HELLENIC PETROLEUM S.A.

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 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

PRICEWATERHOUSECOOPERS

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

Independent auditor's report

To the Shareholders of Hellenic Petroleum S.A.

Report on the Financial Statements

We have audited the accompanying financial statements of Hellenic Petroleum S.A. (the "Company") which comprise the statement of financial position as of 31 December 2009 and the statements of comprehensive income, changes in equity and 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 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 the 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 Company 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 and 37 of Law 2190/1920.

PRICEWATERHOUSECOOPERS

Athens, 26 February 2010

PricewaterhouseCoopers S.A.

The Certified Auditor Accountant

SOEL Reg. No. 113

Kyriakos Riris

SOEL Reg.No. 12111

(All amounts in Euro thousands unless otherwise stated)

Statement of Financial Position

		As at	
	Note	**31 December 2009**	**31 December 2008**
ASSETS			
Non-current assets			
Property, plant and equipment	**6**	1.307.928	855.247
Intangible assets	**7**	11.801	17.446
Investments in affiliated companies	**8**	695.948	707.838
Deferred income tax assets	**17**	10.231	61.465
Available-for-sale financial assets		21	21
Loans, advances and other receivables	**9**	1.313	632
		2.027.242	**1.642.649**
Current assets			
Inventories	**10**	1.211.492	940.722
Trade and other receivables	**11**	785.964	713.693
Cash and cash equivalents	**12**	127.809	520.232
		2.125.265	**2.174.647**
Total assets		**4.152.507**	**3.817.296**
EQUITY			
Share capital	**13**	1.020.081	1.020.081
Reserves	**14**	501.980	489.407
Retained Earnings		392.899	371.901
Total equity		**1.914.960**	**1.881.389**
LIABILITIES			
Non- current liabilities			
Borrowings	**16**	259.673	263.227
Retirement benefit obligations	**18**	114.670	123.496
Long term derivatives	**20**	37.253	71.219
Provisions and other long term liabilities	**19**	27.729	31.565
		439.325	**489.507**
Current liabilities			
Trade and other payables	**15**	913.476	682.404
Current income tax liabilities		2.204	-
Borrowings	**16**	879.709	760.798
Dividends payable		2.833	3.198
		1.798.222	**1.446.400**
Total liabilities		**2.237.547**	**1.935.907**
Total equity and liabilities		**4.152.507**	**3.817.296**

The Notes on pages 11 to 54 are an integral part of this financial information.

These financial statements were approved by the Board of Directors 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)

Statement of Comprehensive Income

	Note	For the year ended 31 December 2009	31 December 2008
Sales		**6.172.586**	**9.319.595**
Cost of sales		(5.739.442)	(9.332.245)
Gross profit		**433.144**	**(12.650)**
Selling, distribution and administrative expenses	**22**	(185.283)	(178.274)
Exploration and development expenses	**23**	(15.439)	(10.690)
Other operating income/(expenses) - net	**24**	(13.043)	158.393
Dividend income		17.110	19.075
Operating profit		**236.489**	**(24.146)**
Finance (expenses)/income -net	**25**	(15.745)	(21.744)
Currency exchange (losses)/gains		(1.730)	(96.192)
Profit/(loss) before income tax		**219.014**	**(142.082)**
Income tax expense	**26**	(56.498)	33.792
Profit/(loss) for the year		**162.516**	**(108.290)**
Other comprehensive income:			
Unrealised gains/(losses) on revaluation of hedges	**14**	7.425	10.901
Other Comprehensive income/(loss) for the year, net of tax		7.425	10.901
Total comprehensive income/(loss) for the year		**169.941**	**(97.389)**
Basic and diluted earnings per share (expressed in Euro per share)	**27**	**0,53**	**(0,35)**

The Notes on pages 11 to 54 are an integral part of this financial information.

