.543	14.557
Complex refineries margin(cracking)	$2,9 / barrel	$4,4 / barrel
Refinery performance (% of nominal capacity)	49,8%	75,8%
Safety Index – AIF	4,6	3.9

Key points for 2011:

- Improvement of refineries health and safety operational indicators
- Improvement of indicators regarding environmental effects. Total sulphur dioxide emissions of the three refineries remain approximately 70% below the new significantly lower limits set by the State as part of the Environmental Terms of Operations.
- CO_2 emissions depend on utilisation rates, but also on the equipment's energy efficiency. With regard to the latter, refineries have achieved satisfactory improvements without / or with minimum investments (DIAS project), resulting in positive impact for both the environment and the financial cost of production.

Regarding financial data:

- Price increase of crude oil and lower refining margins for complex refineries. The average price of Brent crude oil (Platts Dated) for 2011 was $111/Bbl, compared to $80/Bbl in 2010, an increase of 39%. International refining margins for complex refineries decreased during 2011. Mediterranean complex benchmark refining margin in 2011 (FCC Cracking) was $2.86/Bbl, compared to $4.37/Bbl in 2010.
- Decline of domestic market demand due to the continued economic crisis
- Reduced runs for simple refineries, due to the weak domestic demand, upgrade projects, and suppressed international margins for such refineries.

b) Marketing

Financial data and operational indicators:

	2011	2010
Financial Results (€ million)		
Sales	3,953	3,508
EBITDA	54	106
Adjusted EBITDA	66	114
Operational Indicators		
Sales Volume (000s of metric tons) – Total	5,126	5,735
Sales Volume (000s of metric tons) – Greece	4,070	4,367
Fuel stations – Greece	2,075	2,187
Fuel stations – International	294	310
Average daily sales volume per station– Greece	3.8	3.9
Average daily sales volume per station– International	8.4	8.0

Key points for 2011:

- Significant demand decrease due to economic crisis. The demand in the Greek market is estimated to have declined by approximately 11%, recording a significant decrease in almost all of the product categories.
- Increase of credit risk as many stations and customers face difficulties due to the simultaneous decrease in demand and reduced liquidity availability.
- Increased competition resulted in further depressed margins
- Growing demand for liquefied petroleum gas (LPG) following an increasing trend in the LPG conversion on private vehicles due to the wider variation between the prices of the two fuels (LPG, Fuel oil).
- Lower fuel consumption and declining margins due to the financial crisis led all market companies to increase petrol stations closures. Many of the stations that cease operations never reopen.

HELLENIC PETROLEUM

- Progress in the realization of synergies between the two networks in Greece on matters of distribution, technical support and supporting services.
- In April 2011, EKO improved its product portfolio with the introduction of a new type of gasoline with new generation additives called "EKONOMY 95" and managed to stabilize its market position.
- Towards the end of the year BP also introduced a new product called "ULTIMATE 95" aiming to offer differentiated products incorporating the latest technology to its customers For heating oil, EKO introduced a new type of gauge meter, "MPS", which ensures exact measurement of quantity during delivery to the end customer.

c) Petrochemicals

Financial Data and basic operational indicators:

	2011	2010
Financial Results (€ million)		
Sales	340	377
EBITDA	37	50
Operational Indicators		
Sales Volume (000s of metric tons) – Total	314	408
Polypropylene margin ($/ton)	496	409

Key points for 2011:

- The market conditions in terms of demand/prices for petrochemicals in the first half of 2011 were satisfactory, in contrast to the second half when prices dropped significantly as a result of weak demand and the general impact of the global economic slowdown. The adverse economic conditions in Greece persisted and had a negative impact on the demand for petrochemical products and an overall reduction in chemical products consumption and overall commercial activities.

- Despite the crisis in the Greek market, the deteriorating overall market environment in the second half of the 2011 and reduced volumes, petrochemicals delivered satisfactory results due to the intensification of commercial efforts and margins optimization.

d) Exploration and Production of Hydrocarbons

In 2011, activities focused on Egypt via participations in international consortia for the concessions of West Obayed in Western Desert and Mesaha in Upper Egypt.

Following an international tender in December 2010 HELLENIC PETROLEUM SA sold a 70% stake in the West Obayed Concession to VEGAS West Obayed limited, which also took over the management of the consortium in accordance with the terms of the Management Agreement. This way, the continuation of the Group's participation in the exploration activities is ensured, with reduced exploration risk and costs. In 12th October 2011, the Egyptian Authorities approved the

assignment of 70% participating interest to Vegas. During 2012, the consortium will carry out two obligatory drillings in the region of West Obayed while further processing and analysis of seismic data will take place.

Given the handover of project management to Vegas, Hellenic Petroleum significantly reduced infrastructure and personnel expenses of the Cairo office.

In Mesaha area, 2D seismic operations covering an area of 1700km continued, the data of which will define the first exploratory drilling expected to commence towards the end of 2012.With respect to the upcoming international tender for granting concessions for the exploration and exploitation of hydrocarbons over certain areas in Western Greece by the Hellenic Republic, the Company evaluates all available technical data in the wider geographical area.

The Montenegro Government had announced in 2010 its intention to proceed with offshore concessions and requested oil companies to express their interest. Hellenic Petroleum participated in this process and was accepted by the Montenegro Government as a potential bidder in a future round of concessions. In this framework Hellenic Petroleum has reached an agreement with the Italian company Edison, and is jointly reviewing the technical and commercial parameters of these areas in order to decide whether to submit an offer as part of a consortium.

e) Electric Power and Natural Gas operations

Activities in the sectors of electric power and natural gas are carried out through the Group's investments in ELPEDISON BV and DEPA SA respectively. The participation of these two companies according to their financial statements amounted in total to €68,7 million, increased by 122% compared to the previous year.

ELPEDISON BV results were positively affected by the DEPA arbitration decision in connection to the charges during the period of non-operation of the Thessaloniki plant in 2009 and the PPC strike in June. In 2011, ELPEDISON BV total net production increased by 133% mostly due to the launch of the Thisvi plant commercial operations towards the end of 2010, but also due to the improved production (+13%) of the Thessaloniki plant compared to 2010. The average spark spread (difference in price of electricity compared to the corresponding cost of natural gas) was also enhanced compared to 2010.

DEPA's results were improved, mainly due to higher natural gas demand. Natural gas volume sales increased by 30% compared to 2010. (According to DESFA, the Natural Gas System Administrator, demand for natural gas in the Greek market increased by 21.6% in 2011 compared to the previous year and stood at 4.5 bcm).

D. Corporate Governance Statement

General

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

In Greece, the Corporate Governance framework has been developed mainly through the adaptation of obligatory rules, such as Law 3016/2002. This law imposes the participation of non-executive and independent non-executive members on the Boards of Directors of Greek listed companies, the establishment and operation of internal audit units and the adoption of Internal

HELLENIC PETROLEUM

Procedures Manual. Moreover, a significant number of other legislative acts incorporated in the Greek legal framework the EU directives concerning corporate law, thus creating a new set of rules regarding corporate governance, such as Law 3693/2008, requiring the creation of audit committees and incorporating significant disclosure obligations , concerning the ownership as well as the governance of a company, Law 3884/2010, dealing with the rights of shareholders and additional corporate disclosure obligations within the framework of preparation of the General Meeting of shareholders and Law 3873/2010, incorporating in the Greek legal framework the Directive 2006/46/EC of the European Union, concerning the annual and consolidated accounts of companies of a certain legal form. Finally, in Greece, as well as in most countries, the Company Law (codified law 2190/1920, which is modified by numerous guidelines derived from many of the aforementioned EU Directives) includes the basic legal framework of company governance.

