HELLENIC PETROLEUM S.A.

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 financial statements

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Independent auditor's report

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

We have audited the accompanying financial statements of Hellenic Petroleum S.A. (the "Company") which comprise the 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 financial statements present fairly, in all material respects, the financial position of the Company 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 financial statements present fairly, in all material respects, the financial position of the Company 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

Athens, 21 February 2007

PricewaterhouseCoopers S.A.

SOEL Reg. No. 113

The Certified Auditor Accountant

Constantinos Michalatos

SOEL Reg.No. 17701

(All amounts in Euro thousands unless otherwise stated)

Balance sheet

	Note	As at 31 December 2006	As at 31 December 2005
ASSETS			
Non-current assets			
Property, plant and equipment	**6**	646.130	657.028
Intangible assets	**7**	22.288	26.602
Investments in affiliated companies	**8**	692.054	685.070
Deferred income tax assets	**17**	-	27.606
Available-for-sale financial assets		67	80
Loans, advances and other receivables	**9**	3.772	79
		1.364.311	**1.396.465**
Current assets			
Inventories	**10**	1.107.490	1.071.322
Trade and other receivables	**11**	828.103	730.523
Cash and cash equivalents	**12**	37.878	75.956
		1.973.471	**1.877.801**
Total assets		**3.337.782**	**3.274.266**
EQUITY			
Share capital	**13**	1.020.081	1.019.963
Reserves	**14**	559.387	543.642
Retained Earnings		450.439	384.710
Total equity		**2.029.907**	**1.948.315**
LIABILITIES			
Non- current liabilities			
Borrowings	**16**	295.335	335.187
Deferred income tax liabilities	**17**	405	-
Retirement benefit obligations	**18**	115.114	108.711
Provisions and other long term liabilities	**19**	47.939	46.435
		458.793	**490.333**
Current liabilities			
Trade and other payables	**15**	419.810	555.835
Current income tax liabilities		-	135.247
Borrowings	**16**	426.511	116.870
Dividends payable		2.761	27.666
		849.082	**835.618**
Total liabilities		**1.307.875**	**1.325.951**
Total equity and liabilities		**3.337.782**	**3.274.266**

The notes on pages 10 to 46 are an integral part of these financial statements.

These financial statements were approved by the Board of Directors 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)

Income statement

	Note	For the year ended 31 December 2006	31 December 2005
Sales		7.549.893	6.293.075
Cost of sales		(7.113.463)	(5.656.252)
Gross profit		**436.430**	**636.823**
Selling, distribution and administrative expenses	**22**	(187.863)	(167.392)
Exploration and development expenses		(17.097)	(11.579)
Other operating (expenses) / income - net	**23**	28.203	6.019
Impairment of investments	**8**	-	(2.000)
Operating profit		**259.673**	**461.871**
Finance costs -net	**24**	(18.378)	(6.197)
Currency exchange gains /(losses)		22.073	(16.118)
Dividend income		18.164	15.404
Profit before income tax		**281.532**	**454.960**
Income tax expense	**25**	(70.142)	(132.387)
Profit for the year		**211.390**	**322.573**
Basic and diluted earnings per share (expressed in Euro per share)	**26**	**0,69**	**1,06**

The notes on pages 10 to 46 are an integral part of these financial statements.

(All amounts in Euro thousands unless otherwise stated)

Statement of changes in equity

	Share Capital	Reserves	Retained Earnings	Total Equity
Balance at 31 December 2004	**1.019.157**	**510.360**	**200.807**	**1.730.324**
Effect of adopting IFRS 3 (Negative Goodwill Restatement)	-	-	19.874	19.874
Balance at 1 January 2005	**1.019.157**	**510.360**	**220.681**	**1.750.198**
Profit for the year	-	-	322.573	322.573
Transfers to statutory and tax reserves	-	33.282	(33.282)	-
Exercise of share options	806	-	-	806
Dividends relating to 2004	-	-	(79.435)	(79.435)
Interim dividends relating to 2005	-	-	(45.827)	(45.827)
Balance at 31 December 2005	**1.019.963**	**543.642**	**384.710**	**1.948.315**
Balance at 1 January 2006	**1.019.963**	**543.642**	**384.710**	**1.948.315**
Profit for the year	-	-	211.390	211.390
Transfers to statutory and tax reserves	-	14.244	(14.244)	-
Exercise of share options	118	-	-	118
Dividends relating to 2005	-	-	(85.574)	(85.574)
Interim dividends relating to 2006	-	-	(45.843)	(45.843)
Unrealised gains / (losses) on revaluation of hedges (Note 20)	-	1.501	-	1.501
Balance at 31 December 2006	**1.020.081**	**559.387**	**450.439**	**2.029.907**

The notes on pages 10 to 46 are an integral part of these financial statements.

