HELLENIC PETROLEUM S.A.

Consolidated Financial Statements
in accordance with IFRS for the
year ended 31 December 2006

COMPANY REGISTRATION NUMBER: 2443/06/B/86/23
REGISTERED OFFICE: 54 AMALIAS AVE, ATHENS, 54,105, GREECE

Index to the consolidated financial statements

PricewaterhouseCoopers S.A.
268 Kifissias Ave.,
152 32 Halandri,
Athens, Greece
www.pricewaterhousecoopers.gr
e-mail:pwc.greece@gr.pwcglobal.com
Tel: +30 (210) 6874 400
Fax: +30 (210) 6874 444

Independent auditor's report

To the Shareholders and Board of Directors of Hellenic Petroleum S.A.

We have audited the accompanying consolidated financial statements of Hellenic Petroleum S.A. (the "Company") and its subsidiaries (together the "Group") which comprise the consolidated balance sheet as of 31 December 2006 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 Greek Auditing Standards which are based on International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 of 31 December 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

In addition, in our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the IASB

PRICEWATERHOUSECOOPERS
PricewaterhouseCoopers S.A.
SOEL Reg. No.

Athens, 21 February 2007
The Certified Auditor Accountant

Constantinos Michalatos
SOEL Reg.No. 17701

(All amounts in Euro thousands unless otherwise stated)

Consolidated balance sheet

	Note	As at 31 December 2006	31 December 2005
ASSETS			
Non-current assets			
Property, plant and equipment	**6**	1.380.334	1.405.940
Intangible assets	**7**	117.270	94.859
Investments in affiliated companies	**8**	366.165	357.858
Deferred income tax assets	**17**	10.293	42.255
Available-for-sale financial assets		3.813	2.092
Loans, advances and other receivables	**10**	58.674	36.078
		1.936.549	**1.939.082**
Current assets			
Inventories	**9**	1.206.683	1.169.098
Trade and other receivables	**11**	1.049.763	891.859
Cash and cash equivalents	**12**	170.490	193.630
		2.426.936	**2.254.587**
Total assets		**4.363.485**	**4.193.669**
EQUITY			
Share capital	**13**	1.020.081	1.019.963
Reserves	**14**	571.312	543.642
Retained Earnings		693.517	590.933
Capital and reserves attributable to Company Shareholders		**2.284.910**	**2.154.538**
Minority interest		112.700	101.924
Total equity		**2.397.610**	**2.256.462**
LIABILITIES			
Non- current liabilities			
Borrowings	**16**	322.695	539.573
Deferred income tax liabilities	**17**	21.492	18.645
Retirement benefit obligations	**18**	140.956	133.747
Provisions and other long term liabilities	**19**	77.043	67.348
		562.186	**759.313**
Current liabilities			
Trade and other payables	**15**	494.963	640.823
Current income tax liabilities		10.304	153.045
Borrowings	**16**	895.661	356.360
Dividends payable		2.761	27.666
		1.403.689	**1.177.894**
Total liabilities		**1.965.875**	**1.937.207**
Total equity and liabilities		**4.363.485**	**4.193.669**

The notes on pages 10 to 49 are an integral part of these consolidated financial statements.

These financial statements were approved by the board on 21 February 2007.

E Christodoulou	P Cavoulacos	A Shiamishis	A Solomos
Chairman of the Board	Chief Executive Officer	Chief Financial Officer	Accounting Director

(All amounts in Euro thousands unless otherwise stated)

Consolidated income statement

	Note	For the year ended 31 December 2006	31 December 2005
Sales		8.121.490	6.653.078
Cost of sales		(7.430.131)	(5.790.818)
Gross profit		**691.359**	**862.260**
Selling, distribution and administrative expenses	**22**	(361.223)	(355.823)
Exploration and development expenses		(17.097)	(11.579)
Other operating (expenses) / income - net	**23**	42.253	31.523
Operating profit		**355.292**	**526.381**
Finance costs -net	**24**	(35.294)	(11.778)
Currency exchange gains /(losses)		27.159	(24.823)
Share of operating profit of associates	**8**	10.848	4.317
Dividend income		471	731
Profit before income tax		**358.476**	**494.828**
Income tax expense	**25**	(87.559)	(153.944)
Profit for the year		**270.917**	**340.884**
(Less) / Add Minority Interest		(10.725)	(6.662)
Net Income attributable to Equity holders of the Company		**260.192**	**334.222**
Basic and diluted earnings per share (expressed in Euro per share)	**26**	**0,85**	**1,09**

The notes on pages 10 to 49 are an integral part of these consolidated financial statements.

(All amounts in Euro thousands unless otherwise stated)

Consolidated statement of changes in equity

	Attributable to Company Shareholders					
	Share Capital	**Reserves**	**Retained Earnings**	**Total**	**Minority Interest**	**Total Equity**
Balance at 31 December 2004	**1.019.157**	**329.023**	**505.919**	**1.854.099**	**95.395**	**1.949.494**
Adoption of IFRS 3	-	-	87.474	87.474	-	87.474
Balance at 1 January 2005	**1.019.157**	**329.023**	**593.393**	**1.941.573**	**95.395**	**2.036.968**
Reclassification of statutory reserves	-	181.337	(181.337)	-	-	-
Profit for the year	-	-	334.222	334.222	6.662	340.884
Transfers between reserves	-	33.282	(33.282)	-	-	-
Translation exchange differences	-	-	3.199	3.199	(133)	3.066
Dividends relating to 2004	-	-	(79.435)	(79.435)	-	(79.435)
Interim dividends relating to 2005	-	-	(45.827)	(45.827)	-	(45.827)
Exercise of employee share options	806	-	-	806	-	806
Balance at 31 December 2005	**1.019.963**	**543.642**	**590.933**	**2.154.538**	**101.924**	**2.256.462**
Balance at 1 January 2006	**1.019.963**	**543.642**	**590.933**	**2.154.538**	**101.924**	**2.256.462**
Profit for the year	-	-	260.192	260.192	10.725	270.917
Transfers to statutory and tax reserves	-	26.169	(26.169)	-	-	-
Translation exchange differences	-	-	(22)	(22)	51	29
Dividends relating to 2005	-	-	(85.574)	(85.574)	-	(85.574)
Interim dividends relating to 2006	-	-	(45.843)	(45.843)	-	(45.843)
Exercise of employee share options	118	-	-	118	-	118
Unrealised gains / (losses) on revaluation of hedges (Note 20)	-	1.501	-	1.501	-	1.501
Balance at 31 December 2006	**1.020.081**	**571.312**	**693.517**	**2.284.910**	**112.700**	**2.397.610**

The notes on pages 10 to 49 are an integral part of these consolidated financial statements.

(All amounts in Euro thousands unless otherwise stated)

Consolidated cash flow statement

	Note	For the year ended 31 December 2006	31 December 2005
Cash flows from operating activities			
Cash generated from operations	**28**	200.017	80.260
Income tax paid		(260.780)	(91.520)
Net cash (used in) / generated from operating activities		**(60.763)**	**(11.260)**
Cash flows from investing activities			
Purchase of property, plant and equipment & intangible assets	**6,7**	(144.811)	(185.075)
Grants received		2.445	870
Sale of property, plant and equipment		4.551	-
Interest received	**24**	15.868	13.168
Dividends received		1.819	732
Investments in associates		4.040	(52)
Net cash used in investing activities		**(116.088)**	**(170.357)**
Cash flows from financing activities			
Interest paid	**24**	(51.162)	(24.215)
Dividends paid		(156.325)	(97.596)
Proceeds from share capital increase		118	806
Net movement in short term borrowings		549.290	108.882
Net movement in long term borrowings		(185.064)	200.140
Net cash generated from / (used in) financing activities		**156.857**	**188.017**
Net increase / (decrease) in cash & cash equivalents		**(19.994)**	**6.400**
Cash & cash equivalents at the beginning of the period		**193.630**	**181.178**
Exchange gains / (losses) on cash & cash equivalents		(3.146)	6.052
Net increase / (decrease) in cash & cash equivalents		(19.994)	6.400
Cash & cash equivalents at end of the period		**170.490**	**193.630**

The notes on pages 10 to 49 are an integral part of these financial statements.