D.1 Corporate Governance Code

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

http://www.sev.org.gr/Uploads/pdf/KED_TELIKO_JAN2011.pdf

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

D.2 Deviations from the Corporate Governance Code

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

- With regard to the size and composition of the Board of Directors (or "BoD"):
  - Certain rules of appointing and replacing members of the BoD exist, which are explicitly mentioned in the Company's Articles of Association in accordance with Law N.3429/2005. The shareholder "Greek State" appoints seven members out of a total of thirteen, as long as it holds at least 35% of the shares. The shareholder "Paneuropean Oil and Industrial Holdings SA" and its related companies appoint two members of the BoD, under the precondition that they hold at least 16,654% of the total voting shares of the Company. It is obligatory to have two members of the BoD that are representatives of the employees, elected by them, and two more that are representatives of the minority shareholders, elected by the Special General Meeting of minority shareholders (excluding the Greek State and Paneuropean Oil and Industrial Holdings SA and/or companies related to the latter) *A.II (2.4)*
- With regard to the role and attributes of the Chairman of the BoD:
  - The CEO and the Chairman of the BoD are both executive members. There is no provision in the Company's Articles of Association for the existence of a Vice-Chairman, as the BoD only includes one more executive member. *A.III (3.1 & 3.3)*
- With regard to BoD member election:
  - All rules noted above on appointing and replacing board members apply. The BoD term is set at five years, extended until the end of the period, within which the Annual General Meeting of shareholders must be held. A.*V (5.1, 5.2, 5.4, 5.5, 5.6, 5.7, 5.8)*
- With regard to the functioning and evaluation of the BoD:

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

- With regard to the System of Internal Controls:

  - The Internal Audit Department reports to the Chairman of the BoD and to the Audit Committee of the Company which has been set by the Annual General Meeting of shareholders. For the basic duties of the Audit Committee, there is no specific charter, instead all provisions of law 3693/2008 and international best practices apply. *B.I (1.7)*
  - According to the relevant provisions of law 3016/2002, as long as the minority shareholders are represented in the Company's BoD, the existence of independent members is not mandatory. For this reason, no independent member participates in the Audit Committee. *B.I (1.4)*

- With regard to the level and structure of compensation:

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

- With Regard to the General Meeting of shareholders:

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

D.3 Corporate Governance Practices Exceeding Legal Requirements

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

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

- Due to the nature and purpose of the Company, the complexity of matters and the necessary legal support of the Group, which includes a number of operations and subsidiaries in Greece and abroad, the BoD – numbering thirteen members, which is ten more than the minimum required by law – has established committees that comprise of its members, with advisory, supervisory and authorizing responsibilities, aiming to aid the BoD in its work. These

committees are briefly stated below (they are analysed in detail at the end of this Statement, under the paragraph “Other Committees”).

I. Investment Committee
II. Crude oil and Petroleum products Supply Committee
III. Finance & Financial Planning Committee
IV. Major Projects Procurement Committee
V. Labour Issues Committee

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

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

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

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

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

a) Group Level Controls

Risk identification, assessment, measurement and management

The size and complexity of the Group’s operations require an elaborate system of identifying and managing risks, to be implemented across all the Group’s subsidiaries.

The identification and assessment of risks takes place mainly during the phase of strategic planning and annual preparation of the corporate programme. Matters examined vary depending on market and industry conditions and include for instance political developments in the markets where the Group is active or which are significant sources of crude oil supplies, changes in technology, macro-economic indicators and the competitive environment.

Planning and Monitoring / Budget

Group performance is monitored through a detailed budget by operating sector and by market. Due to the nature of its operations, the Group's financial results depend greatly on external factors, such as international refining environment, crude oil prices and the euro/dollar exchange rate. For this reason, the budget is adjusted at regular intervals in order to take into consideration changes in these factors. Management monitors the development of the Group's financial results through regularly issued reports, budget comparisons with actual results, as well as management team meetings.

Adequacy of the Internal Controls System

Management has planned and executes continuous supervisory processes which are embedded in the Company's operations and which secure that the Internal Controls System maintains its effectiveness over time. The Company also conducts periodic isolated evaluations for the suitability of the Internal Controls System, mainly through its Internal Audit Department.

The Company has an independent Internal Audit Department that among other things ensures the adequacy of the procedures of recognizing and managing risks applied by Management, the effectiveness of the Internal Controls System and the quality and reliability of the information given from Management to the BoD with regard to the System of Internal Controls. The process of risks assessment is conducted annually and takes into account the risk assessment conducted with the responsibility of the BoD under the framework of the Company's Risk Management.

The adequacy of the Internal Controls System is monitored on a regular basis by the Audit Committee, through quarterly reports submitted to it by the Internal Audit Department.

Reports by Management and the Internal Audit Department include assessments of major risks and the effectiveness of the Internal Controls System in managing them. Any weaknesses identified are communicated through reports, including the impact they had or could have had, as well as Management actions to correct them.

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

Roles and Responsibilities of the BoD

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

Fraud prevention and detection

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

Internal Procedures Manual

HELLENIC PETROLEUM

Hellenic Petroleum has drafted an Internal Procedures Manual that is approved by the BoD. The responsibilities and authorities of key job positions are defined within the Internal Procedures Manual, thus promoting sufficient segregation of duties within the Company.

b) Information Technology General Controls

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

The Company has developed a sufficient framework to monitor and control its IT systems, which is defined by a set of internal controls, policies and procedures. Among these are documented job descriptions, roles and responsibilities of the Group IT Department as well as the development of an IT Strategic Plan.

In addition, a specific procedure has been designed to ensure safe operation should problems arise to the Group's systems through the existence of alternative systems in case of disaster (Disaster Recovery Sites). Also, the approved Business Continuity Plan is under development. Finally, access rights have been set in several information systems for all employees, according to their position and role, while an entry log for all the Group's IT systems is also kept..

c) Internal Controls over Financial Reporting

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

Organisation – Segregation of Duties

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

Accounting monitoring and preparation of financial statements

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

Safeguarding of assets

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

Chart of Authorities

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

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

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

D.6 General Meeting of Shareholders and Shareholders' Rights

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

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

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

Board of Directors (BoD)

General

The Company is managed by a BoD, comprising of 13 members, with a term of five years, which expires on 14.5.2013. In detail:

- Christos-Alexis Komninos, Chairman, executive member – Representative of Greek State
- Ioannis Costopoulos, CEO, executive member – Representative of Greek State
- Theodoros-Achilleas Vardas, executive member – Representative of Paneuropean Oil and Industrial Holdings
- Georgios Kallimopoulos, non-executive member – Representative of Paneuropean Oil and Industrial Holdings
- Dimokritos Amallos, non-executive member – Representative of Greek State
- Alexandros Katsiotis, non-executive member – Representative of Greek State
- Dimitrios Lalas, non-executive member – Representative of Greek State
- Gerasimos Lahanas, non-executive member – Representative of Greek State
- Ioannis Sergopoulos, non-executive member – Representative of Greek State
- Alexios Athanasopoulos, non-executive member – Representative of employees
- Panagiotis Ofthalmidis, non-executive member – Representative of employees
- Theodoros Pantalakis, non-executive member – Elected by minority shareholders
- Spyridon Pantelias, non-executive member – Elected by minority shareholders

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

HELLENIC PETROLEUM

The BoD convened 17 times in 2011 and all members were present either in person or by proxy.

Roles and Responsibilities of the BoD

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

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

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

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

Executive and non-executive members of the BoD

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

Chairman of the BoD

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

Chief Executive Officer

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

Short CVs of the member of the BoD are included in the Appendix to this report.

Audit Committee

The Company has established an Audit Committee, appointed by the General Meeting of shareholders and made up of three members (Spyridon Pantelias, Chairman; Ioannis Sergopoulos, member and Dimokritos Amallos, member) which is the evolution of the pre-existing Committee of Finance and Financial Planning. It convened six times in 2011 and all members were present at all meetings.

The Audit Committee has the following responsibilities:

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

Please note that a reassessment of responsibilities of the Finance and Financial Planning Committee is scheduled to take place, in order to ensure that no overlaps exist.

Compensation and Succession Planning Committee

The Company has established a Compensation and Succession Planning Committee that comprises of one executive and three non-executive members of the BoD (Theodoros Pantalakis,

HELLENIC PETROLEUM

Chairman; Theodoros Vardas, member; Dimitrios Lalas, member; Ioannis Sergopoulos, member). It convened four times in 2011 and all members were present at all meeting.

The Compensation and Succession Planning Committee has the following responsibilities:

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

Other BoD Committees

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

- The Investment Committee, which comprises of three non-executive members of the BoD (Spyridon Pantelias, Dimitrios Lalas, Dimokritos Amallos). It was formed under BoD decision number 1161/10/20.1.2011. The Committee's responsibility is to submit proposals to the BoD on possible investments. Submission of a proposal to the BoD follows after relevant discussions with the appropriate Company executives and processing of their suggestions and relevant documentation on the implementation of the investments.

- The Oil Products Procurement Committee, consisting of two executive and two non-executive members of the BoD (Christos-Alexis Komninos, Ioannis Costopoulos, Dimokritos Amallos, Dimitrios Lalas). The Committee convened four times in 2011 and all members were present at all meetings. It was formed under BoD decision number 1059/2b/3.9.2004. The role of the Committee is to award tenders and approve oil products supplies, through a unanimous decision of its members, for the purchase, sale or transfer of crude oil and oil products of over €100 million.