(All amounts in Euro thousands unless otherwise stated)

Cash flow statement

		For the year ended	
	Note	**31 December 2006**	**31 December 2005**
Cash flows from operating activities			
Cash (used in) / generated from operations	**28**	132.697	53.484
Income tax paid		(243.685)	(72.788)
Net cash (used in) / generated from operating activities		**(110.988)**	**(19.304)**
Cash flows from investing activities			
Purchase of property, plant and equipment & intangible assets	**6,7**	(75.263)	(51.870)
Grants received		2.414	870
Sale of property, plant and equipment & intangible assets	**6,7**	4.091	-
Dividends received		13.443	15.404
Interest received	**24**	9.913	8.522
Investments in affilated companies		(4.577)	3.948
Net cash used in investing activities		**(49.979)**	**(23.126)**
Cash flows from financing activities			
Share capital increase	**13**	118	806
Interest paid	**5, 24**	(28.291)	(14.719)
Dividends paid		(156.324)	(97.596)
Net movement in long term borrowings		(8.922)	159.611
Net movement in short term borrowings		319.447	(24.837)
Net cash generated from financing activities		**126.028**	**23.265**
Net decrease in cash & cash equivalents		**(34.939)**	**(19.165)**
Cash & cash equivalents at beginning of the year	**12**	**75.956**	**89.083**
Exchange gains on cash & cash equivalents		(3.139)	6.038
Net increase/(decrease) in cash & cash equivalents		(34.939)	(19.165)
Cash & cash equivalents at end of the year	**12**	**37.878**	**75.956**

The notes on pages 10 to 46 are an integral part of these financial statements.

Notes to the financial statements

1 General information

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

The Company is incorporated in Greece and the address of its registered office is 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 same accounting policies and recognition and measurement principles are followed in these financial statements as compared with the annual consolidated financial statements of the Group for the year ended 31 December 2006. The Company's functional and presentation currency is the Euro, and the financial information in these financial statements is expressed in thousands of Euro (unless otherwise stated).

The financial statements of Hellenic Petroleum S.A. for year ended 31 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.

Users of these stand-alone financial statements should read them together with the Group's consolidated financial statements for the year ended 31 December 2006 in order to obtain full information on the financial position, results of operations and changes in financial position of the Group as a whole. These are located on the Group's website www.hellenic-petroleum.gr.

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 financial statements of Hellenic Petroleum 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 (IASB). All International Financial Reporting Standards issued by the IASB and effective at the time of preparing these financial statements have been adopted by the EU through the endorsement procedure established by he 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 Company is not affected by the provisions regarding portfolio hedging that are not required by the EU-endorsed version of IAS 39, these financial statements comply with both International Financial Reporting Standards as adopted by the European Union and International Financial Reporting Standards issued by the IASB.

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

The preparation of financial statements, in accordance with IFRS, requires the use of critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed 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 introduces 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 Company 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 financial 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 transaction 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 Company 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 Company has adopted the standard retaining existing practices. Accordingly, adoption of this amendment did not have any significant impact on the Company's 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 Company's 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 Company'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 Company 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 Company's operations since the Company 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 Company

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 May 2006 or later periods but that the Company 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 Company 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 Company 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 Company will apply IFRIC 10 from 1 January 2007, but it is not expected to have any impact on the Company's accounts.

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

The following interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 May 2006 or later periods but are not relevant for the Company'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 Company will apply IFRIC 8 from 1 January 2007, but it is not expected to have any impact on the Company'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 derivative 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 Company's operations.

2.2 Investments in affiliated companies

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

2.3 Segment reporting

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 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.

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 Company 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

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.

2.6 Intangible assets

(a) *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company'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 the development phase.

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 Company 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 Company 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 Company 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 Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis refined to reflect the issuer's specific circumstances.

The Company 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 Company utilizes financial and commodity derivatives to mitigate the impact of future price volatility. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently 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 Company documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

In 2006, the Company has entered into 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 Company 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 Company, 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 and other 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 Company 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 borrowings in current liabilities 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 Company has both defined benefit and defined contribution plans.