Notes to the consolidated financial statements

1 General information

The Hellenic Petroleum group of companies (the "Group") operates predominantly in Greece and the Balkans in the energy sector. The group main activities include:

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

The parent Company is incorporated in Greece and the address of its registered office is 54 Amalias Ave, Athens, Greece. The shares of the Company are listed on the Athens Stock Exchange and the London Stock Exchange through GDNs.

The financial statements of Hellenic Petroleum S.A. for the year ended 31 December 2006 were authorised for issue by the Board of Directors on 21 February 2007. The shareholders of the Company have the power to amend the financial statements after issue.

The consolidated financial statements of Hellenic Petroleum S.A. for the year ended 31 December 2006 were approved for issue by the Board of Directors on 21 February 2007. 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 2006 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union ("EU") and International Financial Reporting Standards issued by the International Accounting Standards Board. All International Financial Reporting Standards issued by the IASB and effective at the time of preparing these consolidated financial statements have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of International Accounting Standard 39 "Financial Instruments: Recognition and Measurement". Following recommendations from the Accounting Regulatory Committee, the Commission adopted Regulations 2086/2004 and 1864/2005 requiring the use of IAS 39, minus certain provisions on portfolio hedging of core deposits, by all listed companies from 1 January 2005.

Since the Group is not affected by the provisions regarding portfolio hedging that are not required by the EU-endorsed version of IAS 39, these consolidated financial statements comply with both International Financial Reporting Standards as adopted by the European Union and International Financial Reporting Standards issued by the IASB.

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 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 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.

(a) Standards, amendments and interpretations to published standards effective in 2006

- *IAS 19 (Amendment), Employee Benefits*. This amendment intrododuces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the Group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans, adoption of this amendment only impacts the format and extent of disclosures presented in the accounts.
- *IAS 21 (Amendment), Net Investment in a Foreign Operation.* The amendment clarifies that the accounting treatment in consolidated fianancial statements of a monetary item that forms part of an entity's investment in a foreign operation should not depend on the currency of the monetary item. Furthermore the accounting should not depend on which entity within the group conducts a transtaction with a foreign operation. The treatment has no significant impact on the consolidated financial statements as the Group complies with the amended provisions.
- *IAS 39 (Amendment), The Fair Value Option.* This amendment changes the definition of financial instruments classified at fair value through profit or loss and restricts the ability to designate financial instruments as part of this category. The amendment does not have significant impact on the classification of financial instruments, as the Group complies with the amended criteria for the designation of financial instruments at fair value through profit and loss.

- *IFRS 6 (Amendment); Exploration for and Evaluation of Mineral Resources.* This amendment allows companies to retain existing practices in accounting for exploration and evaluation expenditures. The Group has adopted the standard retaining existing practices in accounting for exploration and evaluation expenditures. Accordingly, adoption of this amendment did not have any significant impact on the Group's condensed financial statements.
- *IFRIC 4*, *Determining whether an Arrangement contains a Lease*. IFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. Following a review of the relevant contracts, the adoption of IFRIC 4 did not have any significant impact on the Group's condensed financial statements.

(b) Standards, amendments and interpretations effective in 2006 but not relevant

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2006 but are not relevant to the Group's operations:

- *IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions.* This amendment is not relevant to the Group's operations, as the Group does not have any intragroup transactions that would qualify as a hedged item.
- *IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts (effective from 1 January 2006).* Management considered this amendment to IAS 39 and concluded that it is not relevant to the Group.
- *IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards.* This standard is not relevant as the Group has early adopted IFRS 1.
- *IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds* IFRIC 5 is not currently relevant to the Group's operations since the Group does not participate in any Decommissioning, Restoration and Environmental Rehabilitation funds.
- *IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment.* IFRIC 6 is not relevant to the Group's operations.

(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 May 2006 or later periods but that the Group has not early adopted:

- *IFRS 7, Financial instruments: Disclosures and a complementary amendment to IAS1, Presentation of Financial Statements – Capital Disclosures. IFRS 7* introduces a number of new disclosures to improve the information about financial instruments including qualitative and quantitative information about exposure to risks arising from financial instruments, specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The amendment to IAS 1 introduces disclosures about the level of an entity s capital and how it manages capital. The Group assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of IAS 1. The Group will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1 January 2007.
- *IFRIC 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006).* IFRIC 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group will apply IFRIC 10 from 1 January 2007, but it is not expected to have any impact on the Group's accounts.

(d) Interpretations to existing standards that are not yet effective and not relevant for the Group's operations

The following interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 May 2006 or later periods but are not relevant for the Group's operations:

- *IFRIC 7, Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies (effective from 1 March 2006).* IFRIC 7 provides guidance on how to apply the requirements of IAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. As none of the group entities have a currency of a hyperinflationary economy as its functional currency, IFRIC 7 is not relevant to the Group's operations.
- *IFRIC 8, Scope of IFRS 2 (effective for annual periods beginning on or after 1 May 2006*). IFRIC 8 requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of IFRS 2. The Group will apply IFRIC 8 from 1 January 2007, but it is not expected to have any impact on the Group's accounts.
- *IFRIC 9, Reassessment of Embedded Derivatives (effective for annual periods beginning on or after 1 June 2006).* IFRIC 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivativ`e when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. As none of the group entities have changed the terms of their contracts, IFRIC 9 is not relevant to the Group's operations.

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.

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 purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement (see Note 2.6).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Joint ventures

The Group's interests in jointly controlled ventures are accounted for by proportionate consolidation.

The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture to the extent that the gain or loss is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the Group's purchase of assets from the joint venture until it resells the assets to an independent party. A loss on the transaction is recognised immediately if it provides evidence of a reduction in the net realisable value of current assets, or an impairment loss. Joint ventures' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) 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. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (see Note 2.6).

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also 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.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and material returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

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.

(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 equity.

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 the fair value reserve in equity.

(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 balance sheet presented are translated at the closing rate at the date of that balance sheet;
(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of 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 of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the income statement 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

All property, plant and equipment is shown at historical cost less subsequent depreciation less subsequent impairment, except for land, which is shown at historical cost less subsequent impairment. 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. Repairs and maintenance are charged to the income statement as incurred Refinery refurbishment costs are deferred and charged against income on a straight line basis over the scheduled refurbishment period.

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	7 - 15 years
– Machinery, equipment and transportation equipment	5 - 8 years
– Computer hardware	3 - 5 years
– LPG carrier	10 years
– White products carrier	17 years

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

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

Gains and losses on disposals are determined by comparing 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 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 as incurred.

2.6 Intangible assets

(a) *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate 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/associate at the date of acquisition is higher than the cost, the excess remaining is recognised immediately in the income statement.

Until 31 December 2004 goodwill was amortised on a straight-line basis for a period not exceeding 20 years. As a result of the adoption of IFRS 3, from 1 January 2005, goodwill ceased to be amortised and, instead, was carried at book value and tested for impairment annually. Previously recognised negative goodwill as at 1 January 2005, was transferred to reserves.