- The Finance and Financial Planning Committee, consisting of one executive and two non-executive members of the BoD (Theodoros Pantalakis, Chairman; Theodoros Vardas, member; Alexandros Katsiotis, member). The Committee convened four times in 2011 and all members were present at all meetings. It was formed under BoD decision number 1059/2c/3.9.2004. The role of the Committee is to review together with the Group CFO and external auditors the annual audit plans, to consider issues which relate to the appointment or dismissal of external auditors, to be informed by the CEO, the CFO and by the external auditors of significant risks or exposures and to judge the measures that have been taken or are to be taken in order to minimize the risk to the Company, to examine along with the CEO and external auditors the published annual and quarterly company and consolidated financial statements when this is deemed necessary prior to their submission to the BoD and find any changes in the accounting policies, areas where significant judgment is exercised, significant restatements as a result of the audit, the adherence to accounting principles and practices, the adherence to laws and regulations of the stock exchange and finally to examine the finance planning for the Group.

- The Major Projects Procurement Committee consisting of the Chairman of the BoD, the CEO and one executive member of the BoD (Christos-Alexis Komninos, Ioannis Costopoulos, Theodoros Vardas). Its role is to approve orders amounting from €10 to €40 million for the upgrading projects of Elefsina and Thessaloniki refineries. The Committee convened two times in 2011.

- The Labour Issues Committee, which comprises of one executive and one non-executive member of the BoD, plus the president of the most representative labour union or his deputy. The Committee did not convene in 2011. It was formed in accordance to the Company's Internal Procedures Manual and is responsible to act as an appeal body on disciplinary penalties imposed by the relative Company disciplinary body.

E. Fundamental Strategic Goals and Prospects

The core objective of the Group's strategy is to achieve sustainable growth, based on the principles of safe and environmentally friendly operations of its plants and specifications of its products, of corporate social responsibility and cooperation with local communities, and of adding value to its shareholders.

The main pillars supporting this strategy are presented below:

Refineries

In 2011, the Thessaloniki refinery upgrade was completed and the refinery started its full commercial operation. The investment programme that is currently in progress focuses for the first half of 2012 on the completion of the upgrade and successful start-up and operation of the Elefsina refinery. This investment is expected to yield significant benefits to the Group, such as:

- Improvement of the Greek market's security of supply with products of the highest standards.
- Flexibility in selecting the crude oil sources, as refineries will be able to effectively utilise a wider range of crude oils.
- Substantial improvement on the environmental impact of refinery operations.
- Increased profitability, as production of less profitable refined products (e.g. fuel oil) will be replaced by production of higher value-added products,

Marketing

Following the acquisition of the Hellenic Fuels and the realisation of all synergies between the two marketing companies and the refineries, the target is the better adaptation of the marketing companies to the conditions of the Greek market.

Expansion of International Marketing Operations

Continuing expansion in Southeast Europe markets is of particular strategic importance, not only due to the continuing crisis in the Greek market but also due to the imminent enhancement of the Group's production capacity following the completion of Elefsina refinery upgrade projects. The main markets in which HELLENIC PETROLEUM operates are Cyprus, Montenegro, Serbia and

Bulgaria and F.Y.R.O.M. with presence also in Albania and Bosnia. It The strategic priorities of the Group are the maintenance of its leading position in both Cyprus and Montenegro, the improvement of the FYROM refinery profitability as well as the continuous expansion in the markets of Bulgaria and Serbia through profitable station network enhancement, supply chain optimization and development of the appropriate storage and transportation facilities. The Group examines further expansion in international markets that offer the opportunity to create supply synergies and the opportunity to transfer the significant know-how of Hellenic Petroleum in fuel trading.

Operations other than Refining and Trading

An important objective for the Group is also the creation of added value from the portfolio of activities besides refining and trading. The significant investments in the natural gas power generation and renewable energy sector are the core initiatives for diversification of the Group's investment portfolio aiming to create two additional pillars of growth for the Group.

Group Restructuring and Transformation

The results of the last three years confirmed the importance of the efforts to transform the Group's organisational structure and operations, establishing Hellenic Petroleum as a modern, competitive Group, both on local and regional level.

- Project DIAS, which is in progress in the refining segment with the assistance of external consultants and the participation of all refinery managers, aims to improve efficiency and enhance competitiveness of the Group's refineries. The contribution of the programme for 2011 amounted to €14.
- The BEST 80 procurement cost cutting initiative and its expansion thought the increase of the original budget target by 60% highlights the continuous efforts for cost reduction opportunities and contributed €6m to the Group for 2011.
- Significant progress in implementing synergies between EKO and Hellenic Fuels and restructuring of the marketing operations (transportation, installations, shared support services) with the contribution for this programme for 2011 reaching €4m.
- Restructuring of the affiliates portfolio and withdrawal from non-strategic operations with the sale of EKO Georgia in July 2011, and reduction in expenses for Exploration and Production.

Based on the above, and despite the significant challenges posed by the developments in the Greek economy and the international environment, the Group's prospects are considered positive. Hellenic Petroleum's improved competiveness, together with the systematic risk monitoring and its strong financial position, allows the Group to overcome the current crisis and follow a positive course in the next three years.

F. Main Risks and Uncertainties for the Next Financial year

The most important financial risks for the next financial year are analyzed below. Overall, however, the progress of the Greek debt refinancing and the recapitalization of the Greek banking system are the most important risk factors. Potential complications or delays in their implementation will have a significant impact on the Greek economy and on the Group as well. It is not possible to predict all possible different scenarios and the ways of reacting in each case not possible to

however, the Group is closely monitoring developments adapting its operation and planning accordingly.

F.1 Financial Risk Management

Financial Risk Factors

The Group's activities center primarily on oil refining and production and trading of petrochemicals, hydrocarbons research and production and power and gas sector are all secondary activities. The Group is exposed to various financial risks, such as fluctuations in the price of oil in international markets, volatility of exchange rates and interest rates, cash flow risks and risks of fair value fluctuations due to changes in interest rates. In line with international practices and in the context of the local market and legal framework, the overall risk management programme focuses on reducing the Group's potential exposure to market volatility and/or mitigating any negative impact on the Group's financial position, to the extent possible.

Risk management related to products pricing is conducted by the commercial risk management service, which is comprised of senior executives of the trade and financial departments, while financial risks are managed by the financial services of the Group, within the authorisations framework approved by the BoD.

a) Market Risk

(i) Exchange Rate Risk

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

As a hedging method, an important part of the Group's financing is in US Dollars, creating opposite exposure to exchange rate changes. However, it should be noted that while in the case of a devaluation of the US Dollar the impact on the balance sheet is partly hedged, in the case of US Dollar’s appreciation, the valuation at market value of such loans would lead to exchange-rate losses without hedged currency gains, as inventory would continue to be presented in the balance sheet at cost.

(ii) Product Price Fluctuation Risk

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

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

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

The Group aims to hedge part of the exposure to risks of crude oil and product price fluctuations and refining margins fluctuations to a percentage from 10% to 50%, depending on the prevailing market conditions.

HELLENIC PETROLEUM

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

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

(b) Credit Risk

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

(c) Liquidity Risk

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

F.2 Management of Capital Risk

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

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

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

The long-term objective is to maintain the gearing ratio between 20% and 45%, as significant fluctuations of crude oil prices lead to significant diversifications in total indebtedness. The relatively high gearing ratio in recent years (35% to 40%) is primarily due to increased borrowing for the financing of the refineries' upgrading projects and also the increase in international crude oil and oil products prices which result in increased working capital needs.

G. Related Party Transactions

The companies that make up the Group have transacted during 2011 with the Parent Company, HELLENIC PETROLEUM SA and also between them both domestically and internationally. Related companies are considered those that fall under Article 42e, Paragraph 5 of Codified Law 2190/1920. .

Commercial transactions of the Group and the Company with related parties during 2011 have taken place at an arm's length basis. Terms of trade were in line with applicable corporate

regulations (supplies, assets under construction, etc.), as approved by the BoD. The Group did not participate in any transaction of an unusual nature or content and does not intend to participate in such transactions in the future.

The tables below present intercompany sales and other intercompany transactions between the Company and its related parties during the financial year 2011, as well as intercompany balances of receivables and payable as at 31.12.2011.