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

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

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

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

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

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

(b) *Termination benefits*

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

(c) Share-based compensation

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

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

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

2.22 Revenue recognition

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

(a) Sales of goods – wholesale

Revenue on sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales of goods are recognised when the Company has delivered the products to the customer; the customer has accepted the products; and 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 Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(d) Dividend income

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

2.23 Leases

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in 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.

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

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 Company's shareholders is recognised as a liability in the Company'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 Company'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 Company's overall risk management programme focuses on the unpredictability of commodity and financial markets and seeks to minimise potential adverse effects on the Company'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 Company's operating units.

(a) Market risk

(i) Foreign exchange risk

The Company 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 Company enters into hedging derivatives if market conditions are appropriate with a view to minimise the net impact of such exposures. 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 Company 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 Company passes on changes in underlying international prices to its customers.

(b) Credit risk

The Company 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 or public sector organisations. 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 Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's cash flow interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company 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 Company 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 Company for similar financial instruments.

4 Critical accounting estimates and judgements

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are 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 Company 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 Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(b) Provision for environmental restoration

The Company operates in the oil industry with 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 Company to incur restoration costs to comply with the regulations in the various jurisdictions in which the Company operates, and to settle any legal or constructive obligation. Analysis and estimates are performed by the Company together with its technical and legal advisers, in order to determine the probability, timing and amount involved with probable required outflow of resources. Estimated restoration costs, for which disbursements are determined to be probable, are recognised as a provision in the Company's financial statements. When the final determination of such obligation amounts differs from the recognised provisions, the Company's income statement is impacted.

(c) Estimated impairment of investments

The Company tests annually whether investments and receivables have suffered any impairment in accordance with its accounting policies. 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 Company is organised into four main business segments determined in accordance with the type of business activity:

- Supply, refining and trading (Refining)
- Exploration & production (E&P)
- Petrochemicals
- Gas & Power

The segment results for the year ended 31 December 2006 are as follows:

Year ended 31 December 2006	**Refining**	**Petro-chemicals**	**Exploration & Production**	**Gas & Power**	**Total**
Sales	7.195.961	332.432	1.129	20.371	7.549.893
Other operating income / (expense) - net	25.133	1.769	1.301	-	28.203
Operating profit	**267.395**	**13.676**	**(26.367)**	**4.969**	**259.673**
Foreign exchange gains / (losses)	22.073	-	-	-	22.073
Profit before tax, dividend income & finance costs	**289.468**	**13.676**	**(26.367)**	**4.969**	**281.746**
Finance costs - net					(18.378)
Dividend income					18.164
Profit before income tax					**281.532**
Income tax expense					(70.142)
Profit for the period					**211.390**

The segment results for the year ended 31 December 2005 are as follows:

Year ended 31 December 2005	**Refining**	**Petro-chemicals**	**Exploration & Production**	**Gas & Power**	**Total**
Sales	6.012.904	279.042	1.129	-	6.293.075
Other operating income / (expense) - net	6.049	(100)	70	-	6.019
Operating profit	**480.596**	**1.498**	**(20.223)**	**-**	**461.871**
Foreign exchange gains / (losses)	(16.118)	-	-	-	(16.118)
Profit before tax, dividend income & finance costs	**464.478**	**1.498**	**(20.223)**	**-**	**445.753**
Finance costs - net					(6.197)
Dividend income					15.404
Profit before income tax					**454.960**
Income tax expense					(132.387)
Profit for the period					**322.573**

(All amounts in Euro thousands unless otherwise stated)

Further segmental information as at 31 December 2006 is as follows:

	Refining	Petro-chemicals	Exploration & Production	Gas &Power	Unallocated	Total
Total Assets	3.105.804	217.341	12.212	2.425	-	**3.337.782**
Net Assets	1.947.664	70.955	12.212	2.242	(3.166)	**2.029.907**
Capital Expenditure	74.522	737	-	-	-	**75.259**
Depreciation & Amortisation	74.067	13.059	2.407	-	-	**89.533**

Further segmental information as at 31 December 2005 is as follows:

	Refining	Petro-chemicals	Exploration & Production	Gas &Power	Unallocated	Total
Total Assets	3.017.760	215.800	13.100	-	27.606	**3.274.266**
Net Assets	1.977.395	93.078	-	-	(122.158)	**1.948.315**
Capital Expenditure	51.051	818	-	-	-	**51.869**
Depreciation & Amortisation	90.324	11.004	2.398	-	-	**103.726**

(b) Secondary reporting format – geographical segments

The Company’s activities are conducted mainly within Greece. Therefore, no geographical segments are presented.

