# HELLENIC PETROLEUM S.A.

# CONDENSED INTERIM FINANCIAL INFORMATION

## FOR THE NINE MONTH PERIOD ENDED

# 30 SEPTEMBER 2009

# CONTENTS

*(All amounts in Euro thousands unless otherwise stated)*

# I. Company Information

| | |
|---|---|
| **Directors** | Efthimios Christodoulou – Chairman of the Board<br>John Costopoulos – Chief Executive Officer<br><br>Theodoros-Achilleas Vardas – Executive Member<br>Vasilios Bagiokos – Non executive Member<br>Panagiotis Pavlopoulos – Non executive Member<br>Iason Stratos – Non executive Member<br>Elisabeth Typaldou - Loverdou – Non executive Member<br>Georgios Kallimopoulos– Non executive Member<br>Dimitrios Miliakos - Non executive Member (from 14/05/2008)<br>Panagiotis Ofthalmidis– Non executive Member (from 14/05/2008)<br>Alexios Athanasopoulos– Non executive Member (from 14/05/2008)<br>Ioulia Armagou – Non executive Member (from 07/08/2008)<br>Nikolaos Pefkianakis – Non executive Member (from 05/05/2009) |
| **Other Board Members during reporting period** | Andreas Vranas – Non executive member (until 14/05/2008)<br>Vasilios Nikitas - Non executive Member (until 14/05/2008)<br>Dimitrios Deligiannis - Non executive Member (until 14/05/2008)<br>Marios Tsakas – Non executive Member (until 07/08/2008)<br>Nikolaos Lerios– Executive Member (until 05/05/2009) |
| **Registered Office:** | 54 Amalias Avenue<br>10558 Athens, Greece |
| **Registration number:** | 2443/06/86/23 / Ministry of Development |
| **Auditors:** | PricewaterhouseCoopers S.A.<br>152 32 Halandri<br>Athens, Greece |

*(All amounts in Euro thousands unless otherwise stated)*

# II. Condensed Interim Statement of Financial Position (Unaudited)

| | | As at | |
|---|---|---|---|
| | **Note** | **30 September 2009** | **31 December 2008** |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | **8** | 1.106.483 | 855.247 |
| Intangible assets | **9** | 13.314 | 17.446 |
| Investments in associates and joint ventures | | 707.923 | 707.838 |
| Deferred income tax assets | | 13.522 | 61.465 |
| Available-for-sale financial assets | | 21 | 21 |
| Loans, advances and other receivables | **10** | 1.226 | 632 |
| | | **1.842.489** | **1.642.649** |
| **Current assets** | | | |
| Inventories | **11** | 1.132.343 | 940.722 |
| Trade and other receivables | **12** | 796.024 | 713.693 |
| Cash and cash equivalents | **13** | 88.050 | 520.232 |
| | | **2.016.417** | **2.174.647** |
| **Total assets** | | **3.858.906** | **3.817.296** |
| **EQUITY** | | | |
| Share capital | **14** | 1.020.081 | 1.020.081 |
| Reserves | **15** | 471.375 | 489.407 |
| Retained Earnings | | 429.708 | 371.901 |
| **Total equity** | | **1.921.164** | **1.881.389** |
| **LIABILITIES** | | | |
| **Non- current liabilities** | | | |
| Borrowings | **16** | 241.836 | 263.227 |
| Retirement benefit obligations | | 111.873 | 123.496 |
| Long term derivatives | **19** | 67.737 | 71.219 |
| Provisions and other long term liabilities | **17** | 28.729 | 31.565 |
| | | **450.175** | **489.507** |
| **Current liabilities** | | | |
| Trade and other payables | **18** | 505.803 | 682.404 |
| Current income tax liabilities | | 4.118 | - |
| Borrowings | **16** | 929.039 | 760.798 |
| Dividends payable | | 48.607 | 3.198 |
| | | **1.487.567** | **1.446.400** |
| **Total liabilities** | | **1.937.742** | **1.935.907** |
| **Total equity and liabilities** | | **3.858.906** | **3.817.296** |

The notes on pages 8 to 25 are an integral part of this interim financial information.

| Chief Executive Officer | Chief Financial Officer | Accounting Director |
|---|---|---|
| Ioannis Costopoulos | Andreas Shiamishis | Pantelis Tikkas |

*(All amounts in Euro thousands unless otherwise stated)*

# III. Condensed Interim Statement of Comprehensive Income (Unaudited)

| | Note | For the nine month period ended 30 September 2009 | For the nine month period ended 30 September 2008 | For the three month period ended 30 September 2009 | For the three month period ended 30 September 2008 |
|---|---|---|---|---|---|
| **Sales** | | **4.462.154** | **7.529.376** | **1.553.912** | **2.648.479** |
| Cost of sales | | (4.073.066) | (7.218.599) | (1.438.305) | (2.700.637) |
| **Gross profit** | | **389.088** | **310.777** | **115.607** | **(52.158)** |
| Selling, distribution and administrative expenses | 4 | (134.338) | (141.639) | (46.291) | (48.421) |
| Exploration and development expenses | | (5.717) | (18.989) | (2.786) | (5.163) |
| Other operating income/(expenses) - net | 5 | (13.860) | (34.204) | 2.502 | 15.775 |
| Dividend income | | 17.110 | 18.387 | - | 4.925 |
| **Operating profit** | | **252.283** | **134.332** | **69.032** | **(85.042)** |
| Finance (expenses)/income -net | 6 | (9.660) | (14.071) | (4.528) | (6.048) |
| Currency exchange (losses)/gains | | 11.171 | (22.089) | 6.736 | (39.503) |
| **Profit/(loss) before income tax** | | **253.794** | **98.172** | **71.240** | **(130.593)** |
| Income tax expense | | (57.304) | (31.595) | (14.171) | 33.191 |
| **Profit/(loss) for the period** | | **196.490** | **66.577** | **57.069** | **(97.402)** |
| **Other comprehensive income:** | | | | | |
| Unrealised gains/(losses) on revaluation of hedges (Note 19) | | (19.179) | (109.168) | 17.479 | 56.359 |
| **Other Comprehensive income/(loss) for the period, net of tax** | | (19.179) | (109.168) | 17.479 | 56.359 |
| **Total comprehensive income/(loss) for the period** | | **177.311** | **(42.591)** | **74.548** | **(41.043)** |
| **Basic and diluted earnings per share (expressed in Euro per share)** | 7 | **0,64** | **0,22** | **0,19** | **(0,32)** |

The notes on pages 8 to 25 are an integral part of this interim financial information.