THE TABLE IS WRONG

	TRANSACTIONS				BALANCES	
RELATED PARTY	Sales of Goods	Sales of services	Purchases of goods	Purchases of services	Receivables	Payables
Group Entities						
VARDAX		2.843			1.052	
OKTA SKOPIA	465.482	136		6	62.103	1
EKO BULGARIA	79.272				9.004	
EKO SERBIA					1	
EKO GEORGIA	17.581	15			1.179	
EKO ABEE	1.678.586	5.948		5.476	114.130	1.915
ELPET VALKANIKI					24	
HELLENIC FUELS S.A.	579.385	3.037		139	48.380	48
EKO ATHINA	75			1.408	73	448
EKO ARTEMIS	75			1.261	71	602
EKO DIMITRA	109			1.958	105	431
EKO IRA	8				6	
EKO AFRODITI	10				9	
HELPE CYPRUS	220.162			3	26.698	3
RAMOIL	7.054					
JUGOPETROL AD KOTOR	127.970				5.744	
GLOBAL SA	10.093	4			9.398	
POSEIDON N.E.		332		9.005	211	2.054
APOLLON N.E.		59		8.959	19	1.957
ASPROFOS				15.106	440	4.430
DIAXON				15.116	54	13.550
HELPE R.E.S.		1			2	
HELPE CONSULTING				114		140
	3.185.862	12.375		58.551 0	278.702	25.579
Other Related Parties						
Public Power Corporation Hellas	0		38.513		0	2.630
Hellenic Armed Forces	149.909				173.452	
Public Gas Corporation of Greece S.A	3				109	
Athens Airport Fuel Pipeline Company S.A	328				48	
ELPEDISON B.V	302		63		664	0
ELPE THRAKI	3				318	
TRANSBALKAN	20				2	
	150.565	0	38.576	0	174.593	2.630

H. Information about Financial Instruments

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

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

HELLENIC PETROLEUM

Short-term Transactions

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

The second category involves longer-term transactions that provide cover for strategic issues, such as investments, and which are disclosed in the Group's financial statements in line with the provisions of IAS 32 and 39 on Hedge Accounting. Such transactions are included in the financial statements for the financial year 2011 and they hedge part of the production of the upgraded refinery at Elefsina, which is the Group's biggest investment in recent years. In particular, financial derivatives mitigate the risk of lower price differences between the products that will be replaced as a result of the new investment.

I. Significant Events after the end of the Reporting Period

There are no events after the end of the reporting period either for the Group or the Company, which should be disclosed according to the International Financial Reporting Standards.

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

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

a) Structure of the Company's Share Capital

The Company's share capital amounts to €666,284,703.30, divided in 305,635,185 common shares with voting rights, with a nominal value of €2.18 each. The shares are listed for trading on the Athens Exchange.

The shareholders rights arising from each share are proportionate to the percentage ownership of the Company's paid up share capital. All shares have the same rights and obligations and every share incorporates all rights and obligations provided for by law and the Company's Articles of Association.

The liability of the shareholders is limited to the nominal value of the shares they hold.

b) Limitations on transfer of Company Shares

According to article 21 of law 2941/2001, which amended article 8, par. 3, section 1 of Law 2593/1998, "the Greek State's participation in the Company's share capital, may not be lower than 35% of the Company shares with voting rights, after each share capital increase. Shares held by DEKA SA are taken into account to calculate the Greek State's participation."

Following the dissolution of DEKA S.A. and the "ipso jure" transfer of its total assets to the Greek State (article 50 §9 L. 3943/2011, Government Gazette A' 66/31.3.2011), the Greek State owns 108.430.304 company shares, i.e. 35,4770% of the Company's share capital. It is noted that before

abovementioned legislative amendment, DEKA S.A. and the Greek State owned respectively 24.498.751 (8,015% of the share capital) and 83.931.553 shares (27,461% of the share capital).

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

In the context of paragraphs 4 and 5 of article 2 of Law 3986/2011 "Urgent Measures for the Implementation of the Medium Term Framework of Fiscal Strategy 2012-2015" (Government Gazette 152/A) and of decision 187/2011 (Government Gazette 2061/B) of the Bi-ministerial Committee for Restructuring and Privatizations (BCRP), the Greek State proceeded on 25.1.2012 and 10.2.2012 in market transfers of 25.598.751 and 82.831.553 shares of HELENIC PETROLEUM SA respectively to the "Hellenic Republic Asset Development Fund". Following this all shares of the Greek State are the property of the Hellenic Republic Asset Development Fund. Management and administration of the rights of these shares, including voting rights, are exercised by the Greek State on behalf of the Fund.

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

SHAREHOLDING (31.12.2011)			
Shareholder	**Number of Shares**	**% of Share Capital Held**	**Voting Rights**
Greek State	108,430,304	35.477	108,430,304
Paneuropean Oil & Industrial Holdings SA	127,924,042	41.855	127,924,042
Agricultural Bank of Greece SA	7,981,972	2.6116	7,981,972
Private & Institutional investors	61,298,867	20.056	61,298,867
TOTAL SHARES	**305,635,185**	**100.0000**	**305,635,185**

d) Securities conferring special control rights

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

e) Limitations on Voting Rights

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

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

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

HELLENIC
PETROLEUM

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

According to article 20, paragraph 2 (a) of the Articles of Association, the Greek State appoints 7 out of the total 13 BoD members, as long as it maintains at least 35% of the Company's total voting shares (article 8 of the Articles of Association). This provision may be amended, according to what is stipulated in paragraph 8 of article 20 of the company's Articles of Association.

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

According to article 20, paragraph 2 (c) of the company's Articles of Association, it is obligatory that two members of the BoD are representatives of the Company's employees, elected by direct and universal voting and through the simple proportional representation system by the employees. This provision may be amended only through legislation (article 1, paragraph 2 of Law 2593/1998, in conjunction with article 21, paragraph 1 of Law 2941/2001).

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

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

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

The Annual General Meeting of shareholders approved a stock option plan for the years 2005 to 2007 (as years of reference). In 2008 and 2009 it approved the extension of the plan for one additional reference year. The period of exercising these stock options is from November 1 until December 5 each year, for the years 2008 to 2012, 2009 to 2013, 2010 to 2014 and 2011 to 2015 for the stock options of reference years 2005, 2006, 2007 and 2008, respectively. The 2010 Annual General Meeting of shareholders approved the non-issuance of stock options for the reference year 2009 due to the current economic situation, as well as the extension of the plan for one additional reference year i.e. for 2010, with first year of initiating the option's exercise period being 2012. Finally, the 2011 Annual General Meeting of shareholders approved the non-issuance of stock options for the reference year 2010 as well as the extension of the plan for 2011 (one year only). It is noted that all above extensions do not increase the initially approved total number of granted stock options. According to article 2 of the stock option plan, the decision of the BoD on granting stock options is subject to the final approval of the AGM.

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

HELLENIC PETROLEUM

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

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

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

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

Athens, February 23, 2012

By authority of the Board of Directors

Christos-Alexis Komninos	Ioannis Costopoulos	Theodoros Vardas
Chairman of the Board	Chief Executive Officer	Executive Member of the Board

HELLENIC PETROLEUM

Appendix

Group Structure

Company	Relation	%	Activities
EKO SA	Sole shareholder: HELLENIC PETROLEUM SA	100	Oil products trade
DIAXON SA	Sole shareholder: HELLENIC PETROLEUM SA	100	BOPP film production / trade
ASPROFOS SA	Sole shareholder: HELLENIC PETROLEUM SA	100	Energy sector engineering services
HELLENIC PETROLEUM INTERNATIONAL AG	Sole shareholder: HELLENIC PETROLEUM SA	100	Holding company for the Group's investments abroad
HELLENIC PETROLEUM - POSEIDON MARITIME	Sole shareholder: HELLENIC PETROLEUM SA	100	Vessel-owning company
HELLENIC PETROLEUM - APOLLO MARITIME	Sole shareholder: HELLENIC PETROLEUM SA	100	Vessel-owning company
GLOBAL PETROLEUM ALBANIA SA	Shareholder: HELLENIC PETROLEUM SA	99.957	Oil products import, purchase & trade in Albania
EL.PE.T BALKAN SA	Shareholder: HELLENIC PETROLEUM SA	63	Crude oil pipeline construction and operation
PETROLA SA	Sole shareholder: HELLENIC PETROLEUM SA	100	Real Estate Company
HELLENIC PETROLEUM - RENEWABLE ENERGY SOURCES SA	Sole shareholder: HELLENIC PETROLEUM SA	100	Production, distribution, trading of renewable energy sources
HELLENIC PETROLEUM FINANCE plc	Sole shareholder: HELLENIC PETROLEUM SA	100	Financing and other financial services
EKOTA KO SA	Shareholder: EKO SA	49	Construction, operation of fuel storage facilities
EKO CALYPSO LTD	Sole shareholder: EKO SA	100	Retail trade of liquid fuels & LPG in Greece
EKO DIMITRA MARITIME COMPANY	Sole shareholder: EKO SA	100	Tanker operation
EKO ARTEMIS MARITIME COMPANY	Sole shareholder: EKO SA	100	Tanker operation
EKO ATHENA MARITIME COMPANY	Sole shareholder: EKO SA	100	Tanker operation
EKO IRA MARITIME COMPANY	Sole shareholder: EKO SA	100	Tanker operation
EKO APHRODITE MARITIME COMPANY	Sole shareholder: EKO SA	100	Tanker operation
HELLENIC PETROLEUM CYPRUS LTD	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Oil products trade, distribution and storage in Cyprus
RAM OIL LTD	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Oil products trade, distribution and storage in Cyprus

