HELLENIC PETROLEUM S.A.

Consolidated Financial Statements
in accordance with IFRS for the
year ended 31 December 2009

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

Index to the consolidated financial statements

(All amounts in Euro thousands unless otherwise stated)

Company Information

Directors	Anastasios Giannitsis – Chairman of the Board (since 02/12/2009) Efthimios Christodoulou – Chairman of the Board (until 02/12/2009) John Costopoulos – Chief Executive Officer Theodoros-Achilleas Vardas – Executive Member Alexios Athanasopoulos – Non executive Member (since 14/05/2008) Dimokritos Amallos – Non executive Member (since 28/12/2009) Georgios Kallimopoulos – Non executive Member Alexandros Katsiotis – Non executive Member (since 28/12/2009) Dimitrios Lalas – Non executive Member (since 28/12/2009) Gerassimos Lachanas – Non executive Member (since 28/12/2009) Anastassios Banos – Non executive Member (since 28/12/2009) Panagiotis Ofthalmides – Non executive Member (since 14/5/2008) Theodoros Pantalakis – Non executive Member (since 28/12/2009) Spyridon Pantelias – Non executive Member (since 28/12/2009)
Other Board Members during the reporting period:	Andreas Vranas – Non executive member (until 14/05/2008) Vasilios Nikitas – Non executive Member (until 14/05/2008) Dimitrios Deligiannis – Non executive Member (until 14/05/2008) Marios Tsakas – Non executive Member (until 07/08/2008) Nikolaos Lerios – Executive Member (until 05/05/2009) Nikolaos Pefkianakis – Non executive Member (05/05/2009 – 28/12/2009) Vasilios Bagiokos – Non executive Member (until 28/12/2009) Panagiotis Pavlopoulos – Non executive Member (until 28/12/2009) Iason Stratos – Non executive Member (until 28/12/2009) Elisabeth Typaldou-Loverdou – Non executive Member (until 28/12/2009) Dimitrios Miliakos – Non executive Member (14/05/2008 – 02/12/2009) Ioulia Armagou – Non executive Member (07/08/2008 – 28/12/2009)
Registered Office:	54 Amalias Avenue 10558 Athens, Greece
Registration number:	2443/06/86/23 / Ministry of Development
Auditors:	PricewaterhouseCoopers S.A. Leoforos Kifisias 268 152 32 Halandri Athens, Greece

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Independent auditor’s report

We have audited the accompanying consolidated financial statements of Hellenic Petroleum S.A. (the “Company”) and its subsidiaries (the “Group”) which comprise the consolidated statement of financial position as of 31 December 2009 and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 controls 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 controls. 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 Group as of 31 December 2009, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Reference to other legal matters

We verified the agreement and correspondence of the content of the Board of Director's report with the accompanying financial statements, in the context of the requirements of articles 43a, 107 and 37 of Law 2190/1920.

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers S.A.

SOEL Reg. No. 113

Athens, 26 February 2010
The Certified Auditor Accountant

Kyriakos Riris
SOEL Reg.No. 12111

(All amounts in Euro thousands unless otherwise stated)

Consolidated statement of financial position

		As at	
	Note	**31 December 2009**	**31 December 2008**
ASSETS			
Non-current assets			
Property, plant and equipment	**6**	2.114.759	1.439.919
Intangible assets	**7**	184.049	129.391
Investments in associates and joint ventures	**8**	517.378	508.219
Deferred income tax assets	**17**	23.919	69.619
Available-for-sale financial assets		2.716	2.879
Loans, advances and other receivables	**9**	139.572	169.043
		2.982.393	**2.319.070**
Current assets			
Inventories	**10**	1.373.953	1.020.780
Trade and other receivables	**11**	915.683	929.604
Cash and cash equivalents	**12**	491.196	876.536
		2.780.832	**2.826.920**
Total assets		**5.763.225**	**5.145.990**
EQUITY			
Share capital	**13**	1.020.081	1.020.081
Reserves	**14**	505.839	496.801
Retained Earnings		841.374	808.002
Capital and reserves attributable to owners of the parent		**2.367.294**	**2.324.884**
Non-controlling interests		141.246	148.782
Total equity		**2.508.540**	**2.473.666**
LIABILITIES			
Non- current liabilities			
Borrowings	**16**	607.805	448.084
Deferred income tax liabilities	**17**	53.613	22.104
Retirement benefit obligations	**18**	148.464	153.736
Long term derivatives	**20**	37.253	71.219
Provisions and other long term liabilities	**19**	56.944	52.706
		904.079	**747.849**
Current liabilities			
Trade and other payables	**15**	1.033.852	791.544
Current income tax liabilities		9.041	19.378
Borrowings	**16**	1.304.843	1.110.355
Dividends payable		2.870	3.198
		2.350.606	**1.924.475**
Total liabilities		**3.254.685**	**2.672.324**
Total equity and liabilities		**5.763.225**	**5.145.990**

The notes on pages 11 to 61 are an integral part of these consolidated financial statements.

These consolidated financial statements were approved by the board on 25 February 2010.

A. Giannitsis	J. Costopoulos	A. Shiamishis	P. Tikkas
Chairman of the Board	Chief Executive Officer	Chief Financial Officer	Accounting Director

(All amounts in Euro thousands unless otherwise stated)

Consolidated statement of comprehensive income

	Note	For the year ended 31 December 2009	31 December 2008
Sales		**6.756.666**	**10.130.983**
Cost of sales		(6.042.836)	(9.872.382)
Gross profit		**713.830**	**258.601**
Selling, distribution and administrative expenses	**22**	(419.241)	(391.479)
Exploration and development expenses	**23**	(15.441)	(10.690)
Other operating (expenses)/income- net	**24**	(17.921)	256.666
Operating profit		**261.227**	**113.098**
Finance (expenses)/income- net	**25**	(33.517)	(48.488)
Currency exchange gains/(losses)		(3.714)	(102.507)
Share of net result of associates and dividend income	**8**	18.418	54.754
Profit before income tax		**242.414**	**16.857**
Income tax (expense) / credit	**26**	(66.152)	12.176
Profit for the year		**176.262**	**29.033**
Other comprehensive income:			
Fair value losses on available-for-sale financial assets	**14**	(201)	(523)
Unrealised gains / (losses) on revaluation of hedges	**14**	7.425	10.901
Currency translation differences	**14**	(4.852)	(3.097)
Other Comprehensive income/(loss) for the year, net of tax		2.372	7.281
Total comprehensive income/(loss) for the year		**178.634**	**36.314**
<u>Profit attributable to:</u>			
Owners of the parent		174.890	23.643
Non-controlling interests		1.372	5.390
		176.262	29.033
<u>Total comprehensive income attributable to:</u>			
Owners of the parent		178.780	31.728
Non-controlling interests		(146)	4.586
		178.634	36.314
Basic and diluted earnings per share (expressed in Euro per share)	**27**	**0,57**	**0,08**

The notes on pages 11 to 61 are an integral part of these consolidated financial statements.

(All amounts in Euro thousands unless otherwise stated)

Consolidated statement of changes in equity

		Attributable to owners of the Parent					
	Note	Share Capital	Reserves	Retained Earnings	Total	Minority Interest	Total Equity
Balance at 1 January 2008		**1.020.081**	**513.523**	**920.291**	**2.453.895**	**126.578**	**2.580.473**
Fair value losses on available-for-sale financial assets	**14**	-	(282)	-	(282)	(241)	(523)
Translation exchange differences	**14**	-	(2.534)	-	(2.534)	(563)	(3.097)
Unrealised gains / (losses) on revaluation of hedges	**14**	-	10.901	-	10.901	-	10.901
Other comprehensive income		**-**	**8.085**	**-**	**8.085**	**(804)**	**7.281**
Profit for the year		-	-	23.643	23.643	5.390	29.033
Total comprehensive income for the year		**-**	**8.085**	**23.643**	**31.728**	**4.586**	**36.314**
Transfer of shares in subsidiary		-	-	(7.922)	(7.922)	17.618	9.696
Transfers to retained earnings (Law 3220/04)		-	(24.807)	24.807	-	-	-
Dividends relating to 2007 and interim dividend 2008		-	-	(152.817)	(152.817)	-	(152.817)
Balance at 31 December 2008		**1.020.081**	**496.801**	**808.002**	**2.324.884**	**148.782**	**2.473.666**
Fair value losses on available-for-sale financial assets	**14**	-	(108)	-	(108)	(93)	(201)
Translation exchange differences	**14**	-	(3.427)	-	(3.427)	(1.425)	(4.852)
Unrealised gains / (losses) on revaluation of hedges	**14**	-	7.425	-	7.425	-	7.425
Other comprehensive income		**-**	**3.890**	**-**	**3.890**	**(1.518)**	**2.372**
Profit for the year		-	-	174.890	174.890	1.372	176.262
Total comprehensive income for the year		**-**	**3.890**	**174.890**	**178.780**	**(146)**	**178.634**
Share capital decrease of minority shareholders of ELPET	**34**	-	-	-	-	(7.390)	(7.390)
Share based payments	**13**		1.166		1.166		1.166
Transfers from retained earnings (Law 3299/04)		-	1.147	(1.147)	-	-	-
Transfers to statutory reserves		-	2.835	(2.835)	-	-	-
Dividends relating to 2008 and interim dividend 2009		-	-	(137.536)	(137.536)	-	(137.536)
Balance at 31 December 2009		**1.020.081**	**505.839**	**841.374**	**2.367.294**	**141.246**	**2.508.540**

The notes on pages 11 to 61 are an integral part of these consolidated financial statements.