(All amounts in Euro thousands unless otherwise stated)

Statement of Changes in Equity

	Note	Share Capital	Reserves	Retained Earnings	Total Equity
Balance at 1 January 2008		**1.020.081**	**503.313**	**608.201**	**2.131.595**
Unrealised gains / (losses) on revaluation of hedges	**14**	-	10.901	-	10.901
Other comprehensive income		**-**	**10.901**	**-**	**10.901**
Profit for the year		-	-	(108.290)	(108.290)
Total comprehensive income for the year		**-**	**10.901**	**(108.290)**	**(97.389)**
Transfers to retained earnings (Law 3220/04)		-	(24.807)	24.807	-
Dividends relating to 2007 and to interim 2008		-	-	(152.817)	(152.817)
Balance at 31 December 2008		**1.020.081**	**489.407**	**371.901**	**1.881.389**
Unrealised gains / (losses) on revaluation of hedges	**14**	-	7.425	-	7.425
Other comprehensive income		**-**	**7.425**	**-**	**7.425**
Profit for the year		-	-	162.516	162.516
Total comprehensive income for the year		**-**	**7.425**	**162.516**	**169.941**
Share based payments	**13**	-	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 to interim 2009		-	-	(137.536)	(137.536)
Balance at 31 December 2009		**1.020.081**	**501.980**	**392.899**	**1.914.960**

The Notes on pages 11 to 54 are an integral part of this financial information.

(All amounts in Euro thousands unless otherwise stated)

Statement of Cash flows

	Note	For the year ended 31 December 2009	31 December 2008
Cash flows from operating activities			
Cash (used in) / generated from operations	**29**	139.353	585.317
Income and other taxes paid		(5.196)	(165.609)
Net cash generated from operating activities		**134.157**	**419.708**
Cash flows from investing activities			
Purchase of property, plant and equipment & intangible assets	**6,7**	(524.617)	(248.470)
Proceeds from disposal of property, plant and equipment & intangible assets		-	1.323
Proceeds from disposal of E&P licence	**24**	-	124.450
Grants received		3.899	925
Dividends received		18.448	16.655
Interest received	**25**	10.201	12.135
Investments in affilated companies - net		(674)	(1.439)
Net cash used in investing activities		**(492.743)**	**(94.421)**
Cash flows from financing activities			
Interest paid	**25**	(25.121)	(33.879)
Dividends paid		(137.901)	(152.837)
Repayments of borrowings		(1.278.270)	(427.285)
Proceeds from borrowings		1.412.776	778.239
Net cash (used in) / generated from financing activities		**(28.516)**	**164.238**
Net increase / (decrease) in cash & cash equivalents		**(387.102)**	**489.525**
Cash & cash equivalents at beginning of the year	**12**	**520.232**	**26.815**
Exchange gains on cash & cash equivalents		(5.321)	3.892
Net (decrease) / increase in cash & cash equivalents		(387.102)	489.525
Cash & cash equivalents at end of the year	**12**	**127.809**	**520.232**

The Notes on pages 11 to 54 are an integral part of this financial information.

Notes to the financial statements

1 General information

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

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

The same accounting policies and recognition and measurement principles are followed in these financial statements as compared with the annual consolidated financial statements of the Group for the year ended 31 December 2009. The Company's functional and presentation currency is the Euro, and the financial information in these financial statements is expressed in thousands of Euro (unless otherwise stated).

The financial statements of Hellenic Petroleum S.A. for year ended 31 December 2009 were approved 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.

Users of these stand-alone financial statements should read them together with the Group's consolidated financial statements for the year ended 31 December 2009 in order to obtain full information on the financial position, results of operations and changes in financial position of the Group as a whole. These are located on the Group's website: www.helpe.gr.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The financial statements of Hellenic Petroleum S.A. for the year ended 31 December 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 financial statements. As such, these 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.

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

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

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 Company 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 Company 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 Company'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 Company 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 Company'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 Company 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 Company's operations.

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

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

- *IFRIC 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 Company.

(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 Company 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 Company'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 Company 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 Company'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 Company 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 Company'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 Company 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 Company 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* <u>*(EU endorsed for periods beginning 30 March 2009).*</u> This interpretation applies to companies that participate in service concession arrangements. The Company will adopt this interpretation on 1 January 2010.