HELLENIC PETROLEUM

Company	Relation	%	Activities
JUGOPETROL AD KOTOR	Shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	54.35	Oil products trade, distribution and storage in Montenegro
HELLENIC PETROLEUM BULGARIA (Holdings) LTD	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Oil products trade and distribution in Bulgaria
HELLENIC PETROLEUM SERBIA (Holdings) LTD	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Oil products trade and distribution in Serbia
HELLENIC PETROLEUM GEORGIA (Holdings)LTD	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Oil products trade and distribution in Georgia
EL.PE. INTERNATIONAL CONSULTANTS SA	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Provision of consulting services to the Group's companies abroad
HELLENIC FUELS SA (former BP Hellas)	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Oil products trade, distribution and storage in Greece
EKO BULGARIA EAD	Sole shareholder: HELLENIC PETROLEUM BULGARIA (Holdings) LTD	100	Oil products trade in Bulgaria
HELLENIC PETROLEUM BULGARIA PROPERTIES EAD SA	Sole shareholder: HELLENIC PETROLEUM BULGARIA (Holdings) LTD	100	Oil products trade in Bulgaria
EKO-SERBIA AD-BEOGRAD	Sole shareholder: HELLENIC PETROLEUM SERBIA (Holdings) LTD	100	Oil products trade in Serbia
EKO GEORGIA LTD	Shareholder: HELLENIC PETROLEUM GEORGIA (Holdings) LTD	99	Oil products purchases, imports, exports, distribution & sales in Georgia
	Shareholder: HELLENIC PETROLEUM SA	1	
EKO PETROLEUM ALBANIA SHPK	Shareholder: GLOBAL PETROLEUM ALBANIA SA	100	Oil and oil products trade and retail sales, fuel stations management in Albania
OKTA AD SKOPJE	Shareholder: EL.PE.T BALKAN SA	81.51	Crude oil refining, oil products import and trade in Skopje
VARDAX SA	Sole shareholder: EL.PE.T BALKAN SA	80	Crude oil pipeline operation Thessaloniki - Skopje (OKTA)

HELLENIC PETROLEUM

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

Company	Relation	%	Activities
DEPA SA	Shareholder: HELLENIC PETROLEUM SA	35	Natural gas Import & Distribution in Greece
ARTENIUS Hellas SA	Shareholder: HELLENIC PETROLEUM SA	35	PET plastic producer
ATHENS AIRPORT FUEL PIPELINE COMPANY SA (AAFPC SA)	Shareholder: HELLENIC PETROLEUM SA	50	Aspropyrgos – Spata airport pipeline
THRACE SA	Shareholder: HELLENIC PETROLEUM SA	25	Burgas - Alexandroupoli pipeline
TRANS BALKAN PIPELINE BV	Shareholder: THRACE SA	23.5	
ELPEDISON BV	Shareholder: HELLENIC PETROLEUM SA	5	Power generation and trading
	Shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	45	
ELPEDISON TRADING SA	Shareholder: ELPEDISON BV	100	Electricity
ELPEDISON ELECTRIC POWER PRODUCTION SA	Shareholder: ELPEDISON BV	75	Electricity
SAFCO	Shareholder: EKO SA	25	Aircraft refuelling
BIODIESEL SA	Shareholder: HELLENIC PETROLEUM-RENEWABLE ENERGY SOURCES SA	25	Aircraft refuelling
STPC LLC (ELPE Calfrac)	Participation: HELLENIC PETROLEUM SA	25	Research in the North Aegean
MELROSE, Kuwait Energy Company & ELPE	Participation: HELLENIC PETROLEUM SA	30	Research in the MESAHA region, Upper Egypt
EDAP-T.P.TH	Shareholder: HELLENIC PETROLEUM SA	6.67	Management and development of the technological park in Thessaloniki
NAPC UNDER LIQUIDATION	Participation: HELLENIC PETROLEUM SA	16.67	
MONTENEGRO MEDUSA	Participation: JUGOPETROL AD KOTOR	49	Research and production of hydrocarbons in three sea regions of Montenegro
	Shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	11	

HELLENIC PETROLEUM

BoD Members Biographies

Christos-Alexis Komninos: Chairman, executive member of the BoD

Studies: Holds a Master of Science in Chemical Engineering from the Technical University of Istanbul (I.T.U.)

Previous positions – engagements:

In 1972 he joined 'Hellenic Bottling Company' and until 1987 he held various positions in the Company. From 1987 to 1990 he was appointed as the Managing Director of 'The Coca-Cola Bottlers Ireland' (a subsidiary of Hellenic Bottling). In 1990 he returned to Greece and in 1995 he became the Chief Executive of Hellenic Bottling, position held until 2000. From 2000 to 2004 he was appointed Chairman and CEO of 'Papastratos Cigarette Manufacturing Industry'. After the acquisition of the 'Papastratos Industry' by 'Philip Morris S.A.' he joined voluntarily the 'Athens 2004 -Olympic Games Organizing Committee' as the Head of Opening and Closing Ceremonies. From 2005 to February 2010 he held the position of the Executive Vice President of SHELMAN S.A. and ELMAR S.A. He speaks English, French, Italian and Turkish.

Current positions – engagements:

Since December 2011, he is the Chairman of the Board of Directors of HELLENIC PETROLEUM SA and General Secretary of S.E.V (Hellenic Federation of Enterprises)

Ioannis Costopoulos, Chief Executive Officer, executive member of the BoD

Studies: Holds a BSc degree in Economics from the University of Southampton, UK and an MBA from the University of Chicago, USA

Previous positions – engagements: From 1979 to 1982 he worked with Procter & Gamble in Geneva, Switzerland. From 1982 to 1986 he held VP and Director's positions in Corporate and Investment Banking at the Chase Manhattan Bank in New York and London. From 1986 to 1991 he was a Principal at Booz Allen & Hamilton based in London, working on strategy development and organisational change projects. Returning to Greece in 1991, he assumed a number of senior management positions: CEO of Metaxa SA (1991-1997), CEO of Johnson & Johnson Hellas SA and Regional Director of Johnson & Johnson Central and Eastern Europe (1998 – 2000). From 2001 to 2003 he was Vice-Chairman and CEO of Petrola Hellas SA, an ATHEX-listed oil refining and trading company. Since 2003, following the merger of Petrola Hellas SA with HELLENIC PETROLEUM SA, he joined the Company's Board of Directors. In June 2006 he became an Executive Board Member.

Current positions – engagements: He was appointed CEO of HELLENIC PETROLEUM SA in December 2007. He is a member of the BoD of the Hellenic Federation of Enterprises (SEV), of the Foundation for Economic & Industrial Research, of the Hellenic-American Chamber of Commerce, as well as of Fourlis Holdings SA. Besides his position in the Company, he is Vice-chairman of the BoD of EKO and Hellenic Fuels – both subsidiaries of the Group – as well as member of the BoD of Elpedison.

Theodoros–Achilleas Vardas, executive member of the BoD

Studies: PhD from the Systems Engineering Department of the Chemical Engineering School at the Swiss Federal Institute of Technology in Zurich, Switzerland and a Degree in Chemical Engineering from the same institute.

Previous positions – engagements: Began his professional career in 1979 at the Latsis Group, where he worked in key positions and in 1981 as General Manager of Petroleum Products Trading. From 1988 to 2003 he was the Deputy CEO and member of the BoD of Petrola Hellas SA and from 1999 to 2003 a member of the BoD of Papastratos SA.