(All amounts in Euro thousands unless otherwise stated)

Consolidated statement of cash flows

	Note	For the year ended 31 December 2009	31 December 2008
Cash flows from operating activities			
Cash generated from operations	**29**	367.430	874.121
Income and other taxes paid		(16.659)	(173.570)
Net cash (used in) / generated from operating activities		**350.771**	**700.551**
Cash flows from investing activities			
Purchase of property, plant and equipment & intangible assets	**6,7**	(613.944)	(344.372)
Proceeds from disposal of property, plant and equipment & intangible assets		4.075	2.844
Acquisition of subsidiary, net of cash acquired	**32**	(336.124)	(4.098)
Proceeds from disposal of E&P licence	**24**	-	124.450
Grants received		3.983	4.002
Interest received	**25**	20.914	23.440
Dividend received		9.658	5.538
Investments in associates-net		(674)	(642)
Net cash used in investing activities		**(912.112)**	**(188.838)**
Cash flows from financing activities			
Interest paid	**25**	(53.919)	(71.928)
Dividends paid		(137.901)	(152.838)
Proceeds from borrowings		1.723.132	1.339.940
Repayments of borrowings		(1.350.085)	(962.667)
Net cash generated from / (used in) financing activities		**181.227**	**152.507**
Net increase in cash & cash equivalents		**(380.114)**	**664.220**
Cash & cash equivalents at the beginning of the year	**12**	**876.536**	**208.450**
Exchange (losses) / gains on cash & cash equivalents		(5.226)	3.866
Net (decrease) / increase in cash & cash equivalents		(380.114)	664.220
Cash & cash equivalents at end of the year	**12**	**491.196**	**876.536**

The notes on pages 11 to 61 are an integral part of these financial statements.

Notes to the consolidated financial statements

1 General information

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

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

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

The financial statements and the consolidated financial statements of Hellenic Petroleum S.A. for the year ended 31 December 2009 were authorised for issue by the Board of Directors on 25 February 2010. The shareholders of the Company have the power to amend the financial statements after issue.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

These consolidated financial statements of Hellenic Petroleum S.A. for the year ended 31 December 2009 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB"). The European Union ("EU")has adopted all IFRS that were issued by the IASB and are effective for the year ended 31 December 2009, with the exception of certain provisions of IAS 39 that have no effect in our consolidated financial statements. As such, these consolidated financial statements comply with International Financial Reporting Standards (IFRS) as adopted by the European Union as well as with International Financial Reporting Standards issued by the IASB

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

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

2.1.1 Changes in accounting policies and disclosures

(a) Standards, amendments to standards and interpretations to existing standards effective for the year ended 31 December 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 Group has elected to present one statement, i.e. the statement of comprehensive income.

- *IAS 23 (Revised) "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 amendment did not impact the Group as all applicable borrowing costs were capitalised.

- *IAS 32 (Amendment) "Financial Instruments: Presentation" and IAS 1 (Amendment) "Presentation of Financial Statements"*. 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 Group's financial statements.

- *IAS 39 (Amendment) "Financial Instruments: Recognition and Measurement"*. This amendment clarifies that, entities should no longer use hedge accounting for transactions between segments in their separate financial statements. This amendment is not applicable to the Group as it does not apply hedge accounting for transactions between segments in terms of IAS 39.

- *IFRS 2 (Amendment) "Share Based Payment".* 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 does not impact the Group's financial statements.

- *IFRS 7 (Amendment) "Financial instruments – Disclosures".* The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The Group has applied the amended standard.

- *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.

- *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 Group'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 Group'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 Group, as the Group does not apply hedge accounting for any investment in a foreign operation.

- *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 interpretation is not relevant to the Group.

(b) Standards, amendments to standards and interpretations to existing standards effective for annual periods beginning on or after 1 January 2010:

- *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 Group will apply these changes from their effective date. The amendment has not yet been endorsed by the EU.

- *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 Group's financial statements.

- *IAS 39 (Amendment) "Financial Instruments": Recognition and Measurement"* *(effective for annual periods beginning on or after 1 July 2009)*. 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. The Group will apply the amendment from the effective date.

- *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 Group's financial statements since it has already adopted IFRS. This amendment has not yet been endorsed by the EU.

- *IFRS 2 (Amendment) "Share Based Payment"* *(effective for annual periods beginning on or after 1 January 2010).* The purpose of the amendment is to clarify the scope of IFRS 2 and the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services, when that entity has no obligation to settle the share-based payment transaction. This amendment is not expected to impact the Group's financial statements. This amendment has not yet been endorsed by the EU.

- *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 is 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 non-controlling interests. The Group will apply these changes from their effective date.

- *IFRS 9 "Financial Instruments"* *(effective for annual periods beginning on or after 1 January 2013).* IFRS 9 is the first part of Phase 1 of the Board's project to replace IAS 39. The IASB intends to expand IFRS 9 during 2010 to add new requirements for classifying and measuring financial liabilities, derecognition of financial instruments, impairment, and hedge accounting. IFRS 9 states that financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs. Subsequently financial assets are measured at amortised cost or fair value and depend on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. IFRS 9 prohibits reclassifications except in rare circumstances when the entity's business model changes; in this case, the entity is required to reclassify affected financial assets prospectively. IFRS 9 classification principles indicate that all equity investments should be measured at fair value. However, management has an option to present in other comprehensive income unrealised and realised fair value gains and losses on equity investments that are not held for trading. Such designation is available on initial recognition on an instrument-by-instrument basis and is irrevocable. There is no subsequent recycling of fair value gains and losses to profit or loss; however, dividends from such investments will continue to be recognised in profit or loss. IFRS 9 removes the cost exemption for unquoted equities and derivatives on unquoted equities but provides guidance on when cost may be an appropriate estimate of fair value. The Group is currently investigating the impact of IFRS 9 on its financial statements. IFRS 9 has not been endorsed by the EU.

- *IFRIC 12 – Service Concession Arrangements (EU endorsed for periods beginning 30 March 2009).* This interpretation applies to companies that participate in service concession arrangements. The Group will adopt this interpretation on 1 January 2010.

- *IFRIC 14 (Amendment) "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" (effective for annual periods beginning on or after 1 January 2011).* The amendments apply in limited circumstances: when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendments permit such an entity to treat the benefit of such an early payment as an asset. This interpretation is not relevant to the Group. This amendment has not yet been endorsed by the EU.

- *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. The Group will apply this interpretation from its effective date.

- *IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" (effective for annual periods beginning on or after 1 July 2010).* This interpretation addresses the accounting by the entity that issues equity instruments to a creditor in order to settle, in full or in part, a financial liability. This interpretation is not relevant to the Group. This amendment has not yet been endorsed by the EU.

(c) Amendments to standards that form part of the IASB's annual improvements project:

The amendments set out below describe the key changes to IFRS following the publication in July 2009 of the results of the IASB's annual improvements project. These amendments have not yet been endorsed by the EU. Unless otherwise stated the following amendments are effective for annual periods beginning on or after 1 January 2010. In addition, unless otherwise stated, the following amendments will not have a material impact on the Group's financial statements.

- *IFRS 2 "Share-Based payment" (effective for annual periods beginning on or after 1 July 2009).* The amendment confirms that contributions of a business on formation of a joint venture and common control transactions are excluded from the scope of IFRS 2.

- *IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".* The amendment clarifies disclosures required in respect of non-current assets classified as held for sale or discontinued operations.

- *IFRS 8 "Operating Segments".* The amendment provides clarifications on the disclosure of information about segment assets.

- *IAS 1 "Presentation of Financial Statements".* The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current.

- *IAS 7 "Statement of Cash Flows".* The amendment requires that only expenditures that result in a recognized asset in the statement of financial position can be classified as investing activities.

- *IAS 17 "Leases".* The amendment provides clarification as to the classification of leases of land and buildings as either finance or operating.

- *IAS 18 "Revenue".* The amendment provides additional guidance regarding the determination as to whether an entity is acting as a principal or an agent.

- *IAS 36 "Impairment of Assets"*. The amendment clarifies that the largest cash-generating unit to which goodwill should be allocated for the purposes of impairment testing is an operating segment as defined by paragraph 5 of IFRS 8 (that is before the aggregation of segments).

- *IAS 38 "Intangible Assets"*. The amendments clarify (a) the requirements under IFRS 3 (revised) regarding accounting for intangible assets acquired in a business combination and (b) the description of valuation techniques commonly used by entities when measuring the fair value of intangible assets acquired in a business combination that are not traded in active markets.

- *IAS 39 "Financial Instruments: Recognition and Measurement"*. The amendments relate to (a) clarification on treating loan pre-payment penalties as closely related derivatives, (b) the scope exemption for business combination contracts and (c) clarification that gains or losses on cash flow hedge of a forecast transaction should be reclassified from equity to profit or loss in the period in which the hedged forecast cash flow affects profit or loss.

- *IFRIC 9 "Reassessment of Embedded Derivatives" (effective for annual periods beginning on or after 1 July 2009).* The amendment clarifies that IFRIC 9 does not apply to possible reassessment, at the date of acquisition, to embedded derivatives in contracts acquired in a business combination between entities under common control.

- *IFRIC 16 "Hedges of a Net Investment in a Foreign Operation" (effective for annual periods beginning on or after 1 July 2009).* The amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity within the group, including the foreign operation itself, as long as certain requirements are satisfied.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

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

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

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

(b) Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Joint ventures

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

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

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (see Note 2.6).

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

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognized in the income statement.

2.3 Segment reporting

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

2.4 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in euros, which is the Company's functional and presentation currency.

(b) *Transactions and balances*

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

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

(c) *Group companies*

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

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

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

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

2.5 Property, plant and equipment

All property, plant and equipment is shown at historical cost less subsequent depreciation and impairment, except for land, which is shown at historical cost less subsequent impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance are charged to the statement of comprehensive income 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	10 – 25 years
– Machinery, equipment and transportation equipment	5 – 8 years
– Furniture and fixtures	4 – 8 years
– Computer hardware	3 – 5 years
– LPG carrier	10 years
– White products carrier	17 years
– Vessels	20 – 25 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position 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 statement of comprehensive income within 'Other income / (expenses) – net'.

Capitalisation of borrowing costs

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

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

2.6 Intangible assets

(a) Goodwill

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

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

(b) Licences and rights

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

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

(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).

2.7 Exploration for and Evaluation of Mineral Resources

(a) Exploration and evaluation assets

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

(b) Development of tangible and intangible assets

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

(c) Oil and gas production assets

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

(d) Depreciation/amortization

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

(e) Impairment – exploration and evaluation assets

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

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

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

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and, are tested annually for impairment. Assets that are subject to amortisation or depreciation are tested for impairment whenever events or changes in 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 an asset is expected to generate based upon management's expectations of future economic and operating conditions). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial assets

2.9.1 Classification

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

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

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

(b) Loans and receivables

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

(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 end of the reporting period.