- *IFRIC 14 (Amendment) "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"* <u>*(effective for annual periods beginning on or after 1 January 2011).*</u> 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 Company. This amendment has not yet been endorsed by the EU.

- *IFRIC 17, "Distributions of non-cash assets to owners"* <u>*(effective for annual periods beginning on or after 1 July 2009)*</u>. 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 Company will apply this interpretation from its effective date.

- *IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"* <u>*(effective for annual periods beginning on or after 1 July 2010).*</u> 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 Company. 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 IFRSs 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 Company's financial statements.

- *IFRS 2 "Share-Based payment"* (<u>*effective for annual periods beginning on or after 1 July 2009).*</u> 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 Company, including the foreign operation itself, as long as certain requirements are satisfied.

2.2 Investments in affiliated companies

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

2.3 Segment reporting

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

2.4 Foreign currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

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

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

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss.

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 Company and the cost of the item can be measured reliably. Repairs and maintenance are charged to the income statement as incurred. Refinery refurbishment costs are deferred and charged against income on a straight line basis over the scheduled refurbishment period.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, as shown on the table below for the main classes of assets:

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

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

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

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

Capitalisation of borrowing costs

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

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

2.6 Intangible assets

(a) *Goodwill*

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

(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 the development phase.

(c) Oil and gas production assets

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

(d) Depreciation/amortization

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

(e) Impairment – exploration and evaluation assets

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

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

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

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and, are tested annually for impairment. Assets that are subject to amortisation or depreciation are tested for impairment whenever events or changes in 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

The Company classifies its investments 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.

2.9.1 Classification

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

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

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables 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 expressed in t he statement of comprehensive income.

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

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

2.9.3 Impairment of financial assets

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

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

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

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

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

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

When a hedging instrument expires or is sold, or a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the statement of comprehensive income. When a forecast transaction is no longer expected to occur, the 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 Company are initially recorded as deferred government grants and included in “Provisions and other long term liabilities”. Subsequently, they are credited to income over the useful lives of the related assets in direct relationship to the depreciation charged on such assets.

2.12 Inventories

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

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

2.13 Trade receivables

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

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

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators the receivable is impaired. The amount of the provision is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the 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 Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. At the end of the reporting period payable amounts of bank overdrafts are included within borrowings in current liabilities on the statement of financial position. In the statement of cash flows bank overdrafts are shown within financing activities.

2.17 Current and deferred income tax

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

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

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

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

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

2.18 Employee benefits

(a) *Pension obligations*

The Company has both defined benefit and defined contribution plans.

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

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

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

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

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

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

(b) Termination benefits

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

(c) Share-based compensation

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

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

2.19 Trade and other payables

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

2.20 Provisions

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

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

2.21 Environmental liabilities

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

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

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

2.22 Revenue recognition

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

(a) Sales of goods – wholesale

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

(c) Interest income

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

(d) Dividend income

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

2.23 Leases

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

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

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

2.24 Dividend distribution

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

2.25 Comparative figures

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

3 Financial risk management

3.1 Financial risk factors

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

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

(a) Market risk

(i) Foreign exchange risk

Foreign currency exchange risk arises on three types of exposure:

- **Balance sheet translation risk:** Most of the stock held by the Company is reported in Euro while its underlying value is determined in USD. Thus, a possible devaluation of the USD against the Euro leads to a reduction in the realisable value of inventory included in the balance sheet. In order to manage this risk, significant part of the Company funding is denominated in USD providing an opposite effect to the one described above. It should be noted however, that while in the case of USD devaluation the impact on the statement of financial position is mitigated, in cases of USD appreciation the mark to market valuation of such loans leads to a reported loss under foreign exchange differences with no compensating benefit as stocks continue to be included in the balance sheet at cost. The exposure at any point in time is clearly given by the amounts shown in the statement of financial position and the related disclosures. It is estimated, that at 31 December 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 Company did not actively hedge material amounts of the Gross margin exposure. This exposure is linearly related to the Gross margin of the Company in that the appreciation of Euro vs. USD leads to a respective translation loss on the period results.