(All amounts in Euro thousands unless otherwise stated)

6 Property, plant and equipment

	Land	Buildings	Plant & Machi-nery	Motor vehicles	Furniture and fixtures	Assets Under Cons-truction	Total
Cost							
As at 1 January 2005	**115.536**	**139.113**	**1.079.741**	**8.170**	**33.464**	**96.829**	**1.472.853**
Additions	1	75	1.570	498	2.086	45.826	50.056
Capitalised projects	-	2.616	37.301	147	103	(40.167)	-
Disposals	-	-	(3.040)	-	(44)	-	(3.084)
Transfers & other movements	(8.500)	8.565	1.939	-	(455)	97	1.646
As at 31 December 2005	**107.037**	**150.369**	**1.117.511**	**8.815**	**35.154**	**102.585**	**1.521.471**
Accumulated Depreciation							
As at 1 January 2005	**-**	**78.661**	**662.860**	**6.961**	**23.575**	**-**	**772.057**
Charge for the year	-	7.589	83.193	476	3.240	-	94.498
Disposals	-	-	(2.911)	-	(44)	-	(2.955)
Transfers & other movements	-	-	1.069	-	(226)	-	843
As at 31 December 2005	**-**	**86.250**	**744.211**	**7.437**	**26.545**	**-**	**864.443**
Net Book Value at 31 December 2005	**107.037**	**64.119**	**373.300**	**1.378**	**8.609**	**102.585**	**657.028**
Cost							
As at 1 January 2006	**107.037**	**150.369**	**1.117.511**	**8.815**	**35.154**	**102.585**	**1.521.471**
Additions	153	40	1.133	145	2.321	69.447	73.239
Capitalised projects	-	1.906	31.715	-	1.728	(35.349)	0
Disposals	(938)	-	(6.538)	(86)	(14)	-	(7.576)
Transfers & other movements	8.500	(17.714)	(3.296)	21	(399)	(43)	(12.931)
As at 31 December 2006	**114.752**	**134.601**	**1.140.525**	**8.895**	**38.790**	**136.640**	**1.574.203**
Accumulated Depreciation							
As at 1 January 2006	**-**	**86.250**	**744.211**	**7.437**	**26.545**	**-**	**864.443**
Charge for the year	-	6.974	72.373	469	3.325	-	83.141
Disposals	-	-	(6.541)	(86)	(14)	-	(6.641)
Transfers & other movements	-	(11.296)	(1.044)	22	(552)	-	(12.870)
As at 31 December 2006	**-**	**81.928**	**808.999**	**7.842**	**29.304**	**-**	**928.073**
Net Book Value at 31 December 2006	**114.752**	**52.673**	**331.526**	**1.053**	**9.486**	**136.640**	**646.130**

The company has not pledged any property, plant and equipment as security for borrowings.

Within the balance of Assets Under Construction as 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.

(All amounts in Euro thousands unless otherwise stated)

7 Intangible assets

	Goodwill	Computer software	Licences & Rights	Total
Cost				
As at 31 December 2004	**(22.713)**	**31.858**	**31.582**	**40.727**
Effect of adopting IFRS 3 (Negative Goodwill Restatement)	22.713	-	-	22.713
As at 1 January 2005	**-**	**31.858**	**31.582**	**63.440**
Additions	-	1.813	-	1.813
Disposals		(225)	-	(225)
Transfers, acquisitions & other movements	-	(1.550)	-	(1.550)
As at 31 December 2005	**-**	**31.896**	**31.582**	**63.478**
Accumulated Amortisation				
As at 31 December 2004	**(2.839)**	**24.953**	**3.607**	**25.721**
Effect of adopting IFRS 3 (Negative Goodwill Restatement)	2.839	-	-	2.839
As at 1 January 2005	**-**	**24.953**	**3.607**	**28.560**
Charge for the year	-	5.742	3.486	9.228
Disposals	-	(69)	-	(69)
Transfers, acquisitions & other movements	-	(843)	-	(843)
As at 31 December 2005	**-**	**29.783**	**7.093**	**36.876**
Net Book Value 31 December 2005	**-**	**2.113**	**24.489**	**26.602**
Cost				
As at 1 January 2006	**-**	**31.896**	**31.582**	**63.478**
Additions	-	2.020	-	2.020
Disposals	-	-	-	-
Transfers, acquisitions & other movements	-	58	-	58
As at 31 December 2006	-	**33.974**	**31.582**	**65.556**
Accumulated Amortisation				
As at 1 January 2006	**-**	**29.783**	**7.093**	**36.876**
Charge for the year	-	2.929	3.463	6.392
Disposals	-	-	-	-
Transfers, acquisitions & other movements	-	-	-	-
As at 31 December 2006	**-**	**32.712**	**10.556**	**43.268**
Net Book Value 31 December 2006	**-**	**1.262**	**21.026**	**22.288**