*(All amounts in Euro thousands unless otherwise stated)*

# IV. Condensed Interim Statement of Changes in Equity (Unaudited)

| | Share Capital | Reserves | Retained Earnings | Total Equity |
|---|---|---|---|---|
| **Balance at 1 January 2008** | **1.020.081** | **503.313** | **608.201** | **2.131.595** |
| Unrealised gains / (losses) on revaluation of hedges (Note 19) | - | (109.168) | - | (109.168) |
| **Other comprehensive income** | **-** | **(109.168)** | **-** | **(109.168)** |
| Profit for the period | - | - | 66.577 | 66.577 |
| **Total comprehensive income for the period** | **-** | **(109.168)** | **66.577** | **(42.591)** |
| Transfers to retained earnings (Law 3220/04) | - | (24.807) | 24.807 | - |
| Dividends relating to 2007 and to interim 2008 | - | - | (152.817) | (152.817) |
| **Balance at 30 September 2008** | **1.020.081** | **369.338** | **546.768** | **1.936.187** |
| **Movement - 1 October 2008 to 31 December 2008** | | | | |
| Unrealised gains / (losses) on revaluation of hedges (Note 19) | - | 120.069 | - | 120.069 |
| **Other comprehensive income** | **-** | **120.069** | **-** | **120.069** |
| Loss for the period | - | - | (174.867) | (174.867) |
| **Total comprehensive income for the period** | **-** | **120.069** | **(174.867)** | **(54.798)** |
| **Balance at 31 December 2008** | **1.020.081** | **489.407** | **371.901** | **1.881.389** |
| **Movement - 1 January 2009 to 30 September 2009** | | | | |
| Unrealised gains / (losses) on revaluation of hedges (Note 19) | - | (19.179) | - | (19.179) |
| **Other comprehensive income** | **-** | **(19.179)** | **-** | **(19.179)** |
| Profit for the period | - | - | 196.490 | 196.490 |
| **Total comprehensive income for the period** | **-** | **(19.179)** | **196.490** | **177.311** |
| Transfers from retained earnings ( Law 3299/04) | - | 1.147 | (1.147) | - |
| Dividends relating to 2008 and to interim 2009 | - | - | (137.536) | (137.536) |
| **Balance at 30 September 2009** | **1.020.081** | **471.375** | **429.708** | **1.921.164** |

The notes on pages 8 to 25 are an integral part of this interim financial information.

*(All amounts in Euro thousands unless otherwise stated)*

# V. Condensed Interim Statement of Cash Flows (Unaudited)

| | | For the nine month period ended | |
|---|---|---|---|
| | **Note** | **30 September 2009** | **30 September 2008** |
| **Cash flows from operating activities** | | | |
| Cash (used in) / generated from operations | **20** | (231.237) | (140.010) |
| Income tax paid | | (953) | (84.683) |
| **Net cash (used in) / generated from operating activities** | | **(232.190)** | **(224.693)** |
| | | | |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment & intangible assets | **8,9** | (305.466) | (109.408) |
| Grants received | | 3.899 | 925 |
| Investments in affiliated companies | | - | (1.669) |
| Dividends received | | 18.448 | 16.656 |
| Interest received | **6** | 11.301 | 7.055 |
| **Net cash used in investing activities** | | **(271.818)** | **(86.441)** |
| | | | |
| **Cash flows from financing activities** | | | |
| Interest paid | **6** | (20.354) | (21.126) |
| Dividends paid | | (78.374) | (107.159) |
| Proceeds from borrowings | | 1.258.030 | 1.020.569 |
| Repayments of borrowings | | (1.083.401) | (584.012) |
| **Net cash generated from financing activities** | | **75.901** | **308.272** |
| | | | |
| **Net increase in cash & cash equivalents** | | **(428.107)** | **(2.862)** |
| | | | |
| **Cash & cash equivalents at beginning of the period** | **13** | **520.232** | **26.815** |
| Exchange losses on cash & cash equivalents | | (4.075) | (54) |
| Net increase/(decrease) in cash & cash equivalents | | (428.107) | (2.862) |
| **Cash & cash equivalents at end of the period** | **13** | **88.050** | **23.899** |

The notes on pages 8 to 25 are an integral part of this interim financial information.

# VI. Notes to the Condensed Interim Financial Information (Unaudited)

## 1. GENERAL INFORMATION

Hellenic Petroleum S.A. operates in the energy sector in Greece. The Company's activities include exploration and production, refining and marketing of oil products and the production and marketing of petrochemical products.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

**Basis of preparation**

The interim financial information of Hellenic Petroleum S.A is prepared in accordance with International Accounting Standard 34 (IAS 34) '*Interim Financial Reporting'*.

This interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2008. These can be found on the Company's website **www.helpe.gr**.

The interim financial information of the Company for the nine month period ended 30 September 2009 was authorised for issue by the Board of Directors on 19 November 2009.

**Accounting policies**

The accounting policies used in the preparation of the condensed interim financial information for the nine month period ended 30 September 2009 are consistent with those applied for the preparation of the published accounts of the company for the year ended 31 December 2008. The interim financial statements have been prepared under the revised disclosure requirements. Where necessary, comparative figures have been reclassified to conform to the changes in the presentation of the current year. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

*New standards, amendments to standards and interpretations:* Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning during the current reporting period and subsequent reporting periods. The Company's evaluation of the effect of these new standards, amendments to standards and interpretations is as follows.