2.9.2 Recognition and measurement

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

Purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available for sale financial assets are subsequently carried at cost less impairment as the equity instruments can not be reliably measured. Loans and receivables are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'Financial assets at fair value through profit or loss' category are included in the statement of comprehensive income in the period in which they have arisen. .Changes in the fair value of monetary and non monetary financial assets classified as available for sale are recognized in other comprehensive income. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the income statement as "gains or loss from investment securities".

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

2.9.3 Impairment of financial assets

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

Impairment testing of trade receivables is described in note 2.13.

2.10 Derivative financial instruments and hedging activities

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

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

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

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

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

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

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

The derivatives that are not designated as hedges and do not qualify for hedge accounting are classified as held-for-trading and accounted for at fair value through profit or loss. Changes in the fair value of these derivative instruments that do not qualify for hedge accounting are recognized immediately in the statement of comprehensive income within "Other operating (expenses)/income – net", or in "Cost of Sales" (refer to note 20).

2.11 Government grants

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

2.12 Inventories

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

Cost of inventories is determined using the monthly weighted average cost method.

2.13 Trade receivables

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

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

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

2.14 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments such as marketable securities and time deposits with original maturities of three months or less. At the end of the reporting period receivable amounts of bank overdrafts receivable are also shown within cash and cash equivalents (refer to note 2.16).

2.15 Share capital

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

2.16 Borrowings

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

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

2.17 Current and deferred income tax

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

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

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

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

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

2.18 Employee benefits

(a) *Pension obligations*

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

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

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

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

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

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

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

(b) Termination benefits

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

(c) Share-based compensation

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

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

2.19 Trade and other payables

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

2.20 Provisions

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

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

2.21 Environmental liabilities

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

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

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

2.22 Revenue recognition

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

(a) Sales of goods – wholesale

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

(b) Sales of goods – retail

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

(c) Interest income

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

(d) Dividend income

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

2.23 Leases

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

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

2.24 Dividend distribution

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

2.25 Comparative figures

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

3 Financial risk management

3.1 Financial risk factors

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

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

(a) Market risk

(i) Foreign exchange risk

Foreign currency exchange risk arises on three types of exposure:

- **Financial position translation risk:** Most of the stock held by the Group is reported in Euro while its underlying value is determined in USD. Thus, a possible devaluation of the USD against the Euro leads to a reduction in the realisable value of inventory included in the statement of financial position. In order to manage this risk, a significant part of the Group funding is denominated in USD providing an opposite effect to the one described above. It should be noted however, that while in the case of USD devaluation the impact on the statement of financial position is mitigated, in cases of USD appreciation the mark-to-market valuation of such loans leads to a reported loss under foreign exchange differences with no compensating benefit as stocks continue to be included in the statement of financial position at cost. The exposure at any point in time is clearly given by the amounts shown in the statement of financial position and the related disclosures. It is estimated, that at 31 December 2009 if the Euro had weakened against the US dollar by 5% with all other variables held constant, pre-tax profits would have been €28,1 million lower, as a result of foreign exchange losses on translation of US dollar-denominated borrowings.

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

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

(ii) Commodity price risk

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

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

Refining margin exposure relates to the absolute level of margin generated by the operation of the refineries. This is determined by Platt's prices and varies on a daily basis; as an indication of the impact to the Group financial results, a change in the refinery margins has a proportionate impact on the Group's profitability. Where possible, the Group aims to hedge 10-50% of each of the various components of its expected production. This, however, is not possible to do in all market conditions and as a result only a small part of the price risk is effectively hedged. The sensitivity of the fair value of the open derivative contracts affecting profits to an immediate 10% increase or decrease in all reference prices, would have been €1,3 million at 31 December 2009. This figure does not include any corresponding economic impact that would arise from the natural business exposure, which would be expected to largely offset the gain or loss on the derivatives.

(iii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, while borrowings issued at fixed rates expose the Group to fair value interest rate risk. Depending on the levels of net debt at any given period of time, any change in the base interest rates (EURIBOR or LIBOR), has a proportionate impact on the Groups results. At 31 December 2009, if interest rates on US dollar denominated borrowings had been 1% higher with all other variables held constant, pre-tax profit for the year would have been Euro 0.5 million lower. At 31 December 2009, if interest rates on Euro denominated borrowings had been 1% higher with all other variables held constant, post-tax profit for the year would have been Euro 0.6 million lower.

(b) Credit risk

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

(All amounts in Euro thousands unless otherwise stated)

Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

The table below shows the segregation of trade receivables by major business segment:

	31 December 2009			31 December 2008		
Operating segment	**Current balance**	**Past due but not impaired balance**	**Impaired balance**	**Current balance**	**Past due but not impaired balance**	**Impaired balance**
Refining	322.757	150.623	70.326	408.442	78.766	49.666
Petrochemicals	59.884	5.715	16.761	62.153	25.514	16.750
E&P	7.695	7.695	-	7.629	7.517	-
Energy	-	-	-	4.751	-	-
Marketing	265.003	68.055	50.676	122.022	72.688	35.242
Other	2.105	-	-	1.118	151	-
	657.444	**232.088**	**137.763**	**606.115**	**184.636**	**101.658**
Allowance for bad debts			**106.918**			**95.233**

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

As of 31 December 2009, the ageing analysis of receivables that were past due but not impaired, is as follows:

	As at 31 December 2009	As at 31 December 2008
Up to 30 days	44.534	75.979
30 - 90 days	36.971	63.026
Over 90 days	150.583	45.631
Total	**232.088**	**184.636**

As of 31 December 2009, the ageing analysis of receivables that were individually impaired is as follows

	As at 31 December 2009	As at 31 December 2008
Up to 30 days	457	-
30 - 90 days	1.284	-
Over 90 days	136.022	101.658
Total	**137.763**	**101.658**

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

(All amounts in Euro thousands unless otherwise stated)

The movement in the valuation allowance for trade receivables is set out below.

	As at	
	31 December 2009	**31 December 2008**
Balance at 1 January	95.233	113.725
Charged / (credited) to the income statement:		
- Additional provisions	19.447	4.654
- Receivables written off during the year as uncollectible	(17.840)	(19.951)
- Unused amounts reversed	(660)	(3.195)
Acquisition of subsidiary	10.738	-
Balance at 31 December	**106.918**	**95.233**

(c) Liquidity risk

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

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

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
At 31 December 2009				
Borrowings	1.304.843	11.602	596.203	-
Derivative financial instruments	26.536	12.430	24.822	-
Trade and other payables	1.007.316	-	-	-
At 31 December 2008				
Borrowings	1.110.355	91.846	356.238	-
Derivative financial instruments	12.268	24.406	46.812	-
Trade and other payables	779.276	-	-	-

3.2 Capital risk management

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

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

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

During 2009 the Group strategy which was unchanged from 2008, was to maintain the gearing ratio between 20% - 40%. The gearing ratios at 31 December 2009 and 2008 were as follows:

(All amounts in Euro thousands unless otherwise stated)

	As at 31 December 2009	31 December 2008
Total Borrowings (Note 16)	1.912.648	1.558.439
Less: Cash & Cash Equivalents (Note 12)	(491.196)	(876.536)
Less: Available for sale financial assets	(2.716)	(2.879)
Net debt	**1.418.737**	**679.024**
Total Equity	2.508.540	2.473.666
Total Capital Employed	**3.927.277**	**3.152.690**
Gearing ratio	36%	22%

The increase in the gearing ratio resulted primarily from the drawing of a new borrowing facility used to finance the acquisition of a subsidiary (refer to Notes 16 and 32), as well as the greater requirements for funding the construction phase of the Group's Refineries' Upgrade projects in Elefsina and Thessaloniki.

3.3 Fair value estimation

Effective 1 January 2009, the Group adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value; this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2009:

	Level 1	Level 2	Level 3	Total balance
Assets				
Derivatives held for trading	-	-	-	-
Derivatives used for hedging	-	-	-	-
	-	**-**	**-**	**-**
Liabilities				
Derivatives held for trading	-	26.536	-	26.536
Derivatives used for hedging	-	37.253	-	37.253
	-	**63.789**	**-**	**63.789**

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

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

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

Specific valuation techniques used to value financial instruments include:

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

4 Critical accounting estimates and judgements

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

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

(a) Income taxes

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

(b) Provision for environmental restoration

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

(c) Estimated impairment of goodwill

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

(d) Fair value of derivatives and other financial instruments

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

(e) Pension benefits

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

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

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 18.

(All amounts in Euro thousands unless otherwise stated)

5 Segment information

The executive committee reviews the Group's internal reporting in order to assess performance and allocate resources on a Group level. 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.

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

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

	Refining	Marketing	Exploration & Production	Petro-chemicals	Gas & Power	Other	Inter-Segment	Total
Year ended 31 December 2009								
Sales	5.927.787	2.339.452	255	256.160	-	20.543	(1.787.531)	6.756.666
Other operating income / (expense) - net	(15.099)	(5.489)	-	3.343	-	(676)	-	(17.921)
Operating profit / (loss)	**258.567**	**29.981**	**(26.687)**	**3.256**	**(11)**	**(3.879)**	**-**	**261.227**
Currency exchange gains/ (losses)	(2.528)	(1.166)	-	-	-	(20)	-	(3.714)
Profit before tax, share of net result of associates & finance costs	**256.039**	**28.815**	**(26.687)**	**3.256**	**(11)**	**(3.899)**	**-**	**257.513**
Share of net result of associates and dividend income	1.026	-	-	(1.658)	19.050	-	-	18.418
Profit after associates	**257.065**	**28.815**	**(26.687)**	**1.598**	**19.039**	**(3.899)**	**-**	**275.931**
Finance (expense)/income - net								(33.517)
Profit before income tax								**242.414**
Income tax expense								(66.152)
Income applicable to non-controlling interests								(1.372)
Profit for the year attributable to the owners of the parent								**174.890**

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

(All amounts in Euro thousands unless otherwise stated)

5 Segment information (continued)

	Refining	Marketing	Exploration & Production	Petro-chemicals	Gas & Power	Other	Inter-Segment	Total
Year ended 31 December 2008								
Sales	9.627.470	3.144.817	1.129	368.423	180.549	17.903	(3.209.308)	10.130.983
Other operating income / (expense) - net	32.282	14.450	143.327	3.894	54.872	7.841	-	256.666
Operating profit / (loss)	**(158.024)**	**36.675**	**124.670**	**8.400**	**90.979**	**10.398**	**-**	**113.098**
Currency exchange gains/ (losses)	(99.021)	(3.450)	-	-	(1)	(35)	-	(102.507)
Profit before tax, share of net result of associates & finance costs	**(257.045)**	**33.225**	**124.670**	**8.400**	**90.978**	**10.363**	**-**	**10.591**
Share of net result of associates and dividend income	667	-	-	(2.074)	56.161	-	-	54.754
Profit after associates	**(256.378)**	**33.225**	**124.670**	**6.326**	**147.139**	**10.363**	**-**	**65.345**
Finance (expense)/income - net								(48.488)
Profit before income tax								**16.857**
Income tax expense								12.176
Income applicable to non-controlling interests								(5.390)
Profit for the year attributable to the owners of the parent								**23.643**

Net operating losses of the refining segment during 2008 resulted from the devaluation of inventory (refer to Note 10).