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

(ii) Commodity price risk

The Company's primary activity as a refiner creates two types of commodity price exposures; 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 Company 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 Company financial results, a change in the refinery margins has a proportionate impact on the Company's profitability. Where possible, the Company aims to hedge 10%-50% of each of the various components of its expected production. This, however, is not possible to do in all market conditions and as a result only a small part of the price risk is effectively hedged. The sensitivity of the fair value of the open derivative contracts affecting profits to an immediate 10% increase or decrease in all reference prices, would have been €1,3 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 the loss on the derivatives.

(iii) Cash flow and fair value interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, while borrowings issued at fixed rates expose the Company to fair value interest rate risk. Depending on the levels of net debt at any given period of time, any change in the base interest rates (EURIBOR or LIBOR), has a proportionate impact on the Company results. At 31 December 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 0.4 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 0.5 million lower.

(All amounts in Euro thousands unless otherwise stated)

(b) Credit risk

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

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

	31 December 2009			**31 December 2008**		
Business segment	**Current balance**	**Past due but not impaired balance**	**Impaired balance**	**Current balance**	**Past due but not impaired balance**	**Impaired balance**
Refining	484.970	181.464	70.035	453.091	77.484	49.404
Petrochemicals	59.884	5.715	16.761	60.732	25.514	16.750
E+P	7.695	7.695	-	7.629	7.517	-
Energy	-			171	-	-
	552.549	**194.874**	**86.796**	**521.623**	**110.515**	**66.154**
Allowance for bad debts			**64.227**			**59.857**

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	**31 December 2008**
Up to 30 days	34.582	36.115
30 - 90 days	26.637	46.365
Over 90 days	133.655	28.035
Total	**194.874**	**110.515**

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

	As at 31 December 2009	**31 December 2008**
Up to 30 days	-	-
30 - 90 days	-	-
Over 90 days	86.796	66.154
Total	**86.796**	**66.154**

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)

(c) Liquidity risk

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

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

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
At 31 December 2009				
Borrowings	879.709	2.814	256.859	-
Derivative financial instruments	26.536	12.430	24.823	-
Trade and other payables	886.940	-	-	-
At 31 December 2008				
Borrowings	760.798	11.582	251.645	-
Derivative financial instruments	12.268	24.407	46.812	-
Trade and other payables	670.136	-	-	-

3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for 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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the statement of financial position) less "Cash & Cash equivalents" 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 Company 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:

	As at 31 December 2009	**31 December 2008**
Total Borrowings (Note 16)	1.139.382	1.024.025
Less: Cash & Cash Equivalents (Note 12)	(127.809)	(520.232)
Less: Available for sale financial assets	(21)	(21)
Net debt	**1.011.552**	**503.772**
Total Equity	1.914.960	1.881.389
Total Capital Employed	**2.926.512**	**2.385.162**
Gearing ratio	35%	21%

(All amounts in Euro thousands unless otherwise stated)

The increase in the gearing ratio resulted primarily from the increase in liquid funds required to finance the construction phase of the Refineries' Upgrade projects in Elefsina and Thessaloniki.

3.3 Fair value estimation

Effective 1 January 2009, the Company 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 Company'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 Company is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. 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.

- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

4 Critical accounting estimates and judgements

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

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

(a) Income taxes

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

(b) Provision for environmental restoration

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

(c) Fair value of derivatives and other financial instruments

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

(d) Estimated impairment of investments

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

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

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

(All amounts in Euro thousands unless otherwise stated)