The following standards, amendments to standards and interpretations to existing standards are applicable to the Company for periods on or after 1 January 2009:

- *IAS 1(Revised) 'Presentation of Financial Statements'*. IAS 1 has been revised to enhance the usefulness of information presented in the financial statements. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Company has elected to present one statement. The interim financial statements have been prepared under the revised disclosure requirements.
- *IAS 23 'Borrowing Costs'*. This standard replaces the previous version of IAS 23. The main change is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that need a substantial period of time to get ready for use or sale. The revised standard has presently no impact on the Company's interim financial information.
- *IAS 24 (Amendment) 'Related Party Disclosures' (effective for annual periods beginning on or after 1 January 2011).*This amendment attempts to relax disclosures of transactions between government-related entities and clarify related-party definition. More specifically, it removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related

entities, clarifies and simplifies the definition of a related party and requires the disclosure not only of the relationships, transactions and outstanding balances between related parties, but of commitments as well in both the consolidated and the individual financial statements. The Company will apply these changes from their effective date.

- *IAS 39 (Amended) 'Financial Instruments: Recognition and Measurement (effective for annual period beginning on or after 1 July 2009) – Eligible Hedged Items*. This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. This amendment is applicable to the Company as it applies hedge accounting in terms of IAS 39, but has not had any impact on its interim financial information.

- *IFRS 2(Amendments) 'Share Based Payment' – Vesting Conditions and Cancellations.* The amendment, clarifies the definition of "vesting condition" by introducing the term "non-vesting condition" for conditions other than service conditions and performance conditions. The amendment also clarifies that the same accounting treatment applies to awards that are effectively cancelled by either the entity or the counterparty. This amendment had no impact on the Company's interim financial information.

- *IFRS 3 (Revised) 'Business Combinations' and IAS 27 (Amended) 'Consolidated and Separate Financial Statements' (effective for annual periods beginning on or after 1 July 2009)* The revised IFRS 3 introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognizing subsequent changes in fair value of contingent consideration in the profit or loss. The amended IAS 27 requires a change in ownership interest of a subsidiary to be accounted for as an equity transaction. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by these standards must be applied prospectively and will affect future acquisitions and transactions with minority interests. The Company will apply these changes from their effective date.

- *IFRS 8 'Operating Segments'.* This standard supersedes IAS 14, under which segments were identified and reported based on a risk and return analysis. Under IFRS 8 segments are components of an entity regularly reviewed by the entity's chief operating decision maker and are reported in the financial statements based on this internal component classification. This has resulted in no change in the number of reportable segments presented.

The following amendments to standards and interpretations to existing standards are mandatory for the Company's accounting periods beginning on or after 1 January 2009 or later periods but without any significant impact to the Company's operations:

- *IAS 32 (Amendment) 'Financial Instruments: Presentation' and IAS 1 (Amendment) 'Presentation of Financial Statements' – Puttable Financial Instruments* The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity. This amendment does not impact the Company's interim financial information.

- *IAS 32 (Amendment) 'Financial Instruments: Presentation' (effective for annual periods beginning on or after 1 February 2010).* This amendment clarifies how certain rights issues should be classified. In particular, based on this amendment, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. This amendment is not expected to impact the Company's interim financial information.

- *IFRS 1 (Amendment) 'First-time adoption of International Financial Reporting Standards' (effective for annual periods beginning on or after 1 January 2010).* This amendment provides additional clarifications for first-time adopters of IFRS in respect of the use of deemed cost for oil and gas assets, the determination of whether an arrangement contains a lease and the decommissioning liabilities included in the cost of property, plant and equipment. This amendment will not impact the Company's financial statements since it has already adopted IFRS.

- *IFRIC 13 'Customer Loyalty Programmes'.* This interpretation clarifies the treatment of entities that grant loyalty award credits such as ''points'' and ''travel miles'' to customers who buy other goods or services. This interpretation is not relevant to the Company's operations.

- *IFRIC 15 – 'Agreements for the construction of real estate*'. This interpretation addresses the diversity in accounting for real estate sales. Some entities recognise revenue in accordance with IAS 18 (i.e. when the risks and rewards in the real estate are transferred) and others recognise revenue as the real estate is developed in accordance with IAS 11. The interpretation clarifies which standard should be applied to each particular case. This interpretation is not relevant to the Company's operations.

- *IFRIC 16 'Hedges of a net investment in a foreign operation'.* This interpretation applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and qualifies for hedge accounting in accordance with IAS 39. The interpretation provides guidance on how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item. This interpretation is not relevant to the Company as the Company does not apply hedge accounting for any investment in a foreign operation.

- *IFRIC 17, 'Distributions of non-cash assets to owners' (effective for annual periods beginning on or after 1 July 2009).* This interpretation provides guidance on accounting for the following types of non-reciprocal distributions of assets by an entity to its owners acting in their capacity as owners: (a) distributions of non-cash assets and (b) distributions that give owners a choice of receiving either non-cash assets or a cash alternative. This is not currently applicable for the Company, as it has not made any non-cash distributions.

- *IFRIC 18, 'Transfers of assets from customers' (effective for transfers of assets received on or after 1 July 2009).* This interpretation clarifies the requirements of IFRS for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use to provide the customer with an ongoing supply of goods or services. In some cases, the entity receives cash from a customer which must be used only to acquire or construct the item of property, plant and equipment. This is not relevant for the Company, as it has not received any assets from customers.

*(All amounts in Euro thousands unless otherwise stated)*

## 3. ANALYSIS BY SEGMENT

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

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

| **Period ended 30 September 2009** | **Refining** | **Petro-chemicals** | **Exploration & Production** | **Other** | **Total** |
|---|---|---|---|---|---|
| Sales | 4.268.157 | 193.150 | 847 | - | 4.462.154 |
| Other operating income / (expense) - net | (2.310) | (6.750) | (4.800) | - | (13.860) |
| **Operating profit / (loss)** | **246.121** | **5.620** | **(14.940)** | **15.482** | **252.283** |
| Currency exchange gains / (losses) | 11.171 | - | - | - | 11.171 |
| **Profit before tax & finance costs** | **257.292** | **5.620** | **(14.940)** | **15.482** | **263.454** |
| Finance income/(expense) - net | | | | | (9.660) |
| **Profit before income tax** | | | | | **253.794** |
| Income tax expense | | | | | (57.304) |
| **Profit for the period** | | | | | **196.490** |