Included in intangibles is goodwill arising from contractual or other legal rights in relation to the acquisition of petrol stations. These amounts are tested for impairment and are amortised over the life of the rights based on the pattern in which the assets future economic benefits are expected to be consumed.

Economic factors determine the period over which future economic benefits are received by the Group. Legal factors may restrict the period over which the Group controls the access to these benefits.

(b) Licences and rights

License fees for the use of know-how relating to the new 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).

(c) 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).

(d) Exploration costs

Expenditure to acquire licences for hydrocarbon exploration are included in intangible assets and amortised over the period of the licence.

2.7 Exploration for and Evaluation of Mineral Resources

Exploration and evaluation assets

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.

Development 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 nature. When development is completed on a specific field, it is transferred to production assets. No depreciation and/or amortization is charged during development.

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.

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.

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.

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, instead, are tested annually for impairment and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation or depreciation are tested for impairment whenever events or changes in circumstance 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 they are 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 an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial assets

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. 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 balance sheet date.

(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 are included in trade and other receivables in the balance sheet.

(c) 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 balance sheet date.

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments 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. Financial assets at fair value through profit or loss are subsequently carried at fair value. Available for sale financial assets are subsequently carried at cost less impairment as the equity instruments can not be reliably measured. Loans and receivables and 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 income statement in the period in which they have arisen.

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.

The Group assesses at each balance sheet date 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 income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

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 remeasured 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 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 has entered into 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 income statement in the periods when the hedged item affects profit or loss (i.e. when the forecast transaction being hedged takes place).

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 income statement within Other operating (expenses)/income – net.

2.11 Government grants

Investment and development grants related to tangible fixed assets received by the Group are initially recorded as deferred income and included in current liabilities as government grants. Subsequently, they are credited to income over the useful lives of the related assets in direct relationship to the depreciation charged on such assets.

Other grants, which have been provided to the Group, which under certain conditions are repayable, are included in non current liabilities until the likelihood of repayment is less than probable. They are then disclosed as contingent liabilities until the possibility of loss becomes remote.

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 average cost method.

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 effective interest rate. The amount of the provision is recognised in the income statement.

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 income statement over the period of the borrowings using the effective interest rate method.

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 balance sheet date.

Bank overdrafts are shown within short term borrowings on the balance sheet and within financing activities in the cash flow statement.

2.17 Deferred income tax

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 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.

2.18 Employee benefits

(a) *Pension obligations*

The Group participates in various pension schemes. The schemes are funded through payments to funds, determined by periodic actuarial calculations. The payments are determined by the Greek 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.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, 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 the greater of 10% of the value of plan assets or 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.

For defined contribution plans, the Group pays contributions to publicly administered 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.

(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 balance sheet date are discounted to present value.

(c) Share-based compensation

The Group operates a share option 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 balance sheet date, 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 income statement, with a corresponding adjustment to entity.

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

Liabilities for trade and other amounts payable which are normally settled on 30-90 days terms, are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

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 balance sheet date. 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 collectibility 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 collectibility of the related receivables is reasonably assured.

(c) Interest income

Interest income is recognised on a time-proportion basis 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.

(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 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 other long-term payables. The interest element of the finance cost is charged to the income statement 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 is 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 income statement 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.

2.25 Comparative figures

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

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk, liquidity risk, cash flow risk and fair value interest-rate risk. The Group's overall risk management programme focuses on the unpredictability of commodity and financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

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

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. As part of its risk management process the Group enters into hedging derivatives if market conditions are appropriate with a view to minimise the net impact of such transactions. In addition, part of the funding strategy addresses the issue by selecting to borrow in US dollar denominated loans to partially offset the impact of movements in foreign exchange rates on inventory.

(ii) Price risk

The Group is exposed to commodity price risk to the extent that inventory value is exposed to future price volatility. Protection against this volatility is achieved where possible through derivative contracts. The price risk management involves forward price protection where possible for forecasted sales and inventory. 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. On going trading risk is addressed by the fact that the pricing policy of the Group passes on changes in underlying international prices to its customers.

(b) Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales of products are made to customers with an appropriate credit history. Derivative counter parties and cash transactions are limited to high-credit-quality financial institutions.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

(d) 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. The Group's cash flow interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

3.2 Fair value estimation

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.

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 a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for valuation purposes where applicable. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables is assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

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 discussed 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 it's 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 income statement is impacted.

(c) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with it's accounting policies. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. Significant judgement is involved in management's determination of these estimates.

(All amounts in Euro thousands unless otherwise stated)

5 Segment information

(a) Primary reporting format – business segments

The Group is organised into seven main business segments determined in accordance with the type of business activity: Refining, Marketing, Exploration & production, Petrochemicals, Engineering, Natural gas, Electricity

	Refining	Marketing	Exploration & production	Petro-chemicals	Gas & Power	Other	Inter-Segment	Total
Year ended 31 December 2006								
Sales	7.692.601	2.363.354	1.129	354.670	145.988	13.573	(2.449.825)	8.121.490
Other operating income / (expense) - net	22.501	15.761	1.301	2.678	(210)	222	-	42.253
Operating profit (loss)	**291.101**	**45.600**	**(26.367)**	**21.560**	**14.223**	**(2.032)**	**11.207**	**355.292**
Foreign exchange gains/ (losses)	23.552	3.607	-	-	-	-	-	27.159
Profit before tax, share of net result of associates, finance costs & dividend income	**314.653**	**49.207**	**(26.367)**	**21.560**	**14.223**	**(2.032)**	**11.207**	**382.451**
Share of net result of associates	-	-	-	-	-	-	10.848	10.848
Dividend income	-	-	-	-	-	-	471	471
Profit after associates	**314.653**	**49.207**	**(26.367)**	**21.560**	**14.223**	**(2.032)**	**22.526**	**393.770**
Finance costs - net								(35.294)
Profit before income tax								**358.476**
Income tax expense								(87.559)
Income applicable to minority interest								(10.725)
Profit for the period attributable to the shareholders of the company								**260.192**

(All amounts in Euro thousands unless otherwise stated)

	Refining	Marketing	Exploration & production	Petro-chemicals	Gas & Power	Other	Inter-Segement	Total
Year ended 31 December 2005								
Sales	6.405.908	2.010.519	1.129	301.054	1.125	13.929	(2.080.586)	6.653.078
Other operating income / (expense) - net	25.068	9.897	101	390	11.914	81	(15.928)	31.523
Operating profit (loss)	**506.701**	**46.203**	**(20.223)**	**9.855**	**(1.884)**	**(4.928)**	**(9.343)**	**526.381**
Foreign exchange gains/ (losses)	(20.851)	(3.969)	-	-	(3)	-	-	(24.823)
Profit before tax, share of net result of associates, finance costs & dividend income	**485.850**	**42.234**	**(20.223)**	**9.855**	**(1.887)**	**(4.928)**	**(9.343)**	**501.558**
Share of net result of associates	-	-	-	-	-	-	4.317	4.317
Dividend income	-	-	-	-	-	-	731	731
Profit after associates	**485.850**	**42.234**	**(20.223)**	**9.855**	**(1.887)**	**(4.928)**	**(4.295)**	**506.606**
Finance costs - net								(11.778)
Profit before income tax								**494.828**
Income tax expense								(153.944)
Income applicable to minority interest								(6.662)
Profit for the period attributable to the shareholders of the company								**334.222**

(All amounts in Euro thousands unless otherwise stated)