Current positions – engagements: Member of the BoD and Management Consultant of HELLENIC PETROLEUM SA since October 2003, member of the BoD of DEPA SA since May 2004, executive member of the BoD of HELLENIC PETROLEUM SA since December 2007.

Georgios Kallimopoulos, non-executive member of the BoD

Studies: He holds a Law Degree from the University of Athens Law School and a Doctorate (Dr. Jur.) from the University of Tübingen, Germany.

Previous positions – engagements: Honorary President of the Civil Law Attorneys' Association, President of the Greek Union of Banking & Capital Market Law, Chairman of the Organising Committee for the 2nd European Jurists Forum (2003), Legal Adviser of the National Investment Bank for Industrial Development (1970-1978), Legal Counsel of the Bank of Greece (1978-1986), Legal Advisor of the Prime Minister, X. Zolotas, (1989-1990), Member of the National Legislative Committee (1990-1993), Member of the Legal Counsel of the Bank of Greece (1986-2006),

Current positions – engagements: Attorney at Law at the Athens Bar since 1958, Professor at the Athens Law School, President of the Legal Counsel of the Hellenic Bank Association (2007-today).

Dimokritos Amallos, non-executive member of the BoD

Studies: Holds a Bachelor's Degree in Economics from the University of Athens and a Master of Philosophy from the University of Cambridge.

Previous positions – engagements: Member of the management of many information technology companies, such as Singular SA (Software – CFO, deputy general manager, member of the BoD, shareholder), Oneworld SA (Internet & communications – member of the BoD), Decision SA (IT services – member of the BoD), Euroskills SA (Business training – member of the BoD), Sanyocom (Mobile telephony – member of the BoD). He has also participated in the administration of many companies such as: AMTE SA (Construction – member of the BoD), Panathinaikos FC (member of the BoD), Technimon (family owned construction) and for six years was a deputy member of the Hellenic Competition Committee as a representative of the Hellenic Federation of Enterprises.

Current positions – engagements: He founded the financial services company "D. Amallos and Co Ltd" (AMBA Ltd.) in 2007. He is also a member of the BoD of Qualco SA (IT services)

Alexandros Katsiotis, non-executive member of the BoD

Studies: Degree from the Economics Department of the Macedonia School of Industrial Studies and a Marketing Degree from the private ICBS University in Thessaloniki.

Previous positions – engagements: Began his professional career in 1979 in Elgeka SA, where he was appointed CEO in 1998.

Current positions – engagements: Besides his position in HELLENIC PETROLEUM SA, he is currently Chairman and CEO of Elgeka SA, Diakinisis and Biotros; CEO of BHTA PI, Sambrook Pharmaceutical SA and Medihelm; and Vice-Chairman of Elgeka Ferfellis Romania. He is also a member of the BoD at Ethniki Insurance and Nutriart.

Dimitrios Lalas, non-executive member of the BoD

Studies: Degree from Hamilton College (BSc. [Hons] Physics, 1962) Aeronautical Engineering (M.Aero.Eng.1965) and Aerospace Engineering (PhD, 1968) at Cornell University

Previous positions – engagements: Professor at the Meteorology Department of the University of Athens. Also, Professor at Wayne State University, Michigan and the University of Colorado/CIRES. Has served as President of the National Centre of Renewable Resources, Chairman of the BoD of Public Petroleum Corporation and Director and Chairman of the BoD of the National Observatory of Athens. Was Scientific Project Manager for over 40 research programs in the USA and Europe, and worked as Advisor to the Ministries of Development; Environment Energy & Climate Change; Environment, Physical Planning & Public Works; Finance; in the RESEARCH, TREN and REGIONAL POLICY General Directorates of the European Commission; in the Conphoebus Research Energy Centre, Italy; at NASA 's Goddard Space Centre; at the US National Centre for Atmospheric Research; and at the Ford and General Motors research centres. Has participated as National Representative in the international negotiations for Climate Change (1993-2007), Vice President in the National Committee for combating Desertification (1997-2004), member of the Advisory Group for Global Change, Climate & Biodiversity of the 12th General Directorate for the Research of the European Commission (1998-2002), President of the Hellenic Wind Energy Association (HWEA) (1991-1999), National representative in the Monitoring Committee of Energy Programme JOULE of the General Directorate for the Research as well as THERMIE of the General Directorate for Energy of the European Commission (1995-1999).

Current positions – engagements: Advisor at consulting firm FACE^{3}TS SA that specialises in the areas of energy and the environment, with emphasis on green development, National Representative in international negotiations for Climate Change, Coordinator of the National Committee for reaching the 20-20-20 goals of the European Union, member of the National Committee of Energy Planning, member of the BoD of ETVA VI.PE, member of the BoD of Hellenic Wind Energy Association, Vice President of the Hellenic Society for the Protection of the Environment and the Cultural Heritage, as well as a member of the Scientific Counsel of the Institute of Local Administration of KEDKE.

Gerasimos Lahanas, non-executive member of the BoD

Studies: Degree in architecture from the Politecnico Di Milano in Milan.

Previous positions – engagements: Established an architectural firm in 1990, having since issued studies in many fields of architectural projects in Greece and abroad. Architect and technical advisor in the Journalists' Social Security and Healthcare Organization (EDOEP) and the Journalists' Union of Athens Daily Newspapers (ESIEA). From 1995 to 2000 he was Chairman of the BoD at General Tourist Enterprises SA.

Current positions – engagements: He is a member of the Technical Chamber of Greece and of the Greek Architects Association.

Ioannis Sergopoulos, non-executive member of the BoD

Previous positions – engagements: A member of the Lawyers' Association since 1977, he is lawyer to the Supreme Court of Appeal. From 1982 to 1989, he was a member of the BoD of AGET-Heracles, serving also as legal advisor of the company. From 1995 to 1996, he was a member of the BoD of E.R.T and from 1996 to 2005 he was appointed Vice President and Deputy CEO of the National Theater.

Current positions – engagements:

Currently, he held the position of the Chairman of Publishing Company “Artos Zois” and member of the BoD of O.A.S.A

Alexios Athanassopoulos, non-executive member – employee representative

Holds a degree in Oil Technology Engineering from the Technological Educational Institute of Kavala and a degree in Chemical Engineering from the National Technical University of Athens. He has been working for the Company since 1994. He was a member of the BoD of the Union (PSEEP). Since March 2008, he is the elected representative at the General Confederation of Greek Workers (GSEE). In March 2008 he was elected as employee representative in the Company’s BoD.

Panagiotis Ofthalmidis, non-executive member – employee representative

Holds a degree in Electrical Engineering from the Technological Educational Institute of Kavala. He has been working for HELLENIC PETROLEUM SA since 1989, in the department of Electrical Maintenance of Refinery and Chemical Plants of Industrial Installations in Thessaloniki. He has been President of the Pan-Hellenic Labour Union of the Company. In March 2008 he was elected as employee representative in the Company’s BoD.

Theodoros Pantalakis, non-executive member – minority shareholders representative

Studies: Holds a degree in Business Administration from the Piraeus Graduate School of Industrial Studies

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

Current positions – engagements: In December 2009 he was appointed Chairman of the BoD – Governor of ATE Bank (Agricultural Bank of Greece). He is also Chairman of the BoD in several of the bank’s subsidiaries and a member of the BoD of the Hellenic Bank Association

Spyridon Pantelias, non-executive member – minority shareholders representative

Studies: Holds a PhD and Master’s Degree in Economics from the University of Washington, St. Louis, as well as a Degree in Economics from the University of Athens.

Previous positions – engagements: A banker with significant experience in the financial services sector. He was General Manager of the Bank of Cyprus group – Head of investment banking, asset management and brokerage. From 2005 to 2007 he held the position of Deputy General

Manager at Emporiki Bank, from 2002 to 2004 General Manager of EFG Telesis Finance and in 2000 to 2002 Deputy General Manager at Geniki Bank. He has also worked in the National Bank of Greece, the Hellenic Bank Association and the Reuters News Agency.

Current positions – engagements: Executive Vice Chairman of the BoD of TT Hellenic Post Bank.

HELLENIC
PETROLEUM

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

HELLENIC PETROLEUM

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

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

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

a. The Annual Financial Statements, which were prepared in accordance with the applicable International Financial Reporting Standards, fairly represent the assets and liabilities, the equity and results of the parent company HELLENIC PETROLEUM S.A. for 2011, as well as of the companies that are included in the consolidation taken as a whole.