5 Segment information

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

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

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

Year ended 31 December 2009	Refining	Petro-chemicals	Exploration & Production	Other	Total
Sales	5.915.930	256.401	255	-	6.172.586
Other operating income / (expense) - net	(15.096)	2.053	-	-	(13.043)
Operating profit / (loss)	**250.318**	**(2.379)**	**(26.687)**	**15.237**	**236.489**
Currency exchange gains / (losses)	(1.730)	-	-	-	(1.730)
Profit / (loss) before tax & finance costs	**248.588**	**(2.379)**	**(26.687)**	**15.237**	**234.759**
Finance costs - net					(15.745)
Profit before income tax					**219.014**
Income tax (expense)/credit					(56.498)
Profit for the year					**162.516**

Year ended 31 December 2008	Refining	Petro-chemicals	Exploration & Production	Other	Total
Sales	8.970.228	345.474	1.129	2.764	9.319.595
Other operating income / (expense) - net	13.096	1.970	143.327	-	158.393
Operating profit / (loss)	**(166.689)**	**730**	**124.670**	**17.143**	**(24.146)**
Currency exchange gains / (losses)	(96.192)	-	-	-	(96.192)
Profit / (loss) before tax & finance costs	**(262.881)**	**730**	**124.670**	**17.143**	**(120.338)**
Finance costs - net					(21.744)
Loss before income tax					**(142.082)**
Income tax credit/(expense)					33.792
Loss for the year					**(108.290)**

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)

Further segmental information as at 31 December 2009 is as follows:

	Refining	Petro-chemicals	Exploration & Production	Other	Total
Total Assets	3.978.517	161.018	2.741	10.231	**4.152.507**
Total Liabilities	2.071.637	160.873	-	5.037	**2.237.547**
Net Assets	1.906.880	145	2.741	5.194	**1.914.960**
Capital Expenditure	523.317	1.300	-	-	**524.617**
Depreciation & Amortisation	61.342	12.341	3.849	-	**77.532**

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

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

(All amounts in Euro thousands unless otherwise stated)

6 Property, plant and equipment

	Land	Buildings	Plant & Machinery	Motor vehicles	Furniture and fixtures	Assets Under Cons-truction	Total
Cost							
As at 1 January 2008	**114.752**	**147.054**	**1.200.887**	**8.719**	**42.125**	**157.559**	**1.671.096**
Additions	1.770	182	685	482	3.945	229.128	236.192
Capitalised projects	-	4.734	56.288	53	3.718	(64.793)	-
Disposals	-	(4.471)	(441)	(65)	(253)	-	(5.230)
Transfers & other movements	(8.502)	12.445	(3.057)	(20)	851	8.965	10.682
As at 31 December 2008	**108.020**	**159.944**	**1.254.362**	**9.169**	**50.386**	**330.859**	**1.912.740**
Accumulated Depreciation							
As at 1 January 2008	**-**	**89.128**	**865.566**	**7.736**	**32.230**	**-**	**994.660**
Charge for the year	-	7.200	55.717	350	3.488	-	66.755
Disposals	-	(3.280)	(305)	(68)	(255)	-	(3.908)
Transfers & other movements	-	(14)	-	-	-	-	(14)
As at 31 December 2008	**-**	**93.034**	**920.978**	**8.018**	**35.463**	**-**	**1.057.493**
Net Book Value at 31 December 2008	**108.020**	**66.910**	**333.384**	**1.151**	**14.923**	**330.859**	**855.247**
Cost							
As at 1 January 2009	**108.020**	**159.944**	**1.254.362**	**9.169**	**50.386**	**330.859**	**1.912.740**
Additions	1.884	1.432	453	909	4.574	514.726	523.978
Capitalised projects	-	20.092	135.157	-	518	(155.767)	-
Disposals	-	(6)	(787)	-	(238)	-	(1.031)
Transfers & other movements	-	-	-	-	-	(5.428)	(5.428)
As at 31 December 2009	**109.904**	**181.462**	**1.389.185**	**10.078**	**55.240**	**684.390**	**2.430.259**
Accumulated Depreciation							
As at 1 January 2009	**-**	**93.034**	**920.978**	**8.018**	**35.463**	**-**	**1.057.493**
Charge for the period	-	7.591	53.144	360	4.723	-	65.818
Disposals	-	(4)	(738)	-	(238)	-	(980)
As at 31 December 2009	**-**	**100.621**	**973.384**	**8.378**	**39.948**	**-**	**1.122.331**
Net Book Value at 31 December 2009	**109.904**	**80.841**	**415.801**	**1.700**	**15.292**	**684.390**	**1.307.928**

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

(2) Within the balance of Assets Under Construction at 31 December 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 € 2,9 million in respect of interest has been capitalized in relation to Assets under construction relating to the refining segment, at an average borrowing rate of 2%.