(All amounts in Euro thousands unless otherwise stated)

5 Segment information (continued)

The segment assets and liabilities at 31 December 2009 are as follows:

	Refining	Marketing	Exploration & Production	Petro-chemicals	Gas & Power	Other	Inter-Segment	Total
Total assets	3.773.547	1.577.285	2.741	249.086	503.785	1.701.110	(2.044.329)	5.763.225
Investments in associates	9.128	205	-	4.934	503.111	-	-	517.378
Total liabilities	1.660.939	810.585	-	177.309	-	1.474.075	(868.224)	3.254.685
Net assets	2.112.608	766.700	2.741	71.777	503.785	227.035	(1.176.105)	2.508.540
Capital expenditure	535.401	76.462	-	1.942	-	139	-	613.944
Depreciation & Amortisation	68.450	39.119	3.849	16.996	-	449	-	128.863

The segment assets and liabilities at 31 December 2008 are as follows:

	Refining	Marketing	Exploration & Production	Petro-chemicals	Gas & Power	Other	Inter-Segment	Total
Total assets	3.308.620	972.218	4.058	331.980	493.996	1.422.961	(1.387.843)	5.145.990
Investments in associates	7.417	214	-	6.592	493.996	-	-	508.219
Total liabilities	1.796.845	629.234	-	202.855	183	1.090.784	(1.047.577)	2.672.324
Net assets	1.511.775	342.984	4.058	129.125	493.813	332.177	(340.266)	2.473.666
Capital expenditure (Full year)	246.194	86.780	-	647	-	4.019	-	337.640
Depreciation & Amortisation (Full year)	69.562	32.835	-	17.308	-	431	-	120.136

(All amounts in Euro thousands unless otherwise stated)

6 Property, plant and equipment

	Land	Buildings	Plant & Machinery	Motor vehicles	Furniture and fixtures	Assets Under Con-struction	Total
Cost							
As at 1 January 2008	**213.708**	**418.297**	**1.910.865**	**39.869**	**78.228**	**186.363**	**2.847.330**
Additions	13.970	24.481	8.481	1.202	6.755	255.921	310.810
Acquisition of OPET	6.251	7.454	8.797	39	666	2.042	25.249
Capitalised projects	-	4.734	56.288	53	3.718	(64.793)	-
Disposals	(521)	(20.211)	(227.607)	(326)	(1.670)	(95)	(250.430)
Currency translation effects	(1.129)	(3.864)	(1.116)	(8)	(59)	(571)	(6.747)
Transfers and other movements	(5.666)	19.258	14.652	676	2.613	(19.551)	11.982
As at 31 December 2008	**226.613**	**450.149**	**1.770.360**	**41.505**	**90.251**	**359.316**	**2.938.194**
Accumulated Depreciation							
As at 1 January 2008	**-**	**205.010**	**1.137.873**	**25.260**	**62.847**	**-**	**1.430.990**
Charge for the year	-	16.776	81.882	2.898	5.810	-	107.366
Disposals	-	(4.982)	(32.397)	(234)	(1.288)	-	(38.901)
Currency translation effects	-	(540)	(566)	(21)	(38)	-	(1.165)
Transfers and other movements	-	(15)	-	-	-	-	(15)
As at 31 December 2008	**-**	**216.249**	**1.186.792**	**27.903**	**67.331**	**-**	**1.498.275**
Net Book Value at 31 December 2008	**226.613**	**233.900**	**583.568**	**13.602**	**22.920**	**359.316**	**1.439.919**
Cost							
As at 1 January 2009	**226.613**	**450.149**	**1.770.360**	**41.505**	**90.251**	**359.316**	**2.938.194**
Additions	6.933	7.779	11.320	30.413	6.462	545.930	608.837
Acquisition of BP Hellas	43.126	51.292	179.706	3.768	21.679	2.160	301.731
Capitalised projects	-	27.939	142.425	116	761	(171.241)	-
Disposals	(303)	(419)	(7.241)	(352)	(928)	(594)	(9.837)
Currency translation effects	(1.048)	(3.644)	(904)	(16)	(134)	(231)	(5.977)
Transfers and other movements	66	3.146	4.618	906	(1.768)	(12.852)	(5.884)
As at 31 December 2009	**275.387**	**536.242**	**2.100.284**	**76.340**	**116.323**	**722.488**	**3.827.064**
Accumulated Depreciation							
As at 1 January 2009	**-**	**216.249**	**1.186.792**	**27.903**	**67.331**	**-**	**1.498.275**
Charge for the year	-	19.920	82.542	3.251	7.408	-	113.121
Acquisition of BP Hellas	-	30.491	57.765	2.372	17.857	-	108.485
Disposals	-	(5)	(5.867)	(327)	(888)	-	(7.087)
Currency translation effects	-	(326)	(293)	(5)	135	-	(489)
Transfers and other movements	-	1.024	375	(6)	(1.393)	-	-
As at 31 December 2009	**-**	**267.353**	**1.321.314**	**33.188**	**90.450**	**-**	**1.712.305**
Net Book Value at 31 December 2009	**275.387**	**268.889**	**778.970**	**43.152**	**25.873**	**722.488**	**2.114.759**

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

(2) Within the balance of Assets Under Construction at 31 December 2009 an amount of €256m (2008: €86m) relates to costs in respect of the upgrade of the Elefsina refinery, for which the construction phase commenced. Management expects that the project will be completed in 2011. Any potential delays during the engineering, procurement or construction phase will have equivalent effects on the project completion date.

(3) During 2009 an amount of € 2,9m in respect of interest has been capitalized in relation to Assets Under Construction relating to the refining segment, at an average borrowing rate of 2%. An additional of €2,0 m (2008: €0,2 m) in respect of interest has been capitalized in relation to retail petrol stations, included in Plant & Machinery.

(All amounts in Euro thousands unless otherwise stated)

7 Intangible assets

	Goodwill	Computer software	Licences & Rights	Other	Total
Cost					
As at 1 January 2008	**137.874**	**54.511**	**35.080**	**38.237**	**265.702**
Additions	792	5.908	-	5.562	12.262
Acquisition of OPET	-	8	7.913	-	7.921
Disposals	-	(95)	(13.529)	-	(13.624)
Currency translation effects	-	(28)	-	(2.390)	(2.418)
Other movements	-	3.000	-	-	3.000
As at 31 December 2008	**138.666**	**63.304**	**29.464**	**41.409**	**272.843**
Accumulated Amortisation					
As at 1 January 2008	**71.829**	**46.244**	**14.642**	**3.067**	**135.782**
Charge for the year	-	9.999	-	2.771	12.770
Disposals	-	(54)	(6.759)	-	(6.813)
Currency translation effects		(14)	-	-	(14)
Other movements	-	(586)	2.313	-	1.727
As at 31 December 2008	**71.829**	**55.589**	**10.196**	**5.838**	**143.452**
Net Book Value at 31 December 2008	**66.837**	**7.715**	**19.268**	**35.571**	**129.391**
Cost					
As at 1 January 2009	**138.666**	**63.304**	**29.464**	**41.409**	**272.843**
Additions	3.747	991	-	369	5.107
Acquisition of BP Hellas	-	603	-	61.600	62.203
Disposals	-	(9)	-	-	(9)
Currency translation effects	-	(30)	-	733	703
Other movements	(3.408)	3.079	2.967	(399)	2.239
As at 31 December 2009	**139.005**	**67.938**	**32.431**	**103.712**	**343.086**
Accumulated Amortisation					
As at 1 January 2009	**71.829**	**55.589**	**10.196**	**5.838**	**143.452**
Charge for the year	-	7.629	5.041	3.072	15.742
Acquisition of BP Hellas	-	263	-	-	263
Disposals	-	(5)	-	-	(5)
Currency translation effects	-	(10)	-	-	(10)
Other movements	-	-	-	(405)	(405)
As at 31 December 2009	**71.829**	**63.466**	**15.237**	**8.505**	**159.037**
Net Book Value at 31 December 2009	**67.176**	**4.472**	**17.194**	**95.207**	**184.049**

(1) The majority of the remaining amount of goodwill as at 31 December 2009 relates to the unamortised goodwill arising on the acquisition of Hellenic Petroleum Cyprus Ltd from BP plc in 2003 which is treated in line with the accounting policy in note 2.6. This has been tested for impairment as at 31 December 2009 and no such issue has been identified as the significant assumptions affecting the value of the company (price, margins, and volumes) are improved.

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

(3) Other intangible assets category includes rights of use of land in Serbia where under local statutory law, certain plots of land belong to the user under a right of use. Also included are amounts paid to the

(All amounts in Euro thousands unless otherwise stated)

government for use of land in Montenegro where the company holds title. Furthermore, included therein is the fair value of the contractual customer relationships from the acquired subsidiary (see Note 32).