| **Period ended 30 September 2008** | **Refining** | **Petro-chemicals** | **Exploration & Production** | **Other** | **Total** |
|---|---|---|---|---|---|
| Sales | 7.233.940 | 292.766 | 847 | 1.823 | 7.529.376 |
| Other operating income / (expense) - net | (35.679) | 1.475 | - | - | (34.204) |
| **Operating profit / (loss)** | **123.665** | **18.342** | **(24.752)** | **17.077** | **134.332** |
| Currency exchange gains / (losses) | (22.089) | - | - | - | (22.089) |
| **Profit before tax & finance costs** | **101.576** | **18.342** | **(24.752)** | **17.077** | **112.243** |
| Finance income/(expense) - net | | | | | (14.071) |
| **Profit before income tax** | | | | | **98.172** |
| Income tax expense | | | | | (31.595) |
| **Profit for the period** | | | | | **66.577** |

*(All amounts in Euro thousands unless otherwise stated)*

**Further segmental information as at 30 September 2009 is as follows:**

| | Refining | Petro-chemicals | Exploration & Production | Other | Total |
|---|---|---|---|---|---|
| Total Assets | 3.633.104 | 206.691 | 5.589 | 13.522 | **3.858.906** |
| Total liabilities | 1.696.028 | 188.989 | - | 52.725 | **1.937.742** |
| Net Assets | 1.937.076 | 17.702 | 5.589 | (39.203) | **1.921.164** |
| Capital Expenditure | 298.932 | 420 | 6.114 | - | **305.466** |
| Depreciation & Amortisation | 44.348 | 9.279 | 3.121 | - | **56.748** |

**Further segmental information as at 31 December 2008 is as follows:**

| | Refining | Petro-chemicals | Exploration & Production | Other | Total |
|---|---|---|---|---|---|
| Total Assets | 3.507.580 | 244.193 | 4.058 | 61.465 | **3.817.296** |
| Total Liabilities | 1.736.353 | 191.173 | - | 8.381 | **1.935.907** |
| Net Assets | 1.771.227 | 53.020 | 4.058 | 53.084 | **1.881.389** |
| Capital Expenditure | 241.736 | - | - | - | **241.736** |
| Depreciation & Amortisation | 63.076 | 12.697 | - | - | **75.773** |

## 4. SELLING, DISTRIBUTION AND ADMINISTRATIVE EXPENSES

| | For the nine month period ended | | For the three month period ended | |
|---|---|---|---|---|
| | 30 September 2009 | 30 September 2008 | 30 September 2009 | 30 September 2008 |
| Selling and distribution expenses | 69.914 | 76.812 | 22.738 | 25.665 |
| Administrative expenses | 64.424 | 64.827 | 23.553 | 22.756 |
| | **134.338** | **141.639** | **46.291** | **48.421** |

## 5. OTHER OPERATING (EXPENSES) / INCOME – NET

Other operating (expenses) / income – net include amongst other, items of income or expenses which do not represent trading activities of the Company. Also included in Other Operating (Expenses) / Income are gains / (losses) from derivative positions not directly associated with operating activities (note 19).

Other operating (expenses) / income include the additional costs incurred regarding the voluntary retirement scheme (VRS) effected in August and September 2009 amounting to €27 million.

## 6. FINANCE COSTS - NET

| | For the nine month period ended | | For the three month period ended | |
|---|---|---|---|---|
| | 30 September 2009 | 30 September 2008 | 30 September 2009 | 30 September 2008 |
| Interest income | 11.301 | 7.055 | 2.414 | 1.708 |
| Interest expense and similar charges | (20.354) | (21.126) | (6.335) | (7.756) |
| Accrued interest expense | (607) | - | (607) | - |
| **Finance (expenses)/income -net** | **(9.660)** | **(14.071)** | **(4.528)** | **(6.048)** |

## 7. EARNINGS PER SHARE

Diluted earnings per ordinary share are not materially different from basic earnings per share.

Basic earnings per share are calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period.

| | **For the nine month period ended** | | **For the three month period ended** | |
|---|---|---|---|---|
| | **30 September 2009** | **30 September 2008** | **30 September 2009** | **30 September 2008** |
| **Earnings per share attributable to the Company Shareholders (expressed in Euro per share):** | **0,64** | **0,22** | **0,19** | **(0,32)** |
| Net income attributable to ordinary shares (Euro in thousands) | 196.490 | 66.577 | 57.069 | (97.402) |
| Average number of ordinary shares outstanding | 305.635.185 | 305.635.185 | 305.635.185 | 305.635.185 |