(All amounts in Euro thousands unless otherwise stated)

7 Intangible assets

	Computer software	Licences & Rights	Total
Cost			
As at 1 January 2008	**44.015**	**35.080**	**79.095**
Additions	5.544	-	5.544
Disposal of E&P licence	-	(13.529)	(13.529)
Transfers, acquisitions & other movements	2.962	-	2.962
As at 31 December 2008	**52.521**	**21.551**	**74.072**
Accumulated Amortisation			
As at 1 January 2008	**38.027**	**14.641**	**52.668**
Charge for the year	9.018	-	9.018
Disposal of E&P licence	-	(6.759)	(6.759)
Transfers, acquisitions & other movements	(614)	2.313	1.699
As at 31 December 2008	**46.431**	**10.195**	**56.626**
Net Book Value 31 December 2008	**6.090**	**11.356**	**17.446**
Cost			
As at 1 January 2009	**52.521**	**21.551**	**74.072**
Additions	639	-	639
Transfers, acquisitions & other movements	3.072	2.358	5.430
As at 31 December 2009	**56.232**	**23.909**	**80.141**
Accumulated Amortisation			
As at 1 January 2009	**46.431**	**10.195**	**56.626**
Charge for the period	7.024	4.690	11.714
As at 31 December 2009	**53.455**	**14.885**	**68.340**
Net Book Value at 31 December 2009	**2.777**	**9.024**	**11.801**

Licenses and rights include Upstream Exploration rights which are amortised over the period of the exploration period as per the terms of the relevant EPSA rounds. Details of the accounting policy are given in Note 2.6 & 2.7.

(All amounts in Euro thousands unless otherwise stated)

8 Investment in affiliated companies

	As at 31 December 2009	31 December 2008
Beginning of the year	**707.838**	**694.660**
(Decrease) / Increase in share capital of subsidiaries	(11.890)	13.178
End of the year	**695.948**	**707.838**

Name	Participating interest	Country of Incorporation
Asprofos SA	100,0%	Greece
Diaxon ABEE	100,0%	Greece
EKO Georgia LTD	1,0%	Rep. of Georgia
EKO ABEE	100,0%	Greece
ELPET Valkaniki SA	63,0%	Greece
HELPE - Apollon Shipping Co	100,0%	Greece
HELPE International AG	100,0%	Austria
HELPE - Poseidon Shipping Co	100,0%	Greece
HELPE Finance Plc	100,0%	United Kingdom
Helpe Renewable Energy Sources S.A.	100,0%	Greece
Global Albania SA	99,9%	Albania
Public Gas Corporation of Greece S.A. (DEPA)	35,0%	Greece
ARTENIUS S.A.	35,0%	Greece
Athens Airport Fuel Pipeline Company S.A. (EAKAA)	50,0%	Greece
ELPEDISON B.V.	5,0%	Netherlands
Thraki SA	25,0%	Greece
Petrola A.E.	100,0%	Greece
VANCO	100,0%	Greece
EANT	9,0%	Greece
STPC	16,7%	Greece
NAPC	16,7%	Greece

For 2009 the decrease in share capital relates to ELPET Valkaniki S.A.

For 2008 the increase in share capital of subsidiaries relates primarily to Petrola A.E. and Asprofos.