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 & 2.7.

(All amounts in Euro thousands unless otherwise stated)

8 Investment in affiliated companies

	As at	
	31 December 2006	**31 December 2005**
Beginning of the year	**685.070**	**693.182**
Increase in share capital of subsidiaries	6.984	52
Return of share capital in subsidiaries	-	(4.000)
Impairment provision	-	(2.000)
Reclassification from liabilities	-	(2.164)
End of the year	**692.054**	**685.070**

Name	**Participating interest**	**Country of Incorporation**
Asprofos SA	100,0%	Greece
Diaxon ABEE	100,0%	Greece
EKO Georgia LTD	1,0%	Rep. of Georgia
EKO Natural Gas	1,0%	Greece
EKO ABEE	100,0%	Greece
ELPET Balkan SA	63,0%	Greece
Energiaki Thessaloniki SA	51,0%	Greece
HELPE - Apollon Shipping Co	100,0%	Greece
HELPE International AG	100,0%	Austria
HELPE - Poseidon Shipping Co	100,0%	Greece
HELPE Finance Plc	100,0%	United Kingdom
Helpe Renewable Energy Sources S.A.	100,0%	Greece
Global Albania SA	99,9%	Albania
Public Gas Corporation of Greece S.A. (DEPA)	35,0%	Greece
Volos Pet Industries SA	35,0%	Greece
Athens Airport Fuel Pipeline Company S.A. (EAKAA)	50,0%	Greece
Thraki SA	25,0%	Greece
VANCO	100,0%	Greece
EANT	9,0%	Greece
STPC	16,7%	Greece
NAPC	16,7%	Greece

An amount of €2 million was charged as impairment provision in the year ending 31 December 2005 in respect of investments in subsidiaries. The €4 million return of share capital in 2005 relates to the two shipping companies.

The increase in share capital of subsidiaries in 2006 relates to Asprofos, Helpe Finance plc and Helpe Renewable Energy Sources S.A.

(All amounts in Euro thousands unless otherwise stated)

9 Loans, advances and other receivables

	As at	
	31 December 2006	**31 December 2005**
Loans and advances and other long term assets	175	79
Commodity cash flow hedges (Note 20)	3.597	-
Total	**3.772**	**79**

10 Inventories

	As at	
	31 December 2006	**31 December 2005**
Crude oil	339.067	359.821
Refined products and semi-finished products	681.388	622.382
Petrochemicals	31.970	30.983
Consumable materials and other	55.065	58.136
	1.107.490	**1.071.322**

11 Trade and other receivables

	As at	
	31 December 2006	**31 December 2005**
Trade receivables	739.605	718.599
Less: provision for impairment of receivables	(61.744)	(58.348)
Trade receivables net	**677.861**	**660.251**
Other receivables	144.927	66.021
Less: provision for impairment of other receivables	(9.479)	(8.176)
	135.448	**57.845**
Derivatives held for trading: Commodity SWAPS (Note 20)	7.605	3.781
Deferred charges and prepayments	7.189	8.646
Total	**828.103**	**730.523**

The carrying amounts of the receivables approximate their fair value.

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

(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	37.870	59.850
Short term bank deposits	8	16.106
Total cash and cash equivalents	**37.878**	**75.956**

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

	As at 31 December 2006	31 December 2005
Euro	-	2,06%
USD	5,20%	3,07%

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 management executives. The exercise price was determined based on the Company's share performance compared to the market and the options are 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 31 May 2006 has approved and granted stock options for the year 2006 of 272.100 shares.

(All amounts in Euro thousands unless otherwise stated)

The movement in share options during the year were:

	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	**56.794**	**71.660**	**-**	**381.906**	**510.360**
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	-	14.244	-	-	14.244
Balance at 31 December 2006	**72.040**	**100.739**	**1.501**	**385.107**	**559.387**

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. Distributions to shareholders and conversions to share capital are not normally anticipated to be made through these reserves.