*(All amounts in Euro thousands unless otherwise stated)*

## 8. PROPERTY, PLANT AND EQUIPMENT

| | Land | Buildings | Plant & Machi-nery | Motor vehicles | Furniture and fixtures | Assets Under Cons-truction | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| **As at 1 January 2008** | **114.752** | **147.054** | **1.200.887** | **8.719** | **42.125** | **157.559** | **1.671.096** |
| Additions | 1.770 | 67 | 405 | 294 | 2.931 | 103.737 | 109.204 |
| Capitalised projects | - | 1.120 | 19.228 | 53 | 293 | (20.694) | - |
| Disposals | - | - | (14) | - | (225) | - | (239) |
| Transfers & other movements | - | 46 | (63) | - | 5 | - | (12) |
| **As at 30 September 2008** | **116.522** | **148.287** | **1.220.443** | **9.066** | **45.129** | **240.602** | **1.780.049** |
| | | | | | | | |
| **Accumulated Depreciation** | | | | | | | |
| **As at 1 January 2008** | **-** | **89.128** | **865.566** | **7.736** | **32.230** | **-** | **994.660** |
| Charge for the year | - | 5.375 | 43.262 | 260 | 2.524 | - | 51.421 |
| Disposals | - | - | - | - | (225) | - | (225) |
| Transfers and other movements | - | (13) | - | - | - | - | (13) |
| **As at 30 September 2008** | **-** | **94.490** | **908.828** | **7.996** | **34.529** | **-** | **1.045.843** |
| | | | | | | | |
| **Net Book Value at 30 September 2008** | **116.522** | **53.797** | **311.615** | **1.070** | **10.600** | **240.602** | **734.206** |
| | | | | | | | |
| **Cost** | | | | | | | |
| **As at 1 October 2008** | **116.522** | **148.287** | **1.220.443** | **9.066** | **45.129** | **240.602** | **1.780.049** |
| Additions | - | 115 | 280 | 188 | 1.014 | 125.391 | 126.988 |
| Capitalised projects | - | 3.614 | 37.060 | - | 3.425 | (44.099) | - |
| Disposals | - | (4.471) | (427) | (80) | (28) | - | (5.006) |
| Transfers & other movements | (8.502) | 12.399 | (2.994) | (5) | 846 | 8.965 | 10.709 |
| **As at 31 December 2008** | **108.020** | **159.944** | **1.254.362** | **9.169** | **50.386** | **330.859** | **1.912.740** |
| | | | | | | | |
| **Accumulated Depreciation** | | | | | | | |
| **As at 1 October 2008** | **-** | **94.490** | **908.828** | **7.996** | **34.529** | **-** | **1.045.843** |
| Charge for the year | - | 1.825 | 12.455 | 90 | 964 | - | 15.334 |
| Disposals | - | (3.280) | (305) | (80) | (30) | - | (3.695) |
| Transfers and other movements | - | (1) | - | 12 | - | - | 11 |
| **As at 31 December 2008** | **-** | **93.034** | **920.978** | **8.018** | **35.463** | **-** | **1.057.493** |
| | | | | | | | |
| **Net Book Value at 31 December 2008** | **108.020** | **66.910** | **333.384** | **1.151** | **14.923** | **330.859** | **855.247** |
| | | | | | | | |
| **Cost** | | | | | | | |
| **As at 1 January 2009** | **108.020** | **159.944** | **1.254.362** | **9.169** | **50.386** | **330.859** | **1.912.740** |
| Additions | 1.884 | 3.916 | 209 | 253 | 2.435 | 296.478 | 305.175 |
| Capitalised projects | - | 3.236 | 40.739 | - | 411 | (44.386) | - |
| Disposals | - | (6) | - | - | (192) | - | (198) |
| Transfers and other movements | - | - | - | - | - | (4.110) | (4.110) |
| **As at 30 September 2009** | **109.904** | **167.090** | **1.295.310** | **9.422** | **53.040** | **578.841** | **2.213.607** |
| | | | | | | | |
| **Accumulated Depreciation** | | | | | | | |
| **As at 1 January 2009** | **-** | **93.034** | **920.978** | **8.018** | **35.463** | **-** | **1.057.493** |
| Charge for the period | - | 9.160 | 36.934 | 273 | 3.460 | - | 49.827 |
| Disposals | - | (4) | - | - | (192) | - | (196) |
| **As at 30 September 2009** | **-** | **102.190** | **957.912** | **8.291** | **38.731** | **-** | **1.107.124** |
| | | | | | | | |
| **Net Book Value at 30 September 2009** | **109.904** | **64.900** | **337.398** | **1.131** | **14.309** | **578.841** | **1.106.483** |

*(All amounts in Euro thousands unless otherwise stated)*

## 9. INTANGIBLE ASSETS

| | Computer software | Licences & Rights | Total |
|---|---|---|---|
| **Cost** | | | |
| **As at 1 January 2008** | **44.015** | **35.080** | **79.095** |
| Additions | 204 | - | 204 |
| **As at 30 September 2008** | **44.219** | **35.080** | **79.299** |
| | | | |
| **Accumulated Amortisation** | | | |
| **As at 1 January 2008** | **38.027** | **14.641** | **52.668** |
| Charge for the year | 3.295 | 3.443 | 6.738 |
| Other movements | - | - | - |
| **As at 30 September 2008** | **41.322** | **18.084** | **59.406** |
| | | | |
| **Net Book Value at 30 June 2008** | **2.897** | **16.996** | **19.893** |
| | | | |
| **Cost** | | | |
| **As at 1 October 2008** | **44.219** | **35.080** | **79.299** |
| Additions | 5.340 | - | 5.340 |
| Disposals of E&P license | - | (13.529) | (13.529) |
| Transfers, acquisitions & other movements | 2.962 | - | 2.962 |
| **As at 31 December 2008** | **52.521** | **21.551** | **74.072** |
| | | | |
| **Accumulated Amortisation** | | | |
| **As at 1 October 2008** | **41.322** | **18.084** | **59.406** |
| Charge for the year | 5.723 | (3.443) | 2.280 |
| Disposals of E&P licence | - | (6.759) | (6.759) |
| Transfers, acquisitions & other movements | (614) | 2.313 | 1.699 |
| **As at 31 December 2008** | **46.431** | **10.195** | **56.626** |
| | | | |
| **Net Book Value at 31 December 2008** | **6.090** | **11.356** | **17.446** |
| | | | |
| **Cost** | | | |
| **As at 1 January 2009** | **52.521** | **21.551** | **74.072** |
| Additions | 291 | - | 291 |
| Transfers, acquisitions & other movements | 166 | 3.944 | 4.110 |
| **As at 30 September 2009** | **52.978** | **25.495** | **78.473** |
| | | | |
| **Accumulated Amortisation** | | | |
| **As at 1 January 2009** | **46.431** | **10.195** | **56.626** |
| Charge for the period | 3.111 | 3.810 | 6.921 |
| Transfers, acquisitions & other movements | - | 1.612 | 1.612 |
| **As at 30 September 2009** | **49.542** | **15.617** | **65.159** |
| | | | |
| **Net Book Value at 30 September 2009** | **3.436** | **9.878** | **13.314** |

*(All amounts in Euro thousands unless otherwise stated)*

## 10. LOANS ADVANCES AND OTHER RECEIVABLES

| | As at | |
|---|---|---|
| | 30 September 2009 | 31 December 2008 |
| Loans and advances and other long term assets | 1.226 | 632 |
| **Total** | **1.226** | **632** |