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

Athens, 23 February 2012

Christos-Alexios Komninos	Ioannis Costopoulos	Theodoros Vardas
Chairman of the Board	Chief Executive Officer	Executive Member of the Board

HELLENIC
PETROLEUM

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

Independent auditor's report

To the Shareholders of Hellenic Petroleum S.A.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Hellenic Petroleum S.A. (the "Company") and its subsidiaries (together, the "Group") set out on pages 7 to 65 which comprise the statement of financial position as of 31 December 2011 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether 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, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2011, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Reference on Other Legal and Regulatory Matters

a) Included in the Board of Directors' Report is the corporate governance statement that contains the information that is required by paragraph 3d of article 43a of Codified Law 2190/1920.
b) We verified the conformity and consistency of the information given in the Board of Directors' report with the accompanying financial statements in accordance with the requirements of articles 43a, 108 and 37 of Codified Law 2190/1920.

Athens, 28 February 2012
The Certified Auditor Accountant

PricewaterhouseCoopers S.A.

SOEL Reg. No. 113

Marios Psaltis
SOEL Reg.No. 38081

HELLENIC
PETROLEUM

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

HELLENIC PETROLEUM

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

Pursuant to decision 7/448/11.01.2007 article 1 of the Capital Market Commission's Board of Directors and the provision of article 10 of L. 3401/2005, the company informs investors of the following announcements issued to the Athens Stock Exchange and Capital Market Commission supervisory authorities during the fiscal year 2011, in accordance with applicable law during the financial year 2011.

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

A) INTERIM FINANCIAL STATEMENTS

24.02.11	HELLENIC PETROLEUM S.A. & GROUP 2010 Annual Financial Statements
20.05.11	HELLENIC PETROLEUM S.A. & GROUP 1st quarter 2011 Interim Financial Statements
31.08.11	HELLENIC PETROLEUM S.A. & GROUP 1st half /2nd quarter 2011 Interim Financial Statements
24.11.11	HELLENIC PETROLEUM S.A. & GROUP nine month /3rd quarter 2011 Interim Financial Statements

B) PRESS RELEASES REGARDING THE INTERIM FINANCIAL STATEMENTS

24.02.11	Press release for the annual results of financial year 2010
20.05.11	Press release for the 1st quarter results of financial year 2011
31.08.11	Press release for the 1st semester/ 2nd quarter results of financial year 2011
24.11.11	Press release for the nine month/3rd quarter results of financial year 2011

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

07.06.11	Invitation to the Annual Ordinary General Shareholders' Meeting
10.06.11	Invitation to the Annual Ordinary General Shareholders' Meeting (correction)
24.06.11	Announcement of the amendment of the Hellenic Petroleum's Articles of Association
30.06.11	Resolutions of the Annual Ordinary General Meeting of Shareholders
30.06.11	Announcement of dividend payment for financial year 2010

HELLENIC PETROLEUM

01.07.11	Announcement of dividend payment for financial year 2010 (clarification)

D) CORPORATE ACTIVITY

13.07.11	Announcement of Hellenic Petroleum's exit from the Georgian market.
08.08.11	Announcement of the completion of the merger of the subsidiary company "Petrola S.A".
30.12.11	Announcement of the conclusion of a Memorandum of Understanding between the Hellenic Petroleum S.A., the Hellenic Republic and the "Hellenic Republic Asset Development Funds S.A." for the joint sale of their participations in DEPA Group

E) SENIOR EXECUTIVES AND ORGANISATIONAL CHANGES

11.04.11	Hire Announcement
31.08.11	Announcement of organization restructuring
31.08.11	Announcement of organization restructuring
29.09.11	Announcement of organization restructuring
23.12.11	Amendment of organization chart announcement

F) MISCELLANEOUS

02.02.11	Announcement of 4Q/Full year 2010 Financial results
03.03.11	Financial calendar 2011
18.04.11	Announcement of Regulated Information, pursuant to Law 3556/07
11.05.11	Financial calendar 2011 (corrected)
07.07.11	Financial calendar 2011 (Update)

5.2 Published Summary Financial Statements

HELLENIC PETROLEUM S.A.

A.R.M.A.E 2443/06/B/23

HELLENIC PETROLEUM

FINANCIAL DATA AND INFORMATION FOR THE YEAR FROM 1 JANUARY TO 31 DECEMBER 2011 (Published in compliance to L.2190/20, art. 135 for companies that prepare annual financial statements in accordance with IFRS)

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

Head office Address:	8A, CHIMARRAS STR. - 15125 MAROUSI
Website :	http://www.helpe.gr
Approval date of the annual financial statements by the Board of Directors	23 FEBRYARY 2012
The Certified Auditor:	Marios Psaltis, (SOEL reg.no.38081)
Auditing Company:	PricewaterhouseCoopers S.A
Type of Auditor's Report	Unqualified

Board of Directors :

EXECUTIVE MEMBERS

- CHRISTOS KOMNINOS – CHAIRMAN OF THE BOARD (SINCE 23/12/2011)
- ANASTASIOS GIANNITSIS – Chairman of the Board (since 2/12/2009)
- JOHN KOSTOPOULOS Chief Executive Officer
- THEODOROS-ACHILLEAS VARDAS

NON EXECUTIVE MEMBERS

- GEORGIOS KALLIMOPOULOS
- GERASSIMOS LAXANAS
- THEODOROS PANTALAKIS
- DIMITRIOS LALAS
- SPYRIDON PANTELIAS
- IOANNIS SERGOPOULOS (SINCE 31/8/2011)
- DIMOKRITOS AMALLOS
- ALEXANDROS KATSIOTIS
- ALEXIOS ATHANASOPOULOS
- PANAGIOTIS OFTHALMIDIS
- ANASTASSIOS BANOS (28/12/2009 – 31/8/2011)

STATEMENT OF FINANCIAL POSITION

(Amounts in thousands €)

	GROUP		COMPANY	
	31/12/2011	**31/12/2010**	**31/12/2011**	**31/12/2010**
ASSETS				
Property, plant and equipment	3.204.096	2.668.495	2.471.921	1.901.566
Intangible assets	177.875	205.008	13.412	9.971
Other non-current assets	732.299	687.460	669.247	712.825
Inventories	1.141.191	1.600.625	994.893	1.425.693
Trade and other receivables	945.818	937.879	868.601	765.858
Held to maturity securities	0	167.968	0	167.968
Other current assets	985.486	595.757	563.282	220.000
Available-for-sale non-current assets	2.062	2.078	41	41
TOTAL ASSETS	**7.188.827**	**6.865.270**	**5.581.397**	**5.203.922**
EQUITY AND LIABILITIES				
Share capital	666.285	666.285	666.285	666.285
Share premium	353.796	353.796	353.796	353.796
Retained earnings and other reserves	1.377.516	1.366.803	896.744	887.460
Capital and reserves attributable to Company Shareholders (a)	**2.397.597**	**2.386.884**	**1.916.825**	**1.907.541**
Non-controlling interests (b)	132.393	144.734		
TOTAL EQUITY (c) = (a) + (b)	**2.529.990**	**2.531.618**	**1.916.825**	**1.907.541**
Long-term borrowings	1.142.296	1.133.196	837.603	815.142
Provisions and other long term liabilities	272.871	308.000	175.907	197.942
Short-term borrowings	1.531.893	1.297.498	1.065.276	803.604
Other short-term liabilities	1.711.777	1.594.958	1.585.786	1.479.693
Total liabilities (d)	**4.658.837**	**4.333.652**	**3.664.572**	**3.296.381**
TOTAL EQUITY AND LIABILITIES (c) + (d)	**7.188.827**	**6.865.271**	**5.581.397**	**5.203.922**

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD

(Amounts in thousands €)

	GROUP		COMPANY	
	1/1/2011-31/12/2011	**1/1/2010-31/12/2010**	**1/1/2011-31/12/2011**	**1/1/2010-31/12/2010**
Turnover	9.307.582	8.476.805	8.592.359	7.681.580
Gross profit	650.093	810.079	368.952	488.097
Earnings Before Interest & Tax	175.009	343.913	188.545	294.622
Profit before Tax	163.429	298.713	156.792	247.753
Less : taxes	(45.763)	(111.294)	(44.028)	(93.800)
Profit for the period	**117.667**	**187.418**	**112.764**	**153.953**
Attributable to:				
Owners of the parent	114.150	179.818	0	0
Non-controlling interests	3.516	7.601	0	0
	117.667	**187.418**	**0**	**0**
Other comprehensive (loss)/income for the year, net of tax	(13.020)	(24.505)	(12.908)	(25.188)
Total comprehensive income for the year	**104.647**	**162.913**	**(12.908)**	**(25.188)**
Attributable to:				
Owners of the parent	101.286	155.773	0	0
Non-controlling interests	3.360	7.141	0	0
	104.647	**162.914**	**0**	**0**
Basic and diluted earnings per share (in Euro per share)	**0,37**	**0,59**	**0,37**	**0,50**
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	**330.889**	**496.847**	**266.826**	**371.512**