8 Investments in associates and joint ventures

	As at	
	31 December 2009	**31 December 2008**
Beginning of the Year	**508.219**	**386.847**
Dividends received	(10.670)	(5.538)
Share of results of associates	18.418	54.754
Participation in joint ventures	-	68.198
Share capital increase / (decrease)	1.411	3.956
Other movements	-	2
End of the year	**517.378**	**508.219**

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

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

	For the year ended	
	31 December 2009	**31 December 2008**
DEPA	21.243	56.161
ELPEDISON	(2.193)	-
ARTENIUS	(1.658)	(2.074)
Other associates	1.026	667
Total	**18.418**	**54.754**

The main financial information of major associated companies is listed below:

	As at 31 December 2009		
	Assets	**Liabilities**	**Revenues**
DEPA	2.552.598	1.300.525	974.732
ELPEDISON	501.117	410.427	33.452
ARTENIUS	53.897	34.405	65.272
EAKAA	20.792	12.085	3.912

	As at 31 December 2008		
	Assets	**Liabilities**	**Revenues**
DEPA	2.440.514	1.220.201	1.505.509
ELPEDISON	223.558	153.341	177.785
ARTENIUS	65.902	41.586	83.826
EAKAA	21.560	13.153	3.947

(All amounts in Euro thousands unless otherwise stated)

9 Loans, Advances & Long Term assets

	As at 31 December 2009	31 December 2008
Loans and advances	21.421	23.422
Other long term assets	118.151	145.621
Total	**139.572**	**169.043**

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

Other long term assets primarily include payments made to secure long term retail network locations and other prepayments of long term nature, which are non-interest bearing. These are amortised over the remaining life of the relating contracts of the petrol stations and are discounted using a rate of 5% for 2009 (2008: 5%).

10 Inventories

	As at 31 December 2009	31 December 2008
Crude oil	563.728	369.872
Refined products and semi-finished products	713.026	545.254
Petrochemicals	28.847	35.097
Consumable materials and other spare parts	80.662	82.868
- Less: Provision for consumables and spare parts	(12.311)	(12.311)
Total	**1.373.953**	**1.020.780**

The cost of goods sold included in "Cost of sales" for 2009 is equal to € 5,4 bn (2008: €8,9 bn).

The amount of the write-down of inventories (stock devaluation) recognized as an expense in 2009 and included in "Cost of sales" is equal to € 2,9 m (2008: € 201,1 m).

11 Trade and other receivables

	As at 31 December 2009	31 December 2008
Trade receivables	657.444	606.115
- Less: Provision for impairment of receivables	(106.918)	(95.233)
Trade receivables net	**550.526**	**510.882**
Other receivables	360.347	378.028
- Less: Provision for impairment of receivables	(19.217)	(19.463)
Other receivables net	**341.129**	**358.565**
Derivatives held for trading (Note 20)	-	24.833
Deferred charges and prepayments	24.027	35.324
Total	**915.683**	**929.604**

(All amounts in Euro thousands unless otherwise stated)

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

The fair values of receivables approximate their carrying amount.

The movement in the valuation allowance for trade receivables is set out below.

	As at	
	31 December 2009	**31 December 2008**
Balance at 1 January	95.233	113.725
Charged / (credited) to the income statement:		
- Additional provisions	19.447	4.654
- Receivables written off during the year as uncollectible	(17.840)	(19.951)
- Unused amounts reversed	(660)	(3.195)
Acquisition of subsidiary	10.738	-
Balance at 31 December	**106.918**	**95.233**

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

12 Cash and cash equivalents

	As at	
	31 December 2009	**31 December 2008**
Cash at Bank and in Hand	312.607	280.210
Short term bank deposits	178.589	596.326
Total	**491.196**	**876.536**

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

	As at	
	31 December 2009	**31 December 2008**
Euro	2,14%	4,48%
USD	0,50%	0,54%

13 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 31 December 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).

(All amounts in Euro thousands unless otherwise stated)

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. It also approved the extension of the stock option scheme for an additional year. 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.

The movement in share options during the year were:

	As at			
	31 December 2009		31 December 2008	
	Average Exercise Price in € per share	Options	Average Exercise Price in € per share	Options
At 1 January	**10,63**	**1.065.351**	**10,40**	**680.115**
Granted	7,62	1.704.716	11,01	385.236
Exercised	-	-	-	-
Lapsed	-	-	-	-
At 31 December	**8,77**	**2.770.067**	**10,63**	**1.065.351**

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 2009	31 December 2008
5 December 2012	9,69	272.100	272.100
5 December 2013	10,88	408.015	408.015
5 December 2014	11,01	385.236	385.236
5 December 2015	7,62	1.704.716	-
	Total	**2.770.067**	**1.065.351**

As at 31 December 2009 only the stock options granted in 2006 and 2007 were exercisable. The average remaining contractual life of stock options outstanding at 31 December 2009 and 2008 was 4,93 and 5 years respectively.

Share based compensation is measured at fair value at the date of the grant using a binomial stock option valuation model. The inputs into the model were as follows:

	As at	
	31 December 2009	31 December 2008
Risk free-interest rate	5,16%	4,30%
Expected Volatility	35,00%	25,00%
Dividend Yield	6,00%	4,00%
Expected Life	4,6 years	4,9 years
Fair value of option granted	1,79	1,09

Total expense recognised in the statement of comprehensive income for share based compensation amounted to €1.166.

(All amounts in Euro thousands unless otherwise stated)

14 Reserves

	Statutory reserve	Special reserves	Hedging reserve	Share-based payment reserve	Tax reserves	Other reserves	Total
Balance at 1 January 2008	**97.829**	**98.420**	**(47.380)**	**-**	**366.369**	**(1.715)**	**513.523**
Fair value gains / (losses) on cash flow hedges (Note 20)	-	-	10.901	-	-	-	10.901
Transfers to retained earnings (Law 3614/07)	-	-	-	-	(24.807)	-	(24.807)
Fair value losses on available-for-sale financial assets	-	-	-	-	-	(282)	(282)
Translation exchange differences	-	-	-	-	-	(2.534)	(2.534)
Balance at 31 December 2008	**97.829**	**98.420**	**(36.479)**	**-**	**341.562**	**(4.531)**	**496.801**
Fair value gains / (losses) on cash flow hedges (Note 20)	-	-	7.425	-	-	-	7.425
Share-based payments (Note 13)	-	-	-	1.166	-	-	1.166
Transfers from retained earnings (Law 3299/04)	-	-	-	-	1.147	-	1.147
Transfer to statutory reserves	2.835	-	-	-	-	-	2.835
Fair value losses on available-for-sale financial assets	-	-	-	-	-	(108)	(108)
Translation exchange differences	-	-	-	-	-	(3.427)	(3.427)
Balance at 31 December 2009	**100.664**	**98.420**	**(29.054)**	**1.166**	**342.709**	**(8.066)**	**505.839**

The year end hedging reserve is shown net of tax €2.136 (2008: €5.460) – refer to Note 26.

Statutory reserves

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

Special reserves

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

Tax free reserves

Tax free reserves include:

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

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

(iii) In line with similar policy in the past, the Group 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 has been reclassified to "Retained Earnings". As a result, the tax free reserves now include an amount of €11,4 million under Environmental Investment Laws 2601/98 and 3299/04. The Group has repaid the relevant investment subsidies under Law 3220/2004 and has appealed against the Greek State to include the relevant investment under law 2992/2002.

(All amounts in Euro thousands unless otherwise stated)

Components of other comprehensive income:

	As at	
	31 December 2009	**31 December 2008**
Available-for-sale financial assets:		
Losses arising during the year	(201)	(523)
	(201)	**(523)**
Cash flow hedges:		
Gains arising during the year (Note 20)	7.425	10.901
	7.425	**10.901**
Currency translation differences	(4.852)	(3.097)
Other comprehensive income for the period, net of tax	**2.372**	**7.281**

15 Trade and other payables

	As at	
	31 December 2009	**31 December 2008**
Trade payables	888.003	677.492
Accrued Expenses	16.265	30.105
Derivatives held for trading (Note 20)	36.644	12.268
Other payables	92.940	71.679
Total	**1.033.852**	**791.544**

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 2009	**31 December 2008**
Non-current borrowings		
Bank borrowings	607.805	448.084
Total non-current borrowings	**607.805**	**448.084**
Current borrowings		
Short term bank borrowings	1.224.235	1.089.103
Current portion of bank borrowings	80.609	21.252
Total current borrowings	**1.304.843**	**1.110.355**
Total borrowings	**1.912.648**	**1.558.439**

(All amounts in Euro thousands unless otherwise stated)

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

	As at 31 December 2009	31 December 2008
Obligations under finance leases		
Within 1 year	-	1.615
Between 1 and 5 years	-	4
Total lease payments	**-**	**1.619**
less: Interest		(100)
Total	-	**1.519**

Asprofos repaid the obligation under finance lease on 31 July 2009.

The maturity of non-current borrowings is the following:

	As at 31 December 2009	31 December 2008
Between 1 and 2 years	11.602	91.846
Between 2 and 5 years	596.203	356.238
	607.805	**448.084**

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

	As at 31 December 2009		
	€	**US$**	**RSD**
Bank Borrowings (short-term)			
- Floating Euribor + margin	2,87%	-	-
- Floating Libor + margin	-	2,36%	-
Bank Borrowings (long-term)			
- Floating Euribor + margin	1,70%	-	-
- Floating Libor + margin	-	0,48%	-
- NBS 2wk repo + margin	-	-	13,17%

	As at 31 December 2008		
	€	**US$**	**RSD**
Bank Borrowings (short-term)			
- Floating Euribor + margin	4,78%	-	-
- Floating Libor + margin	-	1,10%	-
Bank Borrowings (long-term)			
- Floating Euribor + margin	3,22%	-	-
- Floating Libor + margin	-	1,51%	-
- NBS 2wk repo + margin	-	-	19,14%

(All amounts in Euro thousands unless otherwise stated)

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

	As at	
	31 December 2009	**31 December 2008**
Euro	1.298.811	969.413
US dollar	534.250	588.949
RSD	79.587	77
Total borrowings	**1.912.648**	**1.558.439**

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

On 18 April 2006 HPF concluded a syndicated €300 million syndicated 364-day multi-currency revolving credit facility agreement with the guarantee of the parent company. The facility had an extension option for a further 364 day period which was exercised in 2007 and consequently the maturity date was extended to 15 April 2008. In April 2008, the facility was extended for a further 364 day period until 14 April 2009 and the facility amount was increased to €400 million. The outstanding balance of the facility as at 31 December 2009 amounted to the equivalent of €395 million (2008: €120 million).