The segment assets and liabilities at 31 December 2006 are as follows:

	Refining	**Marketing**	**Exploration & production**	**Petro-chemicals**	**Gas & Power**	**Other**	**Inter-Segement**	**Total**
Total assets	3.394.692	794.782	12.212	290.629	281.969	484.666	(895.465)	4.363.485
Net assets	2.144.985	332.685	12.212	127.571	42.331	3.552	(265.726)	2.397.610
Capital expenditure	80.997	61.595	-	1.157	1.044	17	-	144.810
Depreciation & Amortisation	80.717	28.972	2.407	17.488	16.168	468	-	146.220

The segment assets and liabilities at 31 December 2005 are as follows:

	Refining	**Marketing**	**Exploration & production**	**Petro-chemicals**	**Gas & Power**	**Other**	**Inter-Segement**	**Total**
Total assets	3.095.012	977.232	13.100	296.160	628.199	12.333	(828.367)	4.193.669
Net assets	2.125.345	580.153	13.100	150.324	40.534	-	(652.994)	2.256.462
Capital expenditure	54.646	41.109	-	1.320	87.912	88	-	185.075
Depreciation & Amortisation	97.659	27.441	2.398	15.905	191	562	-	144.156

(All amounts in Euro thousands unless otherwise stated)

(b) Secondary reporting format – geographical segments

The secondary analysis of Sales and Total assets is given by geographical segment.

Sales	**For the end of the year**	
	31 December 2006	**31 December 2005**
Greece	9.618.387	7.951.805
Rest of EU	231.737	206.205
Other countries	768.938	603.599
	10.619.062	**8.761.609**
Less: Intersegment	(2.497.572)	(2.108.531)
Sales	**8.121.490**	**6.653.078**

	As at	
Total assets	**31 December 2006**	**31 December 2005**
Greece	4.599.246	4.015.494
Rest of EU	733.680	136.286
Other countries	376.139	473.304
	5.709.065	**4.625.084**
Less: Intersegment	(1.345.580)	(431.415)
Total assets	**4.363.485**	**4.193.669**

Capex	**As at**	
	31 December 2006	**31 December 2005**
Greece	97.522	162.959
Rest of EU	6.536	5.110
Other countries	40.752	17.006
	144.810	**185.075**
Less: Intersegment	-	-
Total	**144.810**	**185.075**

(All amounts in Euro thousands unless otherwise stated)

6 Property, plant and equipment

	Land	Buildings	Plant & Machinery	Motor vehicles	Furniture and fixtures	Assets Under Construction	Total
Cost							
As at 1 January 2005	**191.787**	**365.080**	**1.493.342**	**38.747**	**61.913**	**285.533**	**2.436.402**
Additions	7.104	7.917	16.564	1.795	3.685	146.256	183.321
Capitalised projects	1.489	25.831	279.090	171	527	(307.108)	-
Disposals	(17)	(81)	(5.335)	(564)	(305)	(1.128)	(7.430)
Transfers and other movements	-	-	637	-	-	(837)	(200)
As at 31 December 2005	**200.363**	**398.747**	**1.784.298**	**40.149**	**65.820**	**122.716**	**2.612.093**
Accumulated Depreciation							
As at 1 January 2005	**870**	**178.139**	**836.862**	**18.638**	**46.190**	**-**	**1.080.699**
Charge for the year	435	16.025	106.977	3.023	6.416	-	132.876
Disposals	-	(77)	(4.566)	(525)	(296)	-	(5.464)
Transfers and other movements	-	1.491	(3.254)	-	-	(195)	(1.958)
As at 31 December 2005	**1.305**	**195.578**	**936.019**	**21.136**	**52.310**	**(195)**	**1.206.153**
Net Book Value at 31 December 2005	**199.058**	**203.169**	**848.279**	**19.013**	**13.510**	**122.911**	**1.405.940**
Cost							
As at 1 January 2006	**200.363**	**398.747**	**1.784.298**	**40.149**	**65.820**	**122.716**	**2.612.093**
Additions	11.769	13.839	13.438	596	4.923	89.901	134.466
Capitalised projects	-	1.906	31.715	-	1.728	(35.349)	-
Disposals	(1.351)	(4.560)	(9.759)	(1.189)	(576)	(48)	(17.483)
Transfers and other movements	(5.574)	(25.761)	16.841	301	(181)	(18.941)	(33.315)
As at 31 December 2006	**205.207**	**384.171**	**1.836.533**	**39.857**	**71.714**	**158.279**	**2.695.761**
Accumulated Depreciation							
As at 1 January 2006	**1.305**	**195.578**	**936.019**	**21.136**	**52.310**	**(195)**	**1.206.153**
Charge for the year	-	15.000	113.171	2.992	5.820	-	136.983
Disposals	-	(581)	(11.387)	(908)	(459)	-	(13.335)
Transfers and other movements	(1.305)	(19.117)	6.855	28	(1.030)	195	(14.374)
As at 31 December 2006	**-**	**190.880**	**1.044.658**	**23.248**	**56.641**	**-**	**1.315.427**
Net Book Value at 30 December 2006	**205.207**	**193.291**	**791.875**	**16.609**	**15.073**	**158.279**	**1.380.334**

(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 2006 an amount of €41m (2005: €33m) relates to costs in respect of the upgrade of the Elefsina refinery for which a Front End Engineering Design (FEED) is already in progress. The decision to proceed with the upgrade investment has been taken at the Board of Directors meeting on 21 February 2007.

(3) During 2006 an amount of €0,6 m (2005: €5,4 m) in respect of interest has been capitalized. The 2005 amount relates to the construction of the power generation plant in Thessaloniki.

(4) At the end of 2005 the power plant in Thessaloniki was completed and commissioned for commercial operation. As a result the total investment €245 m has been transferred out of "Assets Under Construction" into the relevant asset categories.

(5) Land with historical cost of €22.522 and accumulated depreciation of €1.305 has been reclassified to Other intangible assets (see note 7).

(All amounts in Euro thousands unless otherwise stated)

7 Intangible assets

	Goodwill	Computer software	Licences & Rights	Other	Total
Cost					
As at 31 December 2004	**112.026**	**38.398**	**31.582**	**1.712**	**183.718**
Effect of adopting IFRS 3: Negative goodwill written off	22.713	-	-	-	22.713
As at 1 January 2005	**134.739**	**38.398**	**31.582**	**1.712**	**206.431**
Additions	-	1.694	-	60	1.754
Disposals	-	(225)	-	(34)	(259)
Other movements	-	(864)	-	48	(816)
As at 31 December 2005	**134.739**	**39.003**	**31.582**	**1.786**	**207.110**
Accumulated Amortisation					
Balance at 31 December 2004	**69.202**	**26.032**	**3.607**	**1.524**	**100.365**
Effect of adopting IFRS 3	2.839	-	-	-	2.839
Balance as at 1 January 2005	**72.041**	**26.032**	**3.607**	**1.524**	**103.204**
Charge for the year	(212)	7.893	3.486	113	11.280
Disposals	-	-	-	(34)	(34)
Other movements	-	(2.244)	-	45	(2.199)
Balance as at 31 December 2005	**71.829**	**31.681**	**7.093**	**1.648**	**112.251**
Net Book Value at 31 December 2005	**62.910**	**7.322**	**24.489**	**138**	**94.859**
Cost					
As at 1 January 2006	**134.739**	**39.003**	**31.582**	**1.786**	**207.110**
Additions	2.680	2.709	-	4.955	10.344
Disposals	-	(204)	-	-	(204)
Other movements	(153)	1.284		21.369	22.500
As at 31 December 2006	**137.266**	**42.792**	**31.582**	**28.110**	**239.750**
Accumulated Amortisation					
As at 1 January 2006	**71.829**	**31.681**	**7.093**	**1.648**	**112.251**
Charge for the year	-	5.159	3.463	615	9.237
Disposals	-	(204)	-	-	(204)
Other movements	-	926	1	269	1.196
As at 31 December 2006	**71.829**	**37.562**	**10.557**	**2.532**	**122.480**
Net Book Value at 31 December 2006	**65.437**	**5.230**	**21.025**	**25.578**	**117.270**

(1) Initial goodwill is calculated and recognised as an intangible asset in line with the Group's accounting policy described in note 2.6 and 2.7.