## 11. INVENTORIES

| | As at | |
|---|---|---|
| | 30 September 2009 | 31 December 2008 |
| Crude oil | 267.185 | 364.671 |
| Refined products and semi-finished products | 766.271 | 478.747 |
| Petrochemicals | 28.128 | 35.097 |
| Consumable materials and other | 70.759 | 62.207 |
| **Total** | **1.132.343** | **940.722** |

## 12. TRADE AND OTHER RECEIVABLES

| | As at | |
|---|---|---|
| | 30 September 2009 | 31 December 2008 |
| Trade receivables | 508.985 | 461.766 |
| Other receivables | 280.921 | 204.180 |
| Derivatives held for trading (Note 19) | 2.909 | 24.833 |
| Deferred charges and prepayments | 3.209 | 22.914 |
| **Total** | **796.024** | **713.693** |

## 13. CASH AND CASH EQUIVALENTS

| | As at | |
|---|---|---|
| | 30 September 2009 | 31 December 2008 |
| Cash at Bank and in Hand | 19.977 | 30.660 |
| Short term bank deposits | 68.073 | 489.572 |
| **Total** | **88.050** | **520.232** |

Cash equivalents comprise of short-term deposits (relating to periods of less than three months). Such deposits depend on the immediate cash requirements of the Company.

*(All amounts in Euro thousands unless otherwise stated)*

## 14. SHARE CAPITAL

| | Number of Shares (authorised and issued) | Share Capital | Share premium | Total |
|---|---|---|---|---|
| **As at 1 January 2008 & 31 December 2008** | **305.635.185** | **666.285** | **353.796** | **1.020.081** |
| **As at 30 September 2009** | **305.635.185** | **666.285** | **353.796** | **1.020.081** |

All ordinary shares were authorised, issued and fully paid. The nominal value of each ordinary share is €2,18 (31 December 2008: €2,18).

*Share options*

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

No stock options were exercised during the nine-month period ended 30 September 2009, or the comparative period of the previous year. Stock based compensation expense was immaterial for the 9 month periods ended September 30, 2009 and 2008.

## 15. RESERVES

| | Statutory reserve | Special reserves | Hedging reserve | Tax-free reserves | Total |
|---|---|---|---|---|---|
| **Balance at 1 January 2008** | **97.829** | **86.495** | **(47.380)** | **366.369** | **503.313** |
| Fair value gains / (losses) on cash flow hedges (Note 19) | - | - | (109.168) | - | (109.168) |
| Transfer to retained earnings (Law 3220/04) | - | - | - | (24.807) | (24.807) |
| **Balance at 30 September 2008** | **97.829** | **86.495** | **(156.548)** | **341.562** | **369.338** |
| Fair value gains / (losses) on cash flow hedges (Note 19) | - | - | 120.069 | - | 120.069 |
| **Balance at 31 December 2008** | **97.829** | **86.495** | **(36.479)** | **341.562** | **489.407** |
| Fair value gains / (losses) on cash flow hedges (Note 19) | - | - | (19.179) | - | (19.179) |
| Transfer from retained earnings ( Law 3299/04) | | | | 1.147 | 1.147 |
| **Balance at 30 September 2009** | **97.829** | **86.495** | **(55.658)** | **342.709** | **471.375** |

*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.

*(All amounts in Euro thousands unless otherwise stated)*

*Special reserves*

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

*Tax-free reserves*

Tax-free reserves include:

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

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

(iii) In line with similar policy in the past, the Company had set up tax free reserves under the provisions of applicable incentive legislation Law 3220/2004 of the Hellenic Republic in respect to investment plans amounting to €81 million. The EU Commission has subsequently challenged this law as being a government subsidy that is not in accordance with EU policies. The Greek Government, conforming to European Union Directives passed Law 3614/2007 on the 22 November 2007 cancelling the provisions of Law 3220/2004, enabling companies to reallocate investments under other incentive legislation and requesting the payment of any due tax on the remaining amounts. Following the legislation amendment of Law 3220/2004, an amount of €69,6 million previously included in tax free reserves was reclassified to "Retained Earnings" ( €44,8 million in 2007 and €24,8 million in 2008). As a result, the tax free reserves now include a remaining amount of €11,4 million under Environmental Investment Laws 2601/98 and 3299/04. The Company has repaid back the relevant investment subsidies under Law 3220/2004 and has appealed against the Greek State to include the relevant investment under law 2992/2002.

## 16. BORROWINGS

| | As at | |
|---|---|---|
| | **30 September 2009** | **31 December 2008** |
| **Non-current borrowings** | | |
| Bank borrowings | 241.836 | 263.227 |
| **Non-current borrowings** | **241.836** | **263.227** |
| | | |
| **Current borrowings** | | |
| Short term loans | 920.117 | 751.876 |
| Current portion of long term debt | 8.922 | 8.922 |
| **Total current borrowings** | **929.039** | **760.798** |
| | | |
| **Total borrowings** | **1.170.875** | **1.024.025** |

In April 2006, the Company concluded a €400 million multi-currency loan agreement with Hellenic Petroleum Finance Plc ("HPF"). The loan facility amount was increased to €600 million on 18 October 2006 and to €1 billion on 18 October 2007. The loan facility has been used to refinance existing financial indebtedness and for general corporate purposes. In particular, parts of the proceeds of the loan were used in order to fully repay the $350 million bond loan issued by the Company in February 2005. As at 30 September 2009, the outstanding loan balance with HPF amounted to the equivalent of €819 million (US $768 million and € 295 million).

*(All amounts in Euro thousands unless otherwise stated)*

## 17. PROVISIONS AND OTHER LONG TERM LIABILITIES

| | As at | |
|---|---|---|
| | **30 September 2009** | **31 December 2008** |
| Government grants | 24.595 | 26.431 |
| Litigation provisions | 4.000 | 5.000 |
| Other provisions | 134 | 134 |
| **Total** | **28.729** | **31.565** |

*Government grants*

Government grants related to amounts received from the Greek State under investment legislation for the purpose of developing assets

*Environmental costs*

No material provision for environmental restitution is included in the accounts as the Company has a policy of addressing identified environmental issues on an ongoing basis.