On 2 February 2007 HPF signed a syndicated US$ 1,180 million credit facility agreement with a maturity of five years and two 364-day extension options, closely related to the host contract, exercisable prior to the first and the second anniversary of the facility. The facility is guaranteed by the parent company. A total of fifteen Greek and international financial institutions have participated in the facility. The facility comprises of fixed term borrowings and revolving credit. In 2007 the Company exercised the first extension option to extend the maturity date until 31 January 2013 to which all participating financial institutions have consented, except for one bank whose participation in the facility amounted to US$ 20 million. The outstanding balance under the facility as at 31 December 2009 amounted to the equivalent of € 812 million, of which short term revolving loans amounted to the equivalent of € 555 million.

On 9 December 2009, HPF concluded a syndicated €250 million facility agreement with a maturity of three years, with the possibility to increase the amount up to €350 million after syndication of the facility in the secondary market. The purpose of the facility was to finance the acquisition of Hellenic Fuels S.A. (see note 32). On 11 February 2010, following successful syndication in the secondary market the credit facility agreement was increased to €350 million. The outstanding balance of the facility amounted to €250 million as at 31 December 2009 and €350 million as at 11 February 2010.

The total balance of HPF's bank borrowings as at 31 December 2009 amounted to the equivalent of € 1.457 million. The proceeds of the aforementioned facilities have used to provide loans to other Group companies.

The loan analysis is as follows:

	As at	
	31 December 2009	**31 December 2008**
Revolving Credit Facility	1.191.370	1.005.799
Term loans	721.278	533.124
Overdrafts	-	17.997
Finance lease	-	1.519
Total borrowings	**1.912.648**	**1.558.439**

(All amounts in Euro thousands unless otherwise stated)

17 Deferred income tax

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

	As at	
	31 December 2009	**31 December 2008**
Deferred tax assets:		
Deferred tax assets to be recovered after more than 12 months	23.919	69.619
	23.919	**69.619**
Deferred tax liabilities:		
Deferred tax liabilities to be recovered after more than 12 months	(53.613)	(22.104)
	(53.613)	**(22.104)**
	(29.692)	**47.515**

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

	As at	
	31 December 2009	**31 December 2008**
Beginning of the year	47.515	6.627
Income statement recovery / (charge)	(50.676)	44.167
Charged / (released) to equity	(2.136)	(5.459)
Acquisition of subsidiary (see Note 32)	(29.900)	-
Other movements	5.505	2.180
End of year	**(29.692)**	**47.515**

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

Intangible and tangible fixed assets	(32.656)	(30.771)
Inventory valuation	620	102
Unrealised exchange gains	(8.678)	(4.778)
Employee benefits provision	29.565	27.579
Derivative financial instruments at fair value	20.218	13.409
Acquisition of subsidiary (see Note 32)	(29.900)	-
Net operating losses carried forward	-	46.416
Other temporary differences	(8.861)	(4.442)
End of year	**(29.692)**	**47.515**

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

(All amounts in Euro thousands unless otherwise stated)

18 Retirement benefit obligations

	As at	
	31 December 2009	**31 December 2008**
Balance sheet obligations for:		
Pension benefits	148.464	153.736
Total as per balance sheet	**148.464**	**153.736**

	For the year ended	
	31 December 2009	**31 December 2008**
Income statement charge for:		
Pension benefits	98.710	28.581
Total as per income statement	**98.710**	**28.581**

The amounts recognised in the balance sheet are as follows:

	As at	
	31 December 2009	**31 December 2008**
Present value of funded obligations	1.890	-
Fair value of planned assets	(1.120)	-
Present value of unfunded obligations	194.027	197.486
Unrecognised actuarial gains / (losses)	(42.806)	(42.158)
Unrecognised prior service cost	(3.527)	(1.592)
Liability in the Balance Sheet	**148.464**	**153.736**

The amounts recognised in the income statement are as follows:

	For the year ended	
	31 December 2009	**31 December 2008**
Current service cost	10.191	10.132
Interest cost	10.592	8.907
Net actuarial (gains) / losses recognised in the year	8.268	2.403
Past service cost	1.364	122
Regular profit & loss charge	**30.415**	**21.565**
Additional cost of extra benefits	68.295	7.016
Total included in employee benefit expense	**98.710**	**28.581**

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

	As at	
	31 December 2009	**31 December 2008**
Beginning of the year	153.736	151.126
Total expense included in employee benefit expense	98.710	28.581
Payments made	(110.426)	(20.787)
Other adjustments	6.444	(5.184)
At year end	**148.464**	**153.736**

The principal actuarial assumptions used were as follows:

	As at	
	31 December 2009	**31 December 2008**
Discount Rate	5,80%	5,80%
Future Salary Increases	4,50%	4,50%
Average future working life	11,4 years	10,4 years

Additional cost of extra benefits for 2009 includes the voluntary retirement scheme costs (see Note 24).

(All amounts in Euro thousands unless otherwise stated)

19 Provisions and other long term liabilities

	As at 31 December 2009	31 December 2008
Government grants	27.813	26.431
Litigation and tax provisions	8.842	7.518
Leased petrol stations	9.158	10.405
Other provisions	11.131	8.352
Total	**56.944**	**52.706**

The movement for provisions and other long term liabilities for 2009 is as follows:

	Govern-ment advances and grants	**Litigation & tax povisions**	**Share purchase agreement**	**Leased petrol-stations**	**Other provisions**	**Total**
At 1 January 2008	**50.835**	**7.867**	**9.696**	**10.994**	**7.432**	**86.824**
Charged / (credited) to the income statement:						
- Additional provisions / grants	4.002		-	-	920	4.922
- Unused amounts reversed	(25.614)	-	-	-	-	(25.614)
- Unwinding of discount	-	-	-	-	-	-
Used during year	(2.792)	(349)	(9.696)	(589)	-	(13.426)
At 31 December 2008	**26.431**	**7.518**	**-**	**10.405**	**8.352**	**52.706**
Charged / (credited) to the income statement:						
- Additional provisions / grants	-	1.582	-	-	1.892	3.474
- Unused amounts reversed		(1.000)	-	-	-	(1.000)
- Utilized during year	(4.184)	-	-	-	-	(4.184)
Reclassifications	4.870	742	-	-	940	6.552
Additional grants	696	-	-	-	-	696
Used during year	-	-	-	(1.247)	(53)	(1.300)
At 31 December 2009	**27.813**	**8.842**	**-**	**9.158**	**11.131**	**56.944**

Government grants

Advances by the Government to the Group's entities relate to property plant and equipment. Grants received during the year amount to € 3.983.

Environmental costs

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

Other provisions

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

20 Fair values of derivative financial instruments

Derivatives held for trading

In the context of managing risk resulting from the volatility in the inventory values of products and crude oil, the Group enters into 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 statement of financial position in “Trade and other debtors” and “Trade and other payables” if the maturity is less than 12 months and in “Loans, advances and other receivables” and “Other long term liabilities” if the maturity is more than 12 months. Changes in the fair value of these derivatives are charged to the Statement of comprehensive income either within Other (expenses)/income or Cost of sales.

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

As part of managing operating and price risk, the Group engages in derivative transactions with 3rd parties with the intention of matching physical positions and trades or close proxies thereof and are therefore considered an integral part of “Cost of Sales”. During 2009 the amounts attributable to such derivatives were €47.930 loss (2008: (€44.454 loss) and are included in “Cost of Sales”.

In certain cases it may not be possible to achieve a fully matched position, in which case the impact can not be considered as a “Cost of Sales” component. The result from such derivative positions in 2009 €15.297 loss (2008 €1.429 loss) and is shown under “Other operating (expenses) / income – net” (see note 24).

Derivatives designated as cash flow hedges

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

When certain of the forecasted transactions cease to be highly probable, they are de-designated from cash flow hedges at which time amounts charged to reserves are transferred to the statement of comprehensive income. The remaining cash flow hedges are highly effective and the movement in fair value of these derivatives amounting to a gain of €7.425 net of tax in 2009 (2008: gain of €10.901 net of tax) was transferred to the “Hedging Reserve”.

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

(All amounts in Euro thousands unless otherwise stated)

Derivatives held for Trading

	31 December 2009				31 December 2008			
Commodity Derivative type	**Notional Amount**		**Assets**	**Liabilities**	**Notional Amount**		**Assets**	**Liabilities**
	MT	**Bbls**	**€**	**€**	**MT**	**Bbls**	**€**	**€**
Commodity Swaps	550	3.840	-	26.536	600	20.860	16.811	36.675
Commodity Options	-	-	-	-	-	4.000	8.022	-
	550	**3.840**	**-**	**26.536**	**600**	**24.860**	**24.833**	**36.675**

Derivatives designated as Cash Flow Hedges

	31 December 2009				31 December 2008			
Commodity Derivative type	**Notional Amount**		**Assets**	**Liabilities**	**Notional Amount**		**Assets**	**Liabilities**
	MT	**Bbls**	**€**	**€**	**MT**	**Bbls**	**€**	**€**
Commodity Swaps	2.100	-	-	37.253	1.800	-	-	46.812
	2.100	**-**	**-**	**37.253**	**1.800**	**-**	**-**	**46.812**
Total			**-**	**63.789**			**24.833**	**83.487**

	31 December 2009		31 December 2008	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Non-current portion				
Commodity swaps	-	37.253	-	71.219
	-	**37.253**	**-**	**71.219**
Current portion				
Commodity options (Notes 11, 15)	-	-	8.022	-
Commodity swaps (Notes 11, 15)	-	26.536	16.811	12.268
	-	**26.536**	**24.833**	**12.268**
Total	**-**	**63.789**	**24.833**	**83.487**

21 Employee benefit expense

	For the year ended	
	31 December 2009	**31 December 2008**
Wages and salaries	216.977	212.069
Social security costs	40.954	39.962
Pension costs	92.356	29.132
Other employment benefits	37.557	39.357
Total	**387.844**	**320.520**

Included in Pension costs for 2009 are the additional expenditure incurred regarding the Voluntary Retirement Scheme (see Note 24).

Included in Other employment benefits are medical insurance, catering, and transportation expenses. The value of shared – based compensation of €1.166 is also included therein (see Note 13).