(2) The remaining amount of goodwill as at 31 December 2006 relates 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 2006 and no such issue has been identified as the significant assumptions affecting the value of the company (price, margins, and volumes) are improved.

(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 EPSA rounds. Details of the accounting policy are given in note 2.6.

(4) Other includes a reclassification of an amount of € 11.653 relating to rights of use of land in Serbia, where under local statutory law, certain plots of land belong to the user under a right of use. Further more certain amounts paid to the government for use of land in Montenegro where the company holds title, have been treated as leases and reclassified from 'PPE' to 'Other intangible assets'. The amounts reclassified include Historic Cost of € 10.869 with accumulated depreciation of € 1.305

(All amounts in Euro thousands unless otherwise stated)

8 Investments in associates

	As at	
	31 December 2006	**31 December 2005**
Beginning of the Year	**357.858**	**287.484**
DEPA goodwill restatement from adoption of IFRS 3	-	67.600
Dividends received	(1.745)	(732)
Share of results of associates	10.848	4.317
Share capital increase	118	52
Other movements	(914)	(863)
Carrying Amount	**366.165**	**357.858**

The Group participates in a number of other entities with significant influence but not a controlling shareholding. These investments are accounted for in the Group accounts under the equity method.

The table below summarises the income from the main investments in associates:

		As at	
	%	**31 December 2006**	**31 December 2005**
Public Natural Gas Corporation of Greece (DEPA)	35%	9.884	4.303
Volos Pet Industries A.E.	35%	300	507
Other		664	(493)
Total		**10.848**	**4.317**

The increase in the carrying value of DEPA in 2005 is attributed to its share of results of the year of €3.564 and the recognition of negative goodwill of €67.600 in line with the adoption of IFRS 3 as from 1 January 2005 taken directly to reserves (see also "Statement of Changes in Equity" and "Summary of accounting policies").

9 Inventories

	As at	
	31 December 2006	**31 December 2005**
Crude oil	343.669	368.343
Refined products and semi-finished products	759.920	695.567
Petrochemicals	31.970	32.313
Consumable materials and other	71.124	72.875
Total	**1.206.683**	**1.169.098**

During 2005, the Group has written down certain consumable materials and other inventories to their estimated net realisable value by an amount of €4 million charged to the income statement in cost of sales.

(All amounts in Euro thousands unless otherwise stated)

10 Loans, Advances & Long Term assets

	As at	
	31 December 2006	**31 December 2005**
Loans and advances	21.485	17.943
Other long term assets	33.592	18.135
Cash flow hedges (Note 20)	3.597	-
Total	**58.674**	**36.078**

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 include payments made to secure long term retail network locations and other prepayments of long term nature, which are non interest bearing.

These amounts are recognised at fair value and adjusted annually to reflect significant changes to their present value.

11 Trade and other receivables

	As at	
	31 December 2006	**31 December 2005**
Trade receivables	973.721	903.640
Less: provision for impairment of receivables	(112.766)	(119.619)
Trade receivables net	**860.955**	**784.021**
Other receivables	185.255	107.839
Less: provision for impairment of other receivables	(20.481)	(19.033)
Other receivables net	**164.774**	**88.806**
Commodity swaps (Note 20)	7.605	3.781
Deferred charges and prepayments	16.429	15.251
Total	**1.049.763**	**891.859**

The provision for impairment of receivables reflects the full grossed up amount which includes all balances for which a write off has not been effected in accordance with recently introduced tax law (2005) for Greek companies.

Other receivables include balances in respect of VAT, income tax prepayment, advances to personnel, Government grants receivable and other non operating sundry debtors.

The fair values of receivables approximate their carrying amount.

The movement in the provision for impairment has been included in Selling, Distribution and Administration costs in the Income Statement.

(All amounts in Euro thousands unless otherwise stated)

12 Cash and cash equivalents

	As at 31 December 2006	31 December 2005
Cash at Bank and in Hand	136.281	126.044
Short term bank deposits	34.209	67.586
Total cash and cash equivalents	**170.490**	**193.630**

The weighted average effective interest rate on cash and cash equivalents on balance sheet date was:

	As at 31 December 2006	31 December 2005
Euro	4,22%	2,05%
USD	5,20%	2,67%

13 Share capital

	Number of Shares (authorised and issued)	Share Capital	Share premium	Total
As at 1 January 2005	**305.513.425**	**666.019**	**353.138**	**1.019.157**
Exercise of employee share options	108.820	237	569	806
As at 31 December 2005	**305.622.245**	**666.256**	**353.707**	**1.019.963**
Exercise of employee share options	12.940	29	89	118
As at 31 December 2006	**305.635.185**	**666.285**	**353.796**	**1.020.081**

All ordinary shares were authorised, issued and fully paid up. The nominal value of each ordinary share is €2,18 (31 December 2005: €2,18).

Share options

Up to the end of 2004, Hellenic Petroleum S.A offered a share option scheme to its management executives: The exercise price was determined based on the Company's share performance compared to the market and the options were fully vested at the grant date and exercisable within five years. Under that scheme, management had the option to acquire 47.660 shares at a price of € 9,68 each until 31 December 2006 and 3.440 shares at a price of € 6,97 each until 31 December 2007. During the AGM of Hellenic Petroleum S.A. held on 25 May 2005, a revised share option scheme was approved 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 a total of 272.100 shares.

(All amounts in Euro thousands unless otherwise stated)

The movement in share options during the year were:

	As at			
	As at 31 December 2006		**As at 31 December 2005**	
	Average Exercise Price in € per share	Options	Average Exercise Price in € per share	Options
At 1 January	**10,52**	**71.670**	**8,52**	**191.627**
Granted	9,69	272.100	-	-
Exercised	8,96	(12.940)	7,41	(108.820)
Lapsed	10,86	(58.730)	6,97	(11.137)
At 31 December	**9,69**	**272.100**	**10,52**	**71.670**

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 2006**	**31 December 2005**
16/05/07	13,06	-	20.570
26/11/07	9,68	-	47.660
02/03/09	6,97	-	3.440
05/12/12	9,69	272.100	-
	Total	**272.100**	**71.670**

14 Reserves

	Statutory reserve	Special reserves	Hedging reserve	Tax reserves	Total
Balance at 1 January 2005	**51.537**	**71.660**	**-**	**205.826**	**329.023**
Reclassification of statutory reserves	5.257	-	-	176.080	181.337
Transfer to statutory and tax reserves	15.246	14.835	-	3.201	33.282
Balance at 31 December 2005	**72.040**	**86.495**	**-**	**385.107**	**543.642**
Cash flow hedges (Note 20)	-	-	1.501	-	1.501
Transfer to statutory and tax reserves	-	26.169	-	-	26.169
Balance at 31 December 2006	**72.040**	**112.664**	**1.501**	**385.107**	**571.312**

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 revaluations which have been included in the holding company accounts in accordance with the relevant legislation.