9 Loans, advances and other receivables

	As at 31 December 2009	31 December 2008
Loans and advances and other long term assets	1.313	632
Total	**1.313**	**632**

(All amounts in Euro thousands unless otherwise stated)

10 Inventories

	As at	
	31 December 2009	**31 December 2008**
Crude oil	546.056	364.671
Refined products and semi-finished products	576.612	478.747
Petrochemicals	28.847	35.097
Consumable materials and other	72.288	74.518
- Less: Provision for Consumables and spare parts	(12.311)	(12.311)
Total	**1.211.492**	**940.722**

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: €199 m).

11 Trade and other receivables

	As at	
	31 December 2009	**31 December 2008**
Trade receivables	552.549	521.623
- Less: Provision for impairment of receivables	(64.227)	(59.857)
Trade receivables net	**488.322**	**461.766**
Other receivables	295.054	212.261
- Less: Provision for impairment of receivables	(8.083)	(8.081)
Other receivables net	**286.971**	**204.180**
Derivatives held for trading (Note 20)	-	24.833
Deferred charges and prepayments	10.671	22.914
Total	**785.964**	**713.693**

The carrying amounts of the receivables approximate their fair value.

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

(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	59.857	63.054
Charged / (credited) to the income statement:		
- Additional provisions	5.870	-
- Unused amounts reversed	(1.500)	(3.197)
Balance at 31 December	**64.227**	**59.857**

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	36.744	30.660
Short term bank deposits	91.065	489.572
Total cash and cash equivalents	**127.809**	**520.232**

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	1,28%	4,63%
USD	0,18%	0,45%

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).

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.

(All amounts in Euro thousands unless otherwise stated)

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

The total expense recognised in the statement of comprehensive income for share based compensation is €1.166.

(All amounts in Euro thousands unless otherwise stated)

14 Reserves

	Statutory reserve	Special reserves	Hedging reserve	Share-based payment reserve	Tax reserves	Total
Balance at 1 January 2008	**97.829**	**86.495**	**(47.380)**	**-**	**366.369**	**503.313**
Fair value gains / (losses) on cash flow hedges (Note 20)	-	-	10.901	-	-	10.901
Transfers to retained earnings (Law 3614/07)	-	-	-	-	(24.807)	(24.807)
Balance at 31 December 2008	**97.829**	**86.495**	**(36.479)**	**-**	**341.562**	**489.407**
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
Balance at 31 December 2009	**100.664**	**86.495**	**(29.054)**	**1.166**	**342.709**	**501.980**

The year end hedging reserve is shown net of tax of €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 reserves are retained earnings which have not been taxed with the prevailing corporate income tax rate as allowed by Greek law under various statutes. Certain of these retained earnings will become liable to tax at the rate prevailing at the time of distribution to shareholders or conversion to share capital. Distributions to shareholders and conversions to share capital are not normally anticipated to be made through these reserves.

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

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

(All amounts in Euro thousands unless otherwise stated)

Components of other comprehensive income :

	As at	
	31 December 2009	**31 December 2008**
Cash flow hedges:		
Gains arising during the year (Note 19)	7.425	10.901
Other comprehensive income for the year, net of tax	**7.425**	**10.901**

15 Trade and other payables

	As at	
	31 December 2009	**31 December 2008**
Trade payables	825.600	615.918
Accrued Expenses	21.069	19.206
Derivatives held for trading (Note 20)	26.536	12.268
Other payables	40.271	35.012
Total	**913.476**	**682.404**

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	259.673	263.227
Non-current borrowings	**259.673**	**263.227**
Current borrowings		
Short term bank borrowings	870.787	751.876
Current portion of bank borrowings	8.922	8.922
Total current borrowings	**879.709**	**760.798**
Total borrowings	**1.139.382**	**1.024.025**

The maturity of non-current borrowings is as follows:

	As at	
	31 December 2009	**31 December 2008**
Between 1 and 2 years	2.814	11.582
Between 2 and 5 years	256.859	251.645
	259.673	**263.227**

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

(All amounts in Euro thousands unless otherwise stated)