22 Selling, distribution and administrative expenses

	For the year ended	
	31 December 2009	**31 December 2008**
Selling and distribution expenses	282.295	267.114
Administrative expenses	136.945	124.365
	419.241	**391.479**

(All amounts in Euro thousands unless otherwise stated)

23 Exploration and Development expenses

Exploration and development expenses comprise expenditure associated with the Group's exploration activities as an operator in one block in western Egypt and in another block in southern Egypt in a joint venture with Melrose and Kuwait Energy through the Hellenic Petroleum branch in Egypt. As these projects are still in the exploration phase, all amounts spent are expensed. (2009: € 15.441 and 2008: € 10.690).

24 Operating income / (expenses) - net

	For the year ended	
	31 December 2009	**31 December 2008**
Income from grants	4.184	3.551
Exploration & production grants	-	25.614
Gains on derivative financial instruments	9.329	8.877
Losses on derivative financial instruments	(20.103)	(17.705)
Gain on sale of interest in JV in Libya (b)	-	117.718
Gain from legal case of ELPET Valkaniki (a)	-	27.386
Gain on disposal of subsidiaries (note 8)	-	52.900
Services to third parties	3.534	4.084
Rental income	11.999	9.872
Voluntary retirement scheme cost	(67.679)	-
Excess of acquirer's interest resulting from business combinations (Note 32)	15.000	-
Other income	25.815	24.369
Total	**(17.921)**	**256.666**

Other operating (expenses) / income – net include amongst other items income or expenses which do not represent trading activities of the Group. Also included in Other Operating (Expenses) / Income are gains / (losses) from derivative positions not directly associated with operating activities (note 20).

(i) Other operating (expenses) / income include the additional costs incurred regarding the voluntary retirement schemes (VRS) effected during the second half of 2009.

(ii) Advances by the Government (Hellenic State) amounting to €25.614 were paid to the Company for the purposes of research and exploration and had been recorded as a liability since such amounts could become payable if income was generated from activity in the relevant areas. In July 2007, the Government decreed by Law 3587, which all Greek onshore and offshore blocks awarded to the Company, ipso jure return to the State without further action. The Company was also obliged to deliver to the Ministry of Development all pertinent documentation, studies, maps and any other papers in its possession. As part of its accounting policy no exploration and production rights in Greece had been capitalized by the Company as assets in its Financial Statements. All exploration and production relating expenditure was expensed in the years incurred. During 2008 management reviewed its position in relation to the above and obtained a legal opinion based on which liability resulting from these Grants was deemed remote. Furthermore in December 2008 the Company initiated the process of delivering of the studies, maps and related documentation relating to the aforementioned blocks to the state authorities. Accordingly the Company proceeded to write off the entire amount of €25.614 recognising an equivalent amount of other operating income for the year ended 31 December 2008.

(iii) On 11 November 2008, the Company disposed its 20% stake in a consortium with Woodside (45%) and Repsol (35%) in an oil and gas licence for the exploration of 5 onshore blocks in Libya for a total consideration of $172 million (€137,7 million). The resulting gain of €117,7 consists of the total consideration received of €137,7 million less the 2008 exploration costs and other expenses incurred in finalising the transaction.

(All amounts in Euro thousands unless otherwise stated)

(iv) During 2008, the Group recognized a gain amounting to €27 million arising from compensation received in settlement of a dispute between ELPET VALKANIKI (a subsidiary of the Group) and the state of FYROM in accordance with a settlement agreement which was signed between the two parties in 2007. The state of FYROM made payment of the agreed compensation to ELPET VALKANIKI of €27 million ($40 million) on 31 December 2007 in accordance with the settlement agreement, but this was subject to certain conditions, therefore, the amount was taken to Other Liabilities as of 31 December 2007. These conditions were met in 2008, at which time the compensation amount was recognized in the Statement of comprehensive income within Other operating income.

(v) On 3 July 2008, Hellenic Petroleum announced the signing of an agreement with Edison SpA, Italy's second largest electricity producer and gas distributor, creating a strategic alliance in power generation and trading. The alliance took the form of a joint venture named Edison B.V. aiming to put in place a power generation portfolio of 1,500-2,000MW and power trading and marketing activities. Based on the agreement with Edison, Hellenic Petroleum contributed to the joint-venture its wholly owned subsidiary Energiaki Thessalonikis, while Edison contributed its 65% holding in Thisvi, plus €55m cash to Hellenic Petroleum. The transaction was consummated on December 18, 2008 and resulted in a gain of €52,9m for Hellenic Petroleum Group justified as the difference between cash of €55m and the fair value of the effective interest in Thisvi (32,5%) less the carrying amount of net assets disposed (50% of Energiaki Thessalonikis). As from the date of the consummation, the Group accounts for its 50% ownership in the joint-venture on an equity basis.

25 Finance costs -net

	For the year ended	
	31 December 2009	**31 December 2008**
Interest income	20.914	31.229
Interest expense and similar charges	(53.919)	(79.717)
Accrued Interest	(512)	-
Finance costs -net	**(33.517)**	**(48.488)**

In addition to the finance cost shown above, an amount of € 4,9 million (2008: €0,2 million) has been capitalized, as further explained in Note 6.

(All amounts in Euro thousands unless otherwise stated)

26 Income tax expense

	For the year ended 31 December 2009	31 December 2008
Current tax	15.476	31.991
Deferred tax (Note 17)	50.676	(44.166)
Total	**66.152**	**(12.176)**

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

	For the year ended 31 December 2009	31 December 2008
Profit Before Tax	**242.414**	**16.857**
Income tax calculated at tax rates applicable to profits	62.961	(12.029)
Tax on income not subject to tax	(29.265)	(33.315)
Tax on expenses not deductible for tax purposes	18.202	20.973
Tax losses utilised or carried forward	(63)	(15)
Effect of tax rate change	-	(1.515)
Other	14.317	13.727
Tax Charge	**66.152**	**(12.176)**

The basic tax rate for Hellenic Petroleum S.A. was 25% for the period ending 31 December 2009 (25% for the period ending 31 December 2008).

In 2008 a new tax law (L3697/2008) was enacted on the base of which income tax rates for the fiscal years 2009, 2010, 2011, 2012, 2013 and periods after 1 January 2014 would be 25%, 24%, 23%, 22%, 21% and 20% respectively. These rates have been used for deferred tax calculations as at 31 December 2009.

A number of the Group subsidiaries continue to have unaudited fiscal years by the tax authorities. Hellenic Petroleum S.A. has not been audited from 2002 onwards. EKO S.A. has not been audited for the fiscal years 2008 to 2009.

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

	For the year ended 31 December 2009			31 December 2008		
	Before tax	Tax (charge)/ credit	After tax	Before tax	Tax (charge)/ credit	After tax
Available-for-sale financial assets	(201)	-	(201)	(523)	-	(523)
Cash flow hedges	9.561	(2.136)	7.425	16.361	(5.460)	10.901
Currency translation differences	(4.852)	-	(4.852)	(3.097)	-	(3.097)
Other comprehensive income	**4.508**	**(2.136)**	**2.372**	**12.741**	**(5.460)**	**7.281**

27 Earnings per share

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

	For the year ended	
	31 December 2009	**31 December 2008**
Earnings per share attributable to the Company Shareholders (expressed in Euro per share):	**0,57**	**0,08**
Net income attributable to ordinary shares (Euro in thousands)	174.890	23.643
Average number of ordinary shares outstanding	305.635.185	305.635.185

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

28 Dividends per share

A proposal to the AGM for an additional € 0,35 per share as final dividend for 2007 was approved by the Board of Directors on 14 February 2008. This amounts to €106.972 and is included in the current financial statements.

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 2008 financial year 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 (totaling €152.817) are included in these financial statements.

A proposal to the AGM for an additional € 0,30 per share as final dividend was approved by the Board of Directors on 26 February 2009. This amounts to €91.691 and is included in the current financial statements.

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 are included in these consolidated financial statements.

A proposal to the AGM for an additional € 0,30 per share as final dividend was approved by the Board of Directors on 25 February 2010. This amounts to €91.691and is not included in these accounts as it has not yet been approved by the shareholders' AGM.

(All amounts in Euro thousands unless otherwise stated)

29 Cash generated from operations

	Note	For the year ended 31 December 2009	31 December 2008
Profit before tax		**242.414**	**16.857**
Adjustments for:			
Depreciation and amortisation of property, plant & equipment and intangible assets	**6,7**	128.863	136.042
Amortisation of grants		(4.184)	(3.551)
Finance costs - net	**25**	33.517	48.488
Share of operating profit of associates and dividends		(18.418)	(60.292)
Gain from partial disposal of Energiaki	**24**	-	(53.900)
Gain from disposal of E&P licence	**24**	-	(117.718)
Gain from legal case of ELPET Valkaniki	**24**	-	(27.386)
Provisions		52.981	28.581
Foreign exchange (gains) / losses		3.714	98.641
(Gain) / loss on sales of P.P.E.		(1.321)	(223)
		437.566	**65.539**
Changes in working capital			
(Increase) / decrease in inventories		(353.390)	510.832
(Increase) / decrease in trade and other receivables		16.426	517.164
Increase / (decrease) in payables		266.828	(219.414)
		(70.136)	**808.582**
Net cash generated from operating activities		**367.430**	**874.121**

30 Contingencies and litigation

The Group has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business. Provisions are set up by the Group against such matters whenever deemed necessary and included in other provisions (note 19). They are as follows:

(i) The Group is involved in a number of legal proceedings and has various unresolved claims pending arising in the ordinary course of business. Based on currently available information, management believes the outcome will not have a significant effect on the Group'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 2009. The tax audit for Hellenic Petroleum S.A. for the years 2002 – 2005 is currently under way, while a temporary tax audit for the financial year 2006 was finalized in 2009. The tax audit of Petrola Hellas AEBE (merged with Hellenic Petroleum S.A. in 2003) for 2002 and 1/1 – 4/6/2003 was also 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 consolidated financial statements.

(iii) Hellenic Petroleum SA has provided guarantees to the favour of banks as security for loans granted by them to subsidiaries and associates of the Group, the outstanding amount of which as at 31 December 2009 was the equivalent of € 1.715 million (31 December 2008 €1.124 million). The Group has issued letters of credit and guarantees to the favour of third parties which as at 31 December 2009 amounted to the equivalent of €568 million (31 December 2008 €541 million)mainly for the completion of contracts entered into by the Group.