(All amounts in Euro thousands unless otherwise stated)

Tax reserves

Tax 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.

(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.

(iii) Tax free reserves include amounts under L 3220/2004 of €81 m which is currently being investigated by the EU commission for appropriateness of treatment in respect to income tax, as the EU commission considers this to be a form of state subsidy not in compliance with EU policies. The Group has not made any changes in its accounts as this issue is still being investigated between the EU and the Greek state. Further information on this reserve can be found in note 29, Contingencies.

15 Trade and other payables

	As at	
	31 December 2006	**31 December 2005**
Trade payables	381.067	518.904
Accrued Expenses & Deferred Income	21.372	25.925
Government grants	34.780	34.632
Derivatives held for trading: Commodity SWAPS (Note 20)	1.307	6.982
Other payables	56.437	54.380
Total	**494.963**	**640.823**

The balance of Trade payables includes amounts of crude oil and petroleum products of €274.069 as at 31 December 2006 (2005: €381.778) which have not been invoiced at the year end.

Other payables include balances for social security, payroll and other related costs.

(All amounts in Euro thousands unless otherwise stated)

16 Borrowings

	As at	
	31 December 2006	**31 December 2005**
Non-current borrowings		
Bank borrowings	56.939	242.887
Bond loan	265.756	296.686
Total non-current borrowings	**322.695**	**539.573**
Current borrowings		
Short term loans	873.823	317.444
Current portion of long term debt	21.838	38.916
Total current borrowings	**895.661**	**356.360**
Total borrowings	**1.218.356**	**895.933**

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet and within financing activities in the cash flow statement.

Within short term and long term borrowings finance leases are included as follows:

	As at	
	31 December 2006	**31 December 2005**
Obligations under finance leases		
Within 1 year	738	726
Between 1 and 5 years	2.264	3.048
After 5 years	-	-
Total lease payments	**3.002**	**3.774**
less: Interest	(186)	(342)
Total	**2.816**	**3.432**

The maturity of non-current borrowings is as follows:

	As at	
	31 December 2006	**31 December 2005**
Between 1 and 2 years	34.369	58.078
Between 2 and 5 years	288.326	388.827
Over 5 years	-	92.668
	322.695	**539.573**

(All amounts in Euro thousands unless otherwise stated)

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

	As at 31 December 2006	
	€	**US$**
Bank Borrowings (short-term)		
- Floating Euribor + margin	3,97%	-
- Floating Libor + margin	-	5,61%
Bank Borrowings (long-term)		
- Floating Euribor + margin	4,00%	-
- Floating Libor + margin	-	6,51%
Bond loan		
- Floating Libor + margin	-	5,35%

	As at 31 December 2005	
	€	**US$**
Bank Borrowings (short-term)		
- Floating Euribor + margin	2,85%	-
- Floating Libor + margin	-	3,60%
Bank Borrowings (long-term)		
- Floating Euribor + margin	3,71%	-
- Floating Libor + margin	-	3,83%
Bond loan		
- Floating Libor + margin	-	4,37%

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

	As at	
	31 December 2006	**31 December 2005**
Euro	598.275	568.431
US dollar	620.081	327.502
Total borrowings	**1.218.356**	**895.933**

Hellenic Petroleum Finance plc (HPF plc) was established in November 2005 in the U.K. as a 100% 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. The total outstanding loan balance of HPF plc as of 31 December 2006 was €472 million.

On 2 February 2007 HPF plc signed a $1,18 billion syndicated credit facility in London with the guarantee of Hellenic Petroleum S.A.. A total of fifteen Greek and International financial institutions participated in the facility. The facility will be used to refinance existing financial indebtness of the Hellenic Petroleum Group including the $350 million bond loan issued by the parent company in February 2005 and for general corporate purposes.

Bond Loan

In February 2005, the Company issued a five year US $ 350 million (€279 million) Bond Loan with Mandated Lead Arrangers The Bank of Tokyo – Mitsubishi Ltd, CitiGroup Global Markets Ltd., EFG Telesis Finance S.A. and National Bank of Greece S.A. and with the participation of sixteen financial institutions. The loan is part of the Company’s refinancing arrangement of existing credit lines. Part of this loan was utilised to repay the existing syndicated loan amounting €200 million (fully repaid on 5 July 2005). As at 31 December 2006 the full amount of the loan has been drawn.

(All amounts in Euro thousands unless otherwise stated)

17 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 2006	**31 December 2005**
Deferred tax assets:		
Deferred tax assets to be recovered after more than 12 months	10.293	42.255
	10.293	**42.255**
Deferred tax liabilities:		
Deferred tax liabilities to be recovered after more than 12 months	(21.492)	(18.645)
	(21.492)	**(18.645)**
	(11.199)	**23.610**

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

	As at	
	31 December 2006	**31 December 2005**
Beginning of the year	**23.610**	**(10.291)**
Reclassification from other provisions	(16)	(2.920)
Income statement (charge) / recovery	(34.793)	36.821
End of year	**(11.199)**	**23.610**

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

Intangible & Fixed Assets	(24.564)	(17.133)
Stock Valuation	(8.527)	2.589
Environmental Provision	-	1.298
Unrealised Exchange Gains	(14.885)	(3.573)
Bad debts & staff redundancy provisions	33.772	36.979
Other provisions	3.005	3.450
End of year	**(11.199)**	**23.610**

(All amounts in Euro thousands unless otherwise stated)

18 Retirement benefit obligations

	As at 31 December 2006	As at 31 December 2005
Balance sheet obligations for:		
Pension benefits	140.956	133.747
Total as per balance sheet	**140.956**	**133.747**

	For the year ended 31 December 2006	For the year ended 31 December 2005
Income statement charge for:		
Pension benefits	21.200	21.137
Total as per income statement	**21.200**	**21.137**

The amounts recognised in the balance sheet are as follows:

	As at 31 December 2006	As at 31 December 2005
Present value of unfunded obligations	196.984	190.261
Unrecognised actuarial gains / (losses)	(51.964)	(49.548)
Unrecognised prior service cost	(4.064)	(6.966)
Liability in the Balance Sheet	**140.956**	**133.747**

The amounts recognised in the income statement are as follows:

	For the year ended 31 December 2006	For the year ended 31 December 2005
Current service cost	9.610	16.135
Interest cost	8.035	6.792
Net actuarial (gains) / losses recognised in the year	2.573	2.144
Past service cost	173	-
Regular profit & loss charge	**20.391**	**25.071**
Additional cost of extra benefits	809	670
Total included in employee benefit expense	**21.200**	**25.741**

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

	As at 31 December 2006	As at 31 December 2005
Beginning of the year	133.747	127.875
Total expense included in employee benefit expense	21.200	21.134
Payments made	(13.661)	(11.953)
Other adjustments	(330)	(3.309)
At year end	**140.956**	**133.747**

The principal actuarial assumptions used were as follows:

	As at 31 December 2006	As at 31 December 2005
Discount Rate	5,00%	5,00%
Future Salary Increases	4,50%	4,50%
Average future working life	10,65 years	11,32 years

(All amounts in Euro thousands unless otherwise stated)

19 Provisions and other long term liabilities

	As at	
	31 December 2006	**31 December 2005**
Government grants	25.614	25.614
Envrironmental provision	-	5.192
Commodity cash flow hedges (Note 20)	2.097	-
Other provisions	49.332	36.542
Total	**77.043**	**67.348**

Government grants

Advances by the Government (Hellenic State) to the Company for the purposes of research and exploration amounting to € 25.614 have been recorded as a liability since certain amounts may become payable if income is generated from activity in the specific geographical areas. The terms of repayment will be determined by the Ministry of Development and Industry, if applicable.