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

(iii) Tax free reserves include amounts under L 3220/2004 of €81 m. This law is currently being investigated by the EU commission for appropriateness of treatment in respect of income tax, as the EU commission considers this to be a form of state subsidy which is not in compliance with EU policies. The Company 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	351.580	468.395
Accrued Expenses & Deferred Income	2.278	10.673
Government grants	28.345	31.145
Derivatives held for trading: Commodity SWAPS (Note 20)	1.307	6.982
Other payables	36.300	38.640
Total	**419.810**	**555.835**

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

16 Borrowings

	As at	
	31 December 2006	**31 December 2005**
Non-current borrowings		
Bank borrowings	29.579	38.502
Bond loan	265.756	296.685
Non-current borrowings	**295.335**	**335.187**
Current borrowings		
Short term loans	417.589	107.948
Current portion of long term debt	8.922	8.922
Total current borrowings	**426.511**	**116.870**
Total borrowings	**721.846**	**452.057**

(All amounts in Euro thousands unless otherwise stated)

The maturity of non-current borrowings is as follows:

	As at	
	31 December 2006	**31 December 2005**
Between 1 and 2 years	17.844	17.844
Between 2 and 5 years	277.491	314.529
Over 5 years	-	2.814
	295.335	**335.187**

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	4,00%	-
- Floating Libor + margin	-	5,61%
Bank Borrowings (long-term)		
- Floating Euribor + margin	3,65%	-
Bond loan		
- Floating Libor + margin	-	5,35%

	As at 31 December 2005	
	€	**US$**
Bank Borrowings (short-term)		
- Floating Euribor + margin	2,66%	-
Bank Borrowings (long-term)		
- Floating Euribor + margin	2,44%	-
Bond loan		
- Floating Libor + margin	-	4,37%

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

	As at	
	31 December 2006	**31 December 2005**
Euro	125.216	155.371
US dollar	596.630	296.686
Total borrowings	**721.846**	**452.057**

Bond loan
In February 2005, the Company issued a five year US $ 350 million (€266 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)

In April 2006, the Company concluded a €400 million bilateral short-term multi-currency loan agreement with Hellenic Petroleum Finance Plc. The loan facility amount was increased in 18 October 2006 to €600 million. As of 31 December 2006 the loan balance amount outstanding was €168 million (US $ 222 million). See also post balance sheet events (note 32).

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:

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

	As at	
	31 December 2006	**31 December 2005**
Beginning of the year	27.606	(7.194)
Income statement (charge) / recovery	(28.011)	34.800
End of year	**(405)**	**27.606**

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

	As at	
	31 December 2006	**31 December 2005**
Intangible and tangible fixed assets	(11.611)	(7.513)
Inventory valuation	(8.188)	2.578
Environmental provision	-	1.298
Unrealised exchange gains	(12.232)	-
Employee benefits provision	29.279	29.815
Other temporary differences	2.347	1.428
Net deferred income tax asset/(liability)	**(405)**	**27.606**
Deferred income tax liabilities	**(47.277)**	**(20.275)**
Deferred income tax assets	**46.872**	**47.881**

(All amounts in Euro thousands unless otherwise stated)

18 Retirement benefit obligations

	As at	
	31 December 2006	**31 December 2005**
Balance sheet obligations for:		
Pension benefits	115.114	108.711
Total as per balance sheet	**115.114**	**108.711**

	Year ended	
	31 December 2006	**31 December 2005**
Income statement charge (Note 21):		
Pension benefits	15.757	16.429
Total as per income statement	**15.757**	**16.429**

The amounts recognised in the balance sheet are as follows:

	As at	
	31 December 2006	**31 December 2005**
Present value of unfunded benefit obligations	156.743	153.244
Unrecognised actuarial gains / (losses)	(39.566)	(37.637)
Unrecognised prior service cost	(2.063)	(6.896)
Liability in the Balance Sheet	**115.114**	**108.711**

The amounts recognised in the income statements are as follows:

	Year ended	
	31 December 2006	**31 December 2005**
Current service cost	7.041	7.069
Interest cost	6.354	6.257
Net actuarial (gains) / losses recognised in the year	1.931	2.205
Past service cost	173	173
Regular profit & loss charge	**15.499**	**15.704**
Additional cost of extra benefits	258	725
Total included in employee benefit expense	**15.757**	**16.429**