(iv) Following complaints by IATA, the Greek Competition Committee initiated an investigation into the pricing of aviation jet fuel in the Greek market. The conclusion of the investigation was to assert a fine of €9.4m to all Greek refineries, Hellenic Petroleum share accounts for €7,3m and it is based on a percentage of the relevant sales revenues in the year preceding the complaint. The Group maintaining its position that the rational of the conclusion has not taken into account critical evidence presented, filed an appeal with the Athens Administrative Court of Appeals. In parallel a petition to suspend the decision was also filed and partially accepted; the Court suspended the corrective measures imposed by the Greek Competition Committee until 31 August 2007 (since then all necessary changes have been implemented), but did not suspend the payment of the fine, which has been paid. The court date for the appeal, initially set for the 27 September 2007 was postponed to take place on 17 January 2008, and was finally tried on 25 September 2008. The resolution issued has partly accepted the Group's appeal i.e. (a) has reduced the fine of €7,3 million by €1,5 million and (b) has revoked the corrective measures which were temporarily suspended as above. The Group is contesting the above decision before the Supreme Administrative Court for the part for which the aforementioned resolution has not been fully accepted. The court date has been set for 3 June 2010.

(v) In November and December 2008, the Z' Customs Office of Piraeus, issued deeds of assessment amounting at approx. €40.000 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.

(vi) On 25 September 2009 the Commission for the Protection of Competition in Cyprus imposed a fine amounting to €14,3 million against Hellenic Petroleum Cyprus Ltd. Pertinent legal actions are in progress and the likelihood for an outflow of resources is assessed as remote. The court date for the appeal (together with the hearing for the other companies that are involved) commenced in 18 January 2010 and is in progress.

31 Commitments

Significant contractual commitments of the Group are as follows:

- Total capital commitments for the Group amount to €617 million (31 December 2008: €511 million) of which €454 million relate to the Hydrocracker project.

- 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.

(All amounts in Euro thousands unless otherwise stated)

32 Business combinations

Year ended 31 December 2009

On 10 December 2009, the Group acquired 100% of the share capital of BP Hellas S.A. (subsequently renamed Hellenic Fuels S.A.)., a company operating in the marketing sector. The acquired business contributed revenues of €53.485 and net profit of €15.123 to the Group for the year ended 31 December 2009.

If the acquisition had occurred on 1 January 2009, the acquired revenue and net profit would have been €873.702 and €22.699 respectively (after the elimination of intra-group transactions of €448.721).

Details of the acquisition are as follows:

	Fair value	Acquiree's carrying amount
Property, plant and equipment	193.338	105.568
Intangible assets	61.940	340
Deferred income tax assets	6.756	6.756
Available-for-sale financial assets	395	395
Loans, advances and other receivables	53.227	53.227
Inventories	34.082	34.082
Trade and other receivables	155.403	155.403
Cash and cash equivalents	40.570	40.570
Non current borrowings	(40.000)	(40.000)
Deferred income tax liabilities	(29.800)	-
Retirement benefit obligations	(8.883)	(8.883)
Provisions and other long term liabilities	(870)	(19.970)
Trade and other payables	(67.877)	(67.877)
Current income tax liabilities	(6.501)	(6.501)
Current borrowings	(86)	(86)
Fair value of net assets acquired	**391.694**	**253.024**
Excess of acquirer's interest	(15.000)	
Total purchase consideration	**376.694**	
Purchase consideration settled in cash	376.694	
Cash and cash equivalents in subsidiary acquired	(40.570)	
Cash outflow on acquisition	**336.124**	

The resulting goodwill is attributable to economies of scale that the Group will be able to realize by combining operations with those already existing in Greece.

The fair values of the acquired assets and liabilities assumed are preliminary and pending finalisation.

(All amounts in Euro thousands unless otherwise stated)

Year ended 31 December 2008

(i) On 31 October 2008 the Group acquired 100% share capital of OPET Aygaz EAD (subsequently renamed Hellenic Petroleum Bulgaria Properties Ltd.), a Bulgarian company with a network of 17 newly built petrol stations and 3 strategically located fuel depots in Bulgaria for a cash consideration of €6.034. The consideration paid was allocated to Non Current Assets: €33.168, Current Assets: €5.161, Non Current Liabilities: €295, Current Liabilities: €32.000.

(ii) On 31 December 2008 Hellenic Petroleum S.A. acquired 100% of the share capital of Petrola A.E. a real estate company for a consideration of €5,5 million. Petrola A.E. has been consolidated using the full consolidation method in the financial statements for the year ended 31 December 2008.

33 Related-party transactions

	For the year ended	
	31 December 2009	**31 December 2008**
Sales of goods and services to related parties (within Sales)	403.962	764.573
Purchases of goods and services from related parties (within Cost of sales)	38.066	41.877
	442.028	**806.450**

	As at	
	31 December 2009	**31 December 2008**
Balances due to related parties (within Trade and other payables)	273.667	2.097
Balances due from related parties (within Trade and other receivables)	179.147	198.504
	452.814	**200.601**

	For the year ended	
	31 December 2009	**31 December 2008**
Charges for directors remuneration	4.650	4.435

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

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

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

b) Financial institutions which are under common control with the Group due to the shareholding and control rights of the Hellenic State. The Group had loans amounting to the equivalent of €477 million as at 31 December 2009 (31 December 2008: equivalent of €283 million) which represent loan balances due to the following related financial institutions:
   - National Bank of Greece
   - Agricultural Bank of Greece

(All amounts in Euro thousands unless otherwise stated)

c) Joint ventures with other third parties:
- STPC Ltd, Hellenic Petroleum S.A. & Calfrac
- Melrose, Kuwait Energy & Hellenic Petroleum S.A.

d) Associates of the Group which are consolidated under the equity method:
- Athens Airport Fuel Pipeline Company S.A. (EAKAA)
- Public Gas Corporation of Greece S.A. (DEPA)
- Artenius S.A.
- Elpedison B.V.
- Spata Aviation Fuel Company S.A. (SAFCO)

e) Financial institutions in which substantial interest is owned by parties which hold significant participation in the share capital of the Group. The Group had loans amounting to the equivalent of €614 million as at 31 December 2009 (31 December 2008: equivalent of €178 million) with the following related financial institutions:
- EFG Eurobank Ergasias S.A.

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

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

COMPANY NAME	ACTIVITY	COUNTRY OF REGISTRATION	PARTICIPATION PERCENTAGE	METHOD OF CONSOLIDATION
EKO S.A	Marketing	GREECE	100,00%	FULL
HELLENIC FUELS S.A.	Marketing	GREECE	100,00%	FULL
EKO KALYPSO	Marketing	GREECE	100,00%	FULL
EKO BULGARIA	Marketing	BULGARIA	100,00%	FULL
EKO-YU AD BEOGRAD	Marketing	SERBIA	100,00%	FULL
EKO GEORGIA LTD	Marketing	GEORGIA	100,00%	FULL
HELPE INT'L	Holding	AUSTRIA	100,00%	FULL
HELPE CYPRUS	Marketing	CYPRUS	100,00%	FULL
RAMOIL S.A.	Marketing	CYPRUS	100,00%	FULL
HELLENIC PETROLEUM BULGARIA (HOLDINGS) LTD	Marketing	CYPRUS	100,00%	FULL
HELLENIC PETROLEUM BULGARIA PROPERTIES LTD	Marketing	CYPRUS	100,00%	FULL
HELLENIC PETROLEUM SERBIA (HOLDINGS) LTD	Marketing	CYPRUS	100,00%	FULL
HELLENIC PETROLEUM GEORGIA (HOLDINGS) LTD	Marketing	CYPRUS	100,00%	FULL
JUGOPETROL AD KOTOR	Marketing	MONTENEGRO	54,35%	FULL
GLOBAL ALBANIA S.A	Marketing	ALBANIA	99,96%	FULL
ELDA PETROL ALBANIA	Marketing	ALBANIA	99,96%	FULL
ELPET BALKANIKI S.A.	Holding	GREECE	63,00%	FULL
VARDAX S.A	Pipeline	GREECE	50,40%	FULL
OKTA CRUDE OIL REFINERY A.D	Refining	FYROM	51,35%	FULL
ASPROFOS S.A	Engineering	GREECE	100,00%	FULL
DIAXON S.A.	Petrochemicals	GREECE	100,00%	FULL
POSEIDON S.A.	Shipping	GREECE	100,00%	FULL
APOLLON S.A.	Shipping	GREECE	100,00%	FULL
HELLENIC PETROLEUM FINANCE PLC	Treasury services	U.K	100,00%	FULL
HELLENIC PETROLEUM CONSULTING	Consulting services	GREECE	100,00%	FULL
PETROLA A.E.	Real Estate	GREECE	100,00%	FULL
HELLENIC PETROLEUM RENEWABLE ENERGY SOURCES	Energy	GREECE	100,00%	FULL
ELPEDISON B.V.	Power generation	NETHERLANDS	50,00%	EQUITY
DEPA S.A.	Natural Gas	GREECE	35,00%	EQUITY
ARTENIUS HELLAS S.A.(EX V.P.I. S.A.)	Petrochemicals	GREECE	35,00%	EQUITY
E.A.K.A.A	Pipeline	GREECE	50,00%	EQUITY
HELPE THRAKI S.A	Pipeline	GREECE	25,00%	EQUITY
BIODIESEL S.A.	Energy	GREECE	25,00%	EQUITY

During 2008, ELPET VALKANIKI (a 63% subsidiary of the Group) transferred shares corresponding to a 20% shareholding in VARDAX S.A. to the state of FYROM in accordance with the terms of the settlement agreement signed between the two parties in 2007. The transfer was treated under the economic entity approach, which is the accounting policy applied by the Group for transactions with non-controlling interests (see note 2.2). Accordingly the impact of the transfer was reflected directly in the Statement of Changes in Equity.

Furthermore, ELPET Valkaniki decreased its share capital by €19.975. The impact for the non-controlling interests is reflected in the statement of Changes in Equity.

35 Other significant events

Other as described in Note 16 to the consolidated financial statement there were no further significant events during the year.

36 Subsequent events

There were no significant events that took place after the current end of the reporting period as at 31 December 2009.