Environmental costs

No material provision for environmental remediation is included in the accounts as the Company has a policy of addressing identified environmental issues.

In respect of CO_2 emission rights the Group has a net position which is not materially short i.e. the allocation of rights are in line with actual and projected emissions.

Other Provisions:

Other provisions at 31 December 2006 and 2005 in addition to normal operating provisions for liabilities of the Group, include an amount of €10 million in respect of the original Share Purchase Agreement for the acquisition of OKTA and the construction of the Thessaloniki – Skopje pipeline which reflects the 20% shareholding entitlement of FYROM in the pipeline company VARDAX S.A.

(All amounts in Euro thousands unless otherwise stated)

20 Fair values of derivative financial instruments

	31 December 2006		31 December 2005	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Derivatives held for trading				
Commodity derivatives:				
Commodity swaps	7.605	1.307	3.781	6.982
	7.605	**1.307**	**3.781**	**6.982**
Total held for trading	**7.605**	**1.307**	**3.781**	**6.982**
Derivatives designated as cash flow hedges				
Commodity swaps	3.598	2.097	-	-
Total cash flow hedges	**3.598**	**2.097**	**-**	**-**
Total	**11.203**	**3.404**	**3.781**	**6.982**
Non-current portion				
Commodity swaps (Notes 10, 19)	3.598	2.097	-	-
	3.598	**2.097**	**-**	**-**
Current portion				
Commodity swaps (Notes 11, 15)	7.605	1.307	3.781	6.982
	7.605	**1.307**	**3.781**	**6.982**
Total	**11.203**	**3.404**	**3.781**	**6.982**

Derivatives held for trading

(a) Commodity swaps

The Group enters in to commodity swap derivative contracts in order to manage its exposures to price risk. 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. Changes in the fair value of these derivatives are charged to the Income Statement within Other (expenses)/income – net.

Derivatives designated as cash flow hedges

(a) Commodity swaps

The Group 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 in accordance with the IAS 39 treatment for hedge accounting. The changes in the fair value of the Commodity swaps at the balance sheet date were recognised in Loans, advances and Other Receivables, Other long term liabilities and the net gains and losses in shareholders' equity.

(All amounts in Euro thousands unless otherwise stated)

21 Employee benefit expense

	For the year ended 31 December 2006	31 December 2005
Wages and salaries	184.624	184.989
Social security costs	37.576	36.450
Pension costs	24.358	25.908
Other employment benefits	33.089	31.974
Total	**279.647**	**279.321**

Included in Other employment benefits are medical insurance, catering, and transportation expenses.

22 Selling and distribution expenses

	For the year ended 31 December 2006	31 December 2005
Selling and distribution expenses	235.853	230.347
Administrative expenses	125.370	125.476
	361.223	**355.823**

23 Operating income / (expenses) - net

	For the year ended 31 December 2006	31 December 2005
Income from grants	5.969	15.147
Gains on derivative financial instruments	38.610	19.409
Losses on derivative financial instruments	(22.987)	(25.868)
Services to third parties	3.990	3.374
Rental income	7.140	5.796
Other	9.531	13.665
Total	**42.253**	**31.523**

Gains / losses on derivative financial instruments have been reclassified from cost of sales to other operating income / expenses in 2005 for the purpose of comparability.

24 Finance costs -net

	For the year ended 31 December 2006	31 December 2005
Interest income	15.868	12.437
Interest expense	(51.162)	(24.215)
Finance costs -net	**(35.294)**	**(11.778)**

In addition to the finance cost shown above, an amount of €0,6 million (2005: €5,4 million) has been capitalized. In 2005 the cost relates to the construction of the power generation plant (note 6).

25 Income tax expense

	For the year ended	
	31 December 2006	**31 December 2005**
Current tax	52.766	190.765
Deferred tax (Note 17)	34.793	(36.821)
Total	**87.559**	**153.944**

The tax on the Company'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 2006	**31 December 2005**
Profit Before Tax	**373.537**	**494.828**
Income tax calculated at tax rates applicable to profits	102.824	164.978
Tax on income not subject to tax	(11.460)	(14.107)
Tax on expenses not deductible for tax purposes	5.391	12.519
Tax losses utilised or carried forward	(504)	(1.369)
Other	(8.692)	(8.077)
Tax Charge	**87.559**	**153.944**

The basic tax rate for Hellenic Petroleum S.A. was 29% for the period ending 31 December 2006 (32% for the period ending 31 December 2005.

In 2004 a new tax law was enacted on the base of which income tax rates for the fiscal year 2005, 2006 and 2007 would be 32%, 29% and 25% respectively. These rates have been used for deferred tax calculations.

A number of the Group subsidiaries continue to have unaudited fiscal years by the tax authorities. Hellenic Petroleum S.A. has not been audited from 2002 onwards. EKO S.A. has been audited in 2005 for fiscal years up to 2004.

26 Earnings per share

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

Earnings per share attributable to Company Shareholders (expressed in Euro per share):

	For the year ended	
	31 December 2006	**31 December 2005**
Earnings per share attributable to the Company Shareholders (expressed in Euro per share):	**0,85**	**1,09**
Net income attributable to ordinary shares (Euro in thousands)	260.192	334.222
Average number of ordinary shares outstanding	305.622.635	305.516.704

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

(All amounts in Euro thousands unless otherwise stated)

27 Dividends per share

A dividend in respect of 2004 of €0,26 per share (amounting to a total of € 79.433) was approved by the Annual Shareholders Meeting held on 25 May 2005 to all shares issued and outstanding at that date. Additionally for the 2005 year an interim dividend of €0,15 per share (amounting to a total of € 45.843) was approved by an extraordinary shareholders general meeting held at 12 December 2005. The interim dividend is paid to all shareholders who are entitled to profits from 2005.

In addition the Board of Directors on the Annual Shareholders Meeting of 2005 held on 31 May 2006, has declared a final dividend of € 0,28 per share (amounting to a total of € 85.574). Therefore, the total approved dividend for 2005 was €0,43 per share (total of € 131.401).

At its meeting held on 30 August, 2006, during which the Board of Directors approved the Condensed Interim Consolidated Financial Statements of the Group for the six month period ended 30 June 2006, the Board proposed and approved an interim dividend for the 2006 financial year of €0,15 per share (amounting to a total of €45.843) The relevant amounts relating to the interim dividend for 2006 and the final dividend of 2005 (totalling € 131.417) are included in these financial statements.

A proposal to the AGM for an additional € 0,28 per share as final dividend was approved by the Board of Directors on 21 February 2007. This amounts to €85.578 and is not included in these accounts as it has not yet been approved by the shareholders' AGM.