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

	31 December 2006	**31 December 2005**
Beginning of the year	108.711	100.694
Reclassification of other post retirement benefits	15.757	16.429
Payments	(9.354)	(8.412)
Total	**115.114**	**108.711**

The principal actuarial assumptions used were as follows:

	As at	
	31 December 2006	**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
Environmental provision	-	5.192
Commodity cash flow hedges (Note 20)	2.097	-
Other provisions	20.228	15.629
Total	**47.939**	**46.435**

Government advances

Advances by the Government (Hellenic State) to the Company for the purposes of research and exploration amount to € 25.614 and have been recorded as a liability since such an amount may become payable if income is generated from activity in the relevant 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 Company 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

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

(All amounts in Euro thousands unless otherwise stated)

20 Fair values of derivative financial instruments

	As at 31 December 2006		As at 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	3.597	2.097	-	-
Total cash flow hedges	**3.597**	**2.097**	**-**	**-**
Total	**11.202**	**3.404**	**3.781**	**6.982**
Non-current portion				
Commodity swaps (Notes 9, 19)	3.597	2.097	-	-
	3.597	**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	**11.202**	**3.404**	**3.781**	**6.982**

Derivatives held for trading

(a) Commodity swaps

The Company enters in to commodity swap derivative contracts in US$ 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 Company uses derivative financial instruments to manage certain exposures to fluctuations in commodity prices. In this framework, the company has entered into a number of commodity price swaps which have been designated by the company as cash flow hedges, have been evaluated and proven to be highly effective, and in this respect, any changes in their fair value are recorded within Equity 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 expenses

	For the year ended	
	31 December 2006	**31 December 2005**
Wages and salaries	128.218	131.670
Social security costs	23.582	23.602
Pension costs	15.099	16.429
Other employment benefits	26.710	24.301
Total	**193.609**	**196.002**

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

22 Selling, distribution and administrative expenses

	For the year ended	
	31 December 2006	**31 December 2005**
Selling and distribution expenses	94.905	81.960
Administrative expenses	92.958	85.432
	187.863	**167.392**

23 Other operating income / (expenses)

	For the year ended	
	31 December 2006	**31 December 2005**
Income from grants	5.213	14.835
Gains on derivative financial instruments	38.610	19.409
Losses on derivative financial instruments	(22.987)	(25.868)
Services to third parties	1.026	706
Gain / (loss) on sale of fixed assets	1.262	(285)
Rental income	513	736
Other provisions	4.566	(3.514)
Total	**28.203**	**6.019**

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**
Bank interest income	9.913	8.522
Bank interest expense	(28.291)	(14.719)
Finance costs -net	**(18.378)**	**(6.197)**

(All amounts in Euro thousands unless otherwise stated)

25 Income tax expense

	For the year ended	
	31 December 2006	**31 December 2005**
Current tax	42.131	167.187
Deferred tax (Note 17)	28.011	(34.800)
Total	**70.142**	**132.387**

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	**281.532**	**454.960**
Tax calculated at tax rates applicable to profits	81.644	145.587
Tax on income not subject to tax	(12.041)	(9.676)
Tax on expenses not deductible for tax purposes	8.554	3.281
Other	(8.015)	(6.805)
Tax Charge	**70.142**	**132.387**

The basic tax rate was 29% for the period ending 31 December 2006 (32% for the year ending 31 December 2005).

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 the shareholders of the Company (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):	**0,69**	**1,06**
Net income attributable to ordinary shares	211.390	322.573
Average number of ordinary shares outstanding	305.622.635	305.516.704

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

(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. At it's meeting held on 12 December 2005, the Board agreed that an interim dividend distribution of €0,15 per share (amounting to a total of €45.827) be proposed at the Extraordinary General Meeting of the shareholder's for the 2005 period. The AGM of 31 May 2006 approved a final dividend of €0,28 per share (a total of € 85.574). Therefore the total 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 Financial Statements of the Company 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 the interim consolidated financial statements of the Company for the year end 31 December 2006.