STATEMENT OF CHANGES IN EQUITY

(Amounts in thousands €)

	GROUP		COMPANY	
	31/12/2011	**31/12/2010**	**31/12/2011**	**31/12/2010**
Total equity at beginning of the year	**2.531.618**	**2.508.540**	**1.907.541**	**1.914.960**
Total comprehensive income for the year	104.646	162.914	99.856	128.765
Dividends to shareholders of the parent	(91.691)	(137.536)	(91.691)	(137.536)
Dividends to minority shareholders	(2.739)	(3.652)	0	0
Participation of minority holding to share capital decrease of subsidiary	(12.962)	0	0	0
Other transactions directly recorded in equity	1.119	1.352	1.119	1.352
Total equity at the end of the year	**2.529.989**	**2.531.618**	**1.916.825**	**1.907.541**

STATEMENT OF CASH FLOW

(Amounts in thousands €)

	GROUP		COMPANY	
	1/1/2011-31/12/2011	**1/1/2010-31/12/2010**	**1/1/2011-31/12/2011**	**1/1/2010-31/12/2010**
Cash flows from operating activities				
Profit before tax	163.429	298.713	156.792	247.753
Adjustments for:				
Depreciation and amortisation of tangible and intangible assets	159.597	156.794	81.269	80.021
Amortisation of government grants	(3.717)	(3.860)	(2.988)	(3.131)
(Gain)/Loss on sale of fixed assets	315	(292)	190	-
Provisions	37.989	38.034	27.972	25.528
Foreign exchange (gains) / losses	15.731	14.224	11.319	12.539
		0		0
Income from participations and investments	(67.488)	(30.028)	(15.819)	(11.879)
Loss/(Gain) on sale of share of subsidiary	(1.178)	0	0	0
Interest expense	94.148	72.704	39.850	36.834
Interest income	(25.777)	(13.270)	(13.649)	(4.273)
	373.049	**533.019**	**284.936**	**383.392**
Changes in working capital				
(Increase) / decrease in inventories	461.969	(227.345)	434.938	(215.302)
(Increase) / decrease in trade and other receivables	(19.332)	(41.672)	(105.319)	15.232
Increase / (decrease) in payables	32.824	453.701	49.869	469.240
Less:				
Interest paid	(91.323)	(72.061)	(36.612)	(37.024)
Income tax paid	(43.182)	(13.552)	(23.945)	(1.425)
Net cash (used in) / generated from operating activities (a)	**714.005**	**632.090**	**603.867**	**614.113**
Cash flows from investing activities				
Aqcuisitions of subsidiaries	6.059	10.901	-	-
Sales of subsidiaries	(775)	(17.720)	13.214	6.210
Purchase of tangible & intangible assets	(674.964)	(709.338)	(649.983)	(676.754)
Grants received	3.108	8.986	-	131
Cash from sale of plant and equipment & tangible assets	0	131	142	-
Interest received	25.777	13.270	13.649	4.273
Acquisition of subsidiary (ex BP Hellas), net of cash acquired		-		-
Dividends received	5.976	4.462	14.312	11.844
Net cash used in investing activities (b)	**(634.819)**	**(689.308)**	**(608.666)**	**(654.296)**
Cash flows from financing activities				
Proceeds from borrowings	932.551	662.122	1.281.179	762.253
Held to Maturity Securities	167.968	(167.968)	167.968	(167.968)
Loans repayments	(702.158)	(191.354)	(1.015.999)	(324.542)
Dividends paid	(87.818)	(141.021)	(85.067)	(137.369)
Net cash generated from / (used in) financing activities (c)	**310.543**	**161.779**	**348.081**	**132.374**
Net increase / (decrease) in cash & cash equivalents (a)+(b)+(c)	**389.729**	**104.561**	**343.283**	**92.191**
Cash & cash equivalents at the beginning of the period	**595.757**	**491.196**	**220.000**	**127.809**
Cash & cash equivalents at end of the period	**985.486**	**595.757**	**563.283**	**220.000**

ADDITIONAL INFORMATION

1. Note No. 35 of the consolidated financial statements includes all subsidiary companies and their related information 2. No company shares are owned either by the parent company or any of the subsidiaries as at the end of the year. 3. The parent company HELLENIC PETROLEUM SA has not been subject to a tax audit for the fiscal years 2006 – 2010, while the most material subsidiaries for the fiscal years 2005 – 2010 (Note 32) of the consolidated financial statements). In June 2011 the tax audits for the financial years 2002 to 2005 of HELLENIC PETROLEUM S.A. were finalized, the outcome of which was accounting differences of €64 million. The Company has accepted accounting differences of €32 million, resulting in €18 million of additional taxes, interest and penalties, which were charged through the consolidated financial statements the year ended 31 December 2011. The Company has contested the remainder amounting to €32 million, as it believes these have no merit and therefore no provision has been made in this respect in the consolidated financial statements as of 31 December 2011. 4. The accounting policies used in the preparation of the consolidated financial statements for the year ended 31 December 2011 are consistent with those applied for the preparation of the annual consolidated financial statements for the year ended 31 December 2010, except for the new or revised accounting standards and interpretations that have been implemented in 2011, as outlined in Note 2 of the consolidated financial statements of 31 December 2011. 5. As mentioned in Note 32 of the consolidated financial statements, the Group's entities are involved in a number of legal proceedings and have various unresolved claims pending arising in the ordinary course of business. Based on currently available information, management believes the outcome will not have a significant impact on the Group's operating results or financial position. 6. In July 2011 the Group has announced its exit from the Georgian market through the transfer of 100% of the shares of its subsidiary Hellenic Petroleum Georgia (Holdings) Limited, owner of 100% share interest in the Georgian entity, EKO Georgia Ltd, to Energy Solutions Investments Inc., a holding company which is active in the energy market of Eastern Europe. The consideration amounted € 6,6 million (Note 36). 7. On 4 July 2011 the merger through absorption of 100% of "Petrola S.A." by its parent "Hellenic Petroleum S.A." was completed, in accordance with the provisions of art. 68 para. 2 and 69-78 of Company law 2190/1920 and art. 1-5 of law 2166/1993. The transaction was approved by the Ministry of Development, Competitiveness and Shipping (Decision K2-5565 – 4/7/2011) and was duly registered with the Registry of Societes Anonymes 8. Number of employees at 31/12/2011 in Greece: Company: 2.151, Group: 3.287 (31/12/2011: Company: 2.467, Group: 3.639). 9. Where necessary, comparative figures have been reclassified to conform to the changes in the presentation of the current year.

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

	GROUP	COMPANY
a) for pending legal cases	11.135	5.000
β) for tax matters	11.033	9.477
c) for SLI	113.991	86.027
d) for other provisions relating to expenses	22.408	22.330

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

	GROUP		COMPANY	
	31/12/2011	**31/12/2010**	**31/12/2011**	**31/12/2010**
Available-for-sale financial assets	(72)	44	-	0
Unrealised gains / (losses) on revaluation of hedges	(12.908)	(25.188)	(12.908)	(25.188)
Translation exchange differences	(40)	639	-	0
Net income/(expense) recognised directly in equity	(13.020)	(24.505)	(12.908)	(25.188)

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

	GROUP	COMPANY
Sales of goods and services	574.891	4.283.711
Purchases of goods and services	64.207	102.923
Receivables	52.961	316.263
Payables	278.849	49.031
Board members and senior management remuneration & other benefits	3.613	1.065
Amounts due to/(from) Board members and senior management	-	-

Athens, 23 Φεβρουαρίου 2012

CHAIRMAN OF BOARD	CHIEF EXECUTIVE OFFICER	GROUP CHIEF FINANCIAL OFFICER	FINANCIAL MANAGER
CHRISTOS K. KOMNINOS ID. Number AK. 121225	JOHN A. COSTOPOULOS ID. Number 702932584	ANDREAS N. SHIAMISHIS ID. Number AA. 010147	IOANNIS D. LETSIOS ID. Number AE. 104203

5.3 Website

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