28 Cash generated from operations

		For the year ended	
	Note	**31 December 2006**	**31 December 2005**
Profit before tax		**358.476**	**494.828**
Adjustments for:			
Depreciation and amortisation of tangible and intangible assets	**6,7**	146.220	144.156
Amortisation of government grants		(5.969)	(22.824)
Financial (income)/ expenses	**24**	35.294	11.047
Share of operating profit of associates & dividends		(16.319)	(3.577)
Provisions		28.081	48.708
Foreign exchange (gains) / losses		(27.159)	23.591
(Gain) / loss on sales of fixed assets		2.872	2.191
		521.496	**698.120**
Changes in working capital			
(Increase) / decrease in inventories		(37.654)	(493.247)
(Increase) / decrease in trade and other receivables		(176.175)	(249.175)
Increase / (decrease) in payables		(107.650)	124.562
		(321.479)	**(617.860)**
Net cash (used in) / generated from operating activities		**200.017**	**80.260**

29 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 policy note 2.20 and included in other provisions (note 19). They are as follows:

(i) The Government has advanced Hellenic Petroleum S.A. an amount of € 43.434 to undertake research and exploration projects, as determined by Law 367/1976. A portion of the amount received, € 25.614, may become repayable once the Group generates income from the discoveries resulting from its expenditure and therefore is included as part of long-term liabilities (see note 15). (The terms of repayment will be determined by the Ministry of Development, if applicable). The remaining € 17.902 has been written off as it is considered highly unlikely it will ever become repayable due to the nature of the expenditure.

(ii) 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, management believes the outcome will not have a significant effect on the Group's operating results or financial position. .

(iii) Hellenic Petroleum S.A. has not undergone a tax audit for the years ended from 31 December 2002 to 31 December 2005. Management believes that no additional material liability will arise as a result of the aforementioned open tax years over and above the liabilities and provisions recognised in these financial statements.

(iv) Following an accident involving the motor tanker KRITI-GOLD on November 1998, at the Group's mooring installation in Thessaloniki, four seamen died. Claims have been lodged in connection with this accident against the ship owner and the Group. Of the four claims, three have already been settled with the involvement of the insurers. The last one is still pending but its outcome is not likely to have a material effect on the Group's operating results or financial position.

(v) The Company has given letters of comfort and guarantees of €632 million to banks for loans undertaken by subsidiaries and associates of the Group, the outstanding amount of which as of 31 December 2006 was €570 million. The Group has also issued letters of credit and guarantees in favour of third parties amounting to € 450 million mainly for the completion of contracts entered into by the Group.

(vi) In October 2002 the Group guaranteed its commitment to the Investment Programme under the share purchase agreement for the acquisition of Jugopetrol AD Kotor, through a performance bond issued by the National Bank of Greece for €45 million. As at 31 December 2006, the Performance Bond had decreased to €17 million (31 December 2005: €24 million).

(vii) In prior years, the Group took advantage of the provisions of Law 3220/2004 of the Hellenic Republic and has set up tax free reserves to an amount of €81 million. The EU Commission has subsequently challenged this law as being a government subsidy that is not in accordance with EU policies and is in the process of investigating this matter with the Greek Government. In the event that the EU commission finally determines that Law 3220/2004 of the Hellenic Republic was a form of government subsidy that was contrary to EU policies, it may force the Greek government to withdraw this law and request the companies that took benefit of its provisions to pay the corresponding taxes, which in the case of the Group would amount to approximately €20 million. Group management monitors this matter and since the Group has lawfully operated within the provisions of the law, it does not believe that the final outcome of the case would materially impact the financial position of the Company or the Group.

(viii) 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 believes that the rational of the conclusion has not taken into account critical evidence presented and has initiated proceedings to defend its case in the relevant legal courts and request at the same time postponing of any amounts due. The probability of winning the case based on legal arguments appears satisfactory.

(All amounts in Euro thousands unless otherwise stated)

30 Commitments

Significant contractual commitments of the Group are as follows:

- Capital investment in upgrading Hellenic Petroleum refinery installations of €63 million. (2005: €22 million)
- Upstream exploration and development costs of €20 million (2005: €19 million) have been committed as part of the Joint Operating Agreements (JOA) in place. These commitments will depend on the progress of exploration activities.

31 Related-party transactions

	For the year ended	
	31 December 2006	**31 December 2005**
Sales of goods and services to related parties	1.025.880	761.277
Purchases of goods and services from related parties	120.590	27.876
	1.146.471	**789.153**

	As at	
	31 December 2006	**31 December 2005**
Balances due to related parties	4.323	5.090
Balances due from related parties	156.782	105.796
	161.105	**110.886**

	For the year ended	
	31 December 2006	**31 December 2005**
Charges for directors remuneration	4.515	4.069

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

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 Hellenic State:
   - Public Power Corporation Hellas
   - Hellenic Armed Forces
   - Olympic Airways/Airlines

b) Financial institutions (including subsidiaries) which are under common control with the Group due to the shareholding and control rights of the Hellenic State. The group has loans amounting to €418.481 as at 31 December 2006 (31 December 2005: €155.067) which represent loan balances due to following related financial institutions:
   - National Bank of Greece
   - Agricultural Bank of Greece
   - Commercial Bank of Greece ceased to be a related party since the takeover by Calyon in June 2006

(All amounts in Euro thousands unless otherwise stated)

c) Joint ventures with other third parties:
- OMV Aktiengesellschaft
- Sipetrol
- Woodside – Repsol – Helpe

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)
- Volos Pet Industries A.E.
- Spata Aviation Fuel Company S.A. (SAFCO)

e) Financial institutions (including subsidiaries) in which substantial interest is owned by parties which hold significant participation in the share capital of the Group. The Group has loans amounting to €266.133 (31 December 2005: €50.360) 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.
- Lamda Shipyards

32 Principal subsidiaries and associates included in the consolidated financial statements

COMPANY NAME	ACTIVITY	COUNTRY OF REGISTRATION	PARTICIPATION PERCENTAGE	METHOD OF CONSOLIDATION
EKO S.A	Marketing	GREECE	100,00%	FULL
EKOTA KO	Marketing	GREECE	49,00%	FULL
EKO NATURAL GAS	Natural gas	GREECE	100,00%	FULL
EKO KALIPSO	Marketing	GREECE	100,00%	FULL
EKO BULGARIA	Marketing	BULGARIA	100,00%	FULL
EKO-YU AD BEOGRAD	Marketing	SERBIA	100,00%	FULL
EKO GEORGIA LTD	Marketing	GEORGIA	97,40%	FULL
HELPE INT'L	Holding	AUSTRIA	100,00%	FULL
HELPE CYPRUS	Marketing	CYPRUS	100,00%	FULL
HELPE SERVICES LTD	Services	CYPRUS	100,00%	FULL
YUGOPETROL AD	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	63,00%	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.	Shipping	GREECE	100,00%	FULL
APOLLON S.A.	Shipping	GREECE	100,00%	FULL
ENERGIAKI THESSALONIKIS. S.A.	Power generation	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	Energy	GREECE	100,00%	FULL
DEPA S.A.	Natural Gas	GREECE	35,00%	EQUITY
V.P.I S.A.	Petrochemicals	GREECE	35,00%	EQUITY
E.A.K.A.A	Pipeline	GREECE	50,00%	EQUITY

33 Post balance sheet events

(i) On 2 February 2007 Hellenic Petroleum Finance plc signed a $1,18 billion syndicated credit facility in London guaranteed by Hellenic Petroleum S.A. A total of fifteen Greek and International financial institutions participated in the facility. The facility will be used for general corporate purposes and to refinance existing financial indebtness of the Hellenic Petroleum Group including the $350 million bond loan in February 2005.

(ii) The Commission for the Protection of Competition has announced in January 2007 a penalty to Hellenic Petroleum, Petrola and Motoroil for harmonisation of their pricing policy for aviation fuel by incorporating into the prices the cost to cover the 90 day safety stocks. The penalty for Hellenic Petroleum and Petrola (absorbed by Hellenic Petroleum) is for the amount of €4,9m and €2,4m correspondingly. (Total of €7,3 m).

Hellenic Petroleum has announced that it has never been involved in harmonisation of pricing practices with other competitors in determining the price of aviation fuel and plans to contest the decision in court.