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		**281.532**	**454.960**
Adjustments for:			
Depreciation and amortisation of tangible and intangible assets	**6,7**	89.532	103.726
Amortisation of government grants		(5.213)	(21.747)
Financial (income)/ expenses	**24**	18.378	6.197
Dividends from subsidiaries		(18.164)	(15.404)
Provisions		19.985	46.538
(Gain)/Loss on sales of fixed assets		(1.262)	286
Foreign exchange (gains) / losses		(30.792)	14.803
		353.996	**589.359**
Changes in working capital			
(Increase) / decrease in inventories		(36.168)	(456.792)
(Increase) / decrease in trade and other receivables		(20.783)	(215.376)
Increase / (decrease) in payables		(164.348)	136.293
		(221.299)	**(535.875)**
Net cash (used in) / generated from operating activities		**132.697**	**53.484**

29 Contingencies

The Company has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business. Provisions are set up by the Company against such matters whenever deemed necessary in accordance with its accounting 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 Company generates income from the discoveries resulting from its expenditure and therefore is included as part of long-term liabilities (see note 13). (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 Company is involved in a number of legal proceedings and has various unresolved claims pending arising in the ordinary course of business. Based on currently available information, management believes the outcome will not have a significant effect on the company's operating results or financial position.

(iii) During 2004, Hellenic Petroleum S.A. was audited by the Greek tax authorities for the years ended 31 December 1997 to 2001. An amount of €11,9 million of additional taxes, plus fines was assessed by tax authorities for prior year tax audits and was recorded in the financial statements for the year ended 31 December 2004. The Company has not undergone a tax audit for the years ended 31 December 2002 to 31 December 2006. Management believes that no additional material liability will arise as a result of open tax years over and above the tax liabilities and provisions recognised in the financial statements.

(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 Company. 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 Company's operating results or financial position.

(v) The Company has given letters of comfort and guarantees of €610 million to banks for loans undertaken by subsidiaries and associates of the Company, the outstanding amount of which was €550 million as of 31 December 2006. The Company has also issued letters of credit and guarantees in favour of third parties amounting to € 424 million mainly for the completion of crude purchase contracts.

(vi) In October 2002 the Company 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 Company 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 Company would amount to approximately €20 million. The Company's management monitors this matter and since the Company has lawfully operated within the provisions of the law, it and does not believe that the final outcome of the case would materially impact the financial position of the Company.

(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 Company 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.

30 Commitments

Significant contractual commitments of the Company are as follows:

- Capital investment in upgrading Hellenic Petroleum refinery installations of €52 million. (2005: €22 million)

- Upstream exploration and development costs of €18 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.

(All amounts in Euro thousands unless otherwise stated)

31 Related-party transactions

i) Sales of goods and services	**For the year ended 31 December 2006**	**31 December 2005**
Sales of goods		
Affiliated Companies	2.393.451	2.023.788
Non affiliated	799.790	675.075
Sales of services		
Affiliated Companies	9.250	7.223
	3.202.491	**2.706.086**

ii) Purchases of goods and services		
Purchases of goods		
Affiliated Companies	30.409	24.946
Non affiliated	24.102	24.259
Purchases of services		
Affiliated Companies	11.695	3.728
	66.206	**52.933**

iii) Balances arising from sales / purchases of goods / services	**As at 31 December 2006**	**31 December 2005**
Receivables from related parties		
Affiliated Companies		
- Receivables	153.290	163.789
Non affiliated (outside the Group)		
- Receivables	128.544	97.735
	281.834	**261.524**
Payables to related parties		
Affiliated Companies		
- Payables	12.460	8.622
Non affiliated (outside the Group)		
- Payables	3.614	4.602
	16.074	**13.224**
Net balances from related parties	**265.761**	**248.300**

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

Non affiliated or Governmental organisations include the Hellenic Armed Forces and the Public Power Corporation (Hellas). They are considered related parties due to the shareholding in the Company by the Hellenic State.

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

a) Hellenic Petroleum Group companies.

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

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

c) Financial institutions which are under common control with the Company due to the shareholding and control rights of the Hellenic State. The Company has loans amounting to €138.266 as at 31 December 2006 (31 December 2005: €66.622) which represent loan balances due to the 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

d) Joint ventures with other third parties:

- OMV Aktiengesellschaft
- Sipetrol
- Woodside – Repsol – Helpe

e) Associates of the Company:

- 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)

f) Financial institutions in which substantial interest is owned by parties which hold significant participation in the share capital of the Company. The Company has loans amounting to €82.916 as at 31 December 2006 (31 December 2005: €44.430) with the following related financial institutions:

- EFG Eurobank Ergasias S.A.

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

- Lamda Shipyards

32 Post balance sheet events

(i) On 2 February 2007 HPF 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 respectively.

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.