*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.

## 18. TRADE AND OTHER PAYABLES

| | As at | |
|---|---|---|
| | **30 September 2009** | **31 December 2008** |
| Trade payables | 403.531 | 615.918 |
| Accrued Expenses & Deferred Income | 37.120 | 19.206 |
| Derivatives (Note19) | 25.365 | 12.268 |
| Other payables | 39.787 | 35.012 |
| **Total** | **505.803** | **682.404** |

## 19. FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

**Derivatives held for trading**

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

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

As part of managing operating and price risk, the Company engages in derivative transactions with 3rd parties with the intention of matching physical positions and trades or close proxies thereof and are therefore considered an integral part of "Cost of Sales". For the nine months ended 30 September 2009 the resulting gains / losses attributable to such derivatives were €8.609 loss (nine months ended 30 September 2008: €40.035 loss) and are included in Cost of Sales.

*(All amounts in Euro thousands unless otherwise stated)*

In certain cases it may not be possible to achieve a fully matched position, in which case the impact can not be considered as a "Cost of Sales" component. The result from such derivative positions as at 30 September 2009 is €12.305 loss (30 September 2008: €9.523 loss) and is shown under "Other operating (expenses) / income – net".

**Derivatives designated as cash flow hedges**

The Company uses derivative financial instruments to manage certain exposures to fluctuations in commodity prices. In this framework, the Company has entered into a number of commodity price swaps which have been designated by the Company as cash flow hedges, have been evaluated and proven to be highly effective, and in this respect, any changes in their fair value are recorded within Equity. The fair value of the Commodity swaps at the balance sheet date was recognised in "Trade and other Payables" and "Long term derivatives"(€18.038 and €47.948 respectively at 30 September 2009 and €0 and €46.812 respectively at 31 December 2008) , while changes in their fair value are recorded in reserves as long as the forecasted purchase of inventory is highly probable and the cash flow hedge is effective as defined in IAS 39.

When certain of the forecasted transactions cease to be highly probable, they are de-designated from cash flow hedges at which time amounts charged to reserves are transferred to the income statement. As at 30 September 2009 amounts transferred to the income statement for de-designated hedges amounted to €4.618 gain (30 September 2008: €24.095 loss). The remaining cash flow hedges remain highly effective and the movement in the fair value of these derivatives amounting to a loss of €19.179 as at 30 September 2009 (30 September 2008: €109.168 loss) was transferred to "Reserves" within other comprehensive income and expense.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the Balance Sheet.

| | 30 September 2009 | | 31 December 2008 | |
|---|---|---|---|---|
| | **Assets** | **Liabilities** | **Assets** | **Liabilities** |
| **Derivatives held for trading** | | | | |
| **Commodity derivatives:** | | | | |
| Commodity swaps | 2.909 | 27.116 | 24.833 | 36.675 |
| | **2.909** | **27.116** | **24.833** | **36.675** |
| **Total held for trading** | **2.909** | **27.116** | **24.833** | **36.675** |
| **Derivatives designated as cash flow hedges** | | | | |
| Commodity swaps | - | 65.986 | - | 46.812 |
| **Total cash flow hedges** | - | **65.986** | **-** | **46.812** |
| **Total** | **2.909** | **93.102** | **24.833** | **83.487** |
| **Non-current portion** | | | | |
| Commodity swaps | - | 67.737 | - | 71.219 |
| | **-** | **67.737** | **-** | **71.219** |
| **Current portion** | | | | |
| Commodity swaps (Notes 12, 18) | 2.909 | 25.365 | 24.833 | 12.268 |
| | **2.909** | **25.365** | **24.833** | **12.268** |
| **Total** | **2.909** | **93.102** | **24.833** | **83.487** |

*(All amounts in Euro thousands unless otherwise stated)*

## 20. CASH GENERATED FROM OPERATIONS

| | | For the nine month period ended | |
|---|---|---|---|
| | **Note** | **30 September 2009** | **30 September 2008** |
| **Profit before tax** | | **253.794** | **98.172** |
| Adjustments for: | | | |
| Depreciation and amortisation of tangible and intangible assets | **8,9** | 56.748 | 58.159 |
| Amortisation of grants | | (2.635) | (2.094) |
| Financial expenses | **6** | 9.660 | 14.071 |
| Provisions for expenses and valuation changes | | 23.115 | 34.933 |
| Foreign exchange (gains) / losses | | (11.171) | 22.089 |
| Dividend income | | (17.110) | (18.387) |
| | | **312.401** | **206.943** |
| **Changes in working capital** | | | |
| Increase in inventories | | (191.621) | (88.974) |
| Increase in trade and other receivables | | (78.515) | (179.487) |
| Increase / (decrease) in payables | | (273.502) | (78.492) |
| | | **(543.638)** | **(346.953)** |
| **Net cash (used in) / generated from operating activities** | | **(231.237)** | **(140.010)** |

*(All amounts in Euro thousands unless otherwise stated)*

## 21. RELATED PARTY TRANSACTIONS

Included in the Income Statement are proceeds, costs and expenses, which arise from transactions between the company and related parties. Such transactions mainly comprise of sales and purchases of goods and services in the ordinary course of business.

| **i) Sales of goods and services** | **For the nine month period ended** | |
|---|---|---|
| | **30 September 2009** | **30 September 2008** |
| **Sales of goods** | | |
| Group Entities | 1.531.990 | 2.605.943 |
| Other related parties | 101.175 | 532.497 |
| **Sales of services** | | |
| Group Entities | 5.861 | 6.123 |
| | **1.639.026** | **3.144.563** |
| **ii) Purchases of goods and services** | | |
| **Purchases of goods** | | |
| Group Entities | - | 24.539 |
| Other related parties | 23.275 | 20.513 |
| **Purchases of services** | | |
| Group Entities | 37.112 | 12.577 |
| | **60.387** | **57.629** |

| **iii) Balances arising from sales / purchases of goods / services** | **As at** | |
|---|---|---|
| | **30 September 2009** | **31 December 2008** |
| **Receivables from related parties** | | |
| *Group Entities* | | |
| - Receivables | 149.643 | 93.922 |
| *Other related parties* | | |
| - Receivables | 174.343 | 191.186 |
| | **323.986** | **285.108** |
| **Payables to related parties** | | |
| *Group Entities* | | |
| - Payables | 11.701 | 10.400 |
| *Other related parties* | | |
| - Payables | 1.555 | 1.825 |
| | **13.256** | **12.225** |
| **Net balances from related parties** | **310.730** | **272.883** |

| | **For the nine month period ended** | |
|---|---|---|
| | **30 September 2009** | **30 September 2008** |
| Charges for directors remuneration | 852 | 1.160 |

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

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

Other related parties include non affiliated or Governmental organisations such as the Hellenic Armed Forces and the Public Power Corporation (Hellas). They are considered related parties due to the shareholding in the Company by the Hellenic State. Also included are Group companies consolidated with the equity method of consolidation.

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

a) Hellenic Petroleum Group companies.

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

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

c) Financial institutions which are under common control with the Company due to the shareholding and control rights of the Hellenic State. The Company as at 30 September 2009 had outstanding loans €110 loan (31 December 2008: equivalent €121) due to the following related financial institutions:

- National Bank of Greece
- Agricultural Bank of Greece

d) Joint ventures with other third parties:

- Melrose- Kuwait Energy
- STPC Sea of Thrace
- Sea of Thrace
- OMV Aktiengesellschaft (until January 2008)
- Woodside – Repsol – Helpe (until November 2008)
- Oil Search, Melrose (until February 2008)

e) Associates of the Company:

- Athens Airport Fuel Pipeline Company S.A. (EAKAA)
- Public Gas Corporation of Greece S.A. (DEPA)
- Artenius A.E.
- Elpedison B.V.
- 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 as at 30 September 2009 had outstanding loans amounting to the equivalent of €230 million (31 December 2008: equivalent of €240 million) with the following related financial institutions:

- EFG Eurobank Ergasias S.A.

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

- Private Sea Marine Services (ex Lamda Shipyards)

## 22. COMMITMENTS

Significant contractual commitments of the Company are as follows:

- Capital investment in upgrading Hellenic Petroleum refinery installations of €508 million (31 December 2008: €439 million). Out of the €508 million, €425 million relate to the major upgrade projects in Elefsina and Thessaloniki.

- Upstream exploration and development costs of €4 million (31 December 2008: €13 million) have been committed as part of the Joint Operating Agreements (JOA) in place. These commitments will depend on the progress of exploration activities.

## 23. CONTINGENCIES AND LITIGATION

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 and included in other provisions (note 17). They are as follows:

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

(ii) The Company has not undergone a tax audit for the years ended 31 December 2002 to 31 December 2008. The tax audit for the years 2002 – 2005 is currently under way, while a temporary tax audit for the financial year 2006 was finalised. The tax audit of Petrola Hellas AEBE (merged with Hellenic Petroleum S.A. in 2003) for 2002 and 1/1 – 4/6/2003 was completed in March 2009. Management believes that no additional material liability will arise as a result of open tax years over and above the tax liabilities and provisions recognised in the financial statements.

(iii) The Company has provided letters of comfort and guarantees to the favour of banks as security for loans granted by them to subsidiaries and associates of the Group, the outstanding amount of which as at 30 September 2009 was the equivalent of €1.299 million (31 December 2008 €1.124 million). The Company has also issued letters of credit and guarantees to the favour of third parties, mainly for the procurement of crude oil, which as at 30 September 2009 amounted to the equivalent of €283 million equivalent(31 December 2008 €364 million).

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

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

## 24. DIVIDENDS

A proposal to the AGM for an additional €0,35 per share as final dividend for 2007 (amounting to a total of €106.972) was approved by the Board of Directors on 14 February 2008. At its meeting held on 7 August 2008, during which the Board of Directors approved the condensed interim financial information of the Company for the six month period ended 30 June 2008, the Board proposed and approved an interim dividend for the financial year 2008 of €0,15 per share (amounting to a total of €45.845). The relevant amounts relating to the interim dividend for 2008 and the final dividend for 2007 (€ 152.817 in the aggregate) are included in the current interim financial information.

A proposal to the AGM for an additional €0,30 per share as final dividend for 2008 (amounting to a total of €91.691) was approved by the Board of Directors on 26 February 2009 and the final approval was given by the shareholders at the AGM held on 3 June 2009. Furthermore, at its meeting held on 27 August 2009, during which the Board of Directors approved the condensed interim financial information of the Company for the six month period ended 30 June 2009, the Board proposed and approved an interim dividend for the 2009 financial year of €0,15 per share (amounting to a total of €45.845). The relevant amounts relating to the interim dividend for 2009 and the final dividend for 2008 have been included in the current interim consolidated financial information of the Company for the period ending 30 September 2009.

## 25. OTHER SIGNIFICANT EVENTS

a) On 26 June 2009 Hellenic Petroleum Group agreed to acquire BP's Ground Fuels business activities in Greece. The deal excludes lubricants, aviation fuels and the solar energy business. The agreement includes BP's nationwide retail network of 1,200 branded service stations and storage facilities of 170,000m3 as well as the commercial and industrial retail business. The total value of the transaction is €359m, including the undertaking of €40m of net debt and other liabilities. Following completion, about 240 BP employees will continue working for the business activities transferred to Hellenic Petroleum Group. The agreement provides for a transitional period regarding the management of the network and branding. On 20 October 2009 the Competition Committee approved the acquisition of the network and storage facilities of BP Hellas SA, when certain conditions are fulfilled. Following the Competition Committee's decision, the finalisation of the agreement is now in progress and Hellenic Petroleum S.A. will be undertaking the necessary actions within the set timeframe.

b) The Board of Directors, at its meeting of 27 August 2009, decided the merger by absorption of 100% subsidiary company "Petrola S.A.". The merger will be effected according to the provisions of article 78 of Law 2190/1920 as amended and is in force, and the provisions of the articles 1-5 of Law 2166/1993. The transformation Balance Sheet date has been decided to be the 30th of September 2009.