	As at 31 December 2009	
	€	**US$**
Bank Borrowings (short-term)		
- Floating Euribor + margin	2,59%	-
- Floating Libor + margin	-	1,83%
Bank Borrowings (long-term)		
- Floating Euribor + margin	1,34%	-
- Floating Libor + margin	-	1,83%

	As at 31 December 2008	
	€	**US$**
Bank Borrowings (short-term)		
- Floating Euribor + margin	5,67%	-
- Floating Libor + margin	-	1,34%
Bank Borrowings (long-term)		
- Floating Euribor + margin	4,94%	-
- Floating Libor + margin	-	1,51%

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

	As at 31 December 2009	31 December 2008
Euro	606.271	437.728
US dollar	533.111	586.297
Total borrowings	**1.139.382**	**1.024.025**

In April 2006, the Company concluded a €400 million multi-currency loan agreement with Hellenic Petroleum Finance Plc ("HPF"). The loan facility amount was increased to €600 million on 18 October 2006 and to €1 billion on 18 October 2007. The loan facility has been used to refinance existing financial indebtedness and for general corporate purposes. In particular, parts of the proceeds of the loan were used in order to fully repay the $350 million bond loan issued by the Company in February 2005. As at 31 December 2009, the outstanding loan balance with HPF amounted to the equivalent of €878 million (US $ 768 million and € 345 million).

	As at 31 December 2009	31 December 2008
Revolving Credit Facility	896.428	605.448
Term loans	242.954	418.577
Total borrowings	**1.139.382**	**1.024.025**

(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 presented below.

	As at	
	31 December 2009	**31 December 2008**
Beginning of the year	61.465	22.785
Income statement recovery / (charge)	(49.149)	44.139
Charged / (released) to equity & other movements	(2.085)	(5.459)
End of year	**10.231**	**61.465**

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

	As at	
	31 December 2009	**31 December 2008**
Intangible and tangible fixed assets	(21.264)	(16.150)
Inventory valuation	2.832	-
Unrealised exchange gains	(7.667)	(4.013)
Employee benefits provision	21.862	22.665
Derivative financial instruments at fair value	20.218	13.409
Net operating losses carried forward	-	44.467
Other temporary differences	(5.750)	1.087
Net deferred income tax asset/(liability)	**10.231**	**61.465**
Deferred income tax liabilities	**(62.702)**	**(32.978)**
Deferred income tax assets	**72.933**	**94.443**

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

(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	114.670	123.496
Total as per balance sheet	**114.670**	**123.496**

	Year ended	
	31 December 2009	**31 December 2008**
Income statement charge for:		
Pension benefits	56.631	22.281
Total as per income statement	**56.631**	**22.281**

The amounts recognised in the balance sheet are as follows:	As at	
	31 December 2009	**31 December 2008**
Present value of unfunded benefit obligations	151.130	157.072
Unrecognised actuarial gains / (losses)	(33.021)	(31.984)
Unrecognised prior service cost	(3.439)	(1.592)
Liability in the Balance Sheet	**114.670**	**123.496**

The amounts recognised in the income statements are as follows:

	Year ended	
	31 December 2009	**31 December 2008**
Current service cost	7.681	7.376
Interest cost	8.684	7.035
Net actuarial (gains) / losses recognised in the year	1.759	2.219
Past service cost	1.357	122
Regular profit & loss charge	**19.481**	**16.752**
Additional cost of extra benefits	37.150	5.529
Total included in employee benefit expense	**56.631**	**22.281**

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

	31 December 2009	**31 December 2008**
Beginning of the year	123.496	122.650
Total expense included in employee benefit expense	56.631	22.281
Payments	(65.457)	(21.435)
Total	**114.670**	**123.496**

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

Included in Pension costs for 2009 are the additional costs incurred regarding the VRS scheme (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	23.595	26.431
Litigation & tax provisions	4.000	5.000
Other provisions	134	134
Total	**27.729**	**31.565**

The movement for provisions and other long term liabilities for 2008 and 2009 is as follows:

	Govern-ment advances and grants	Litigation & tax povisions	Other provisions	Total
At 1 January 2008	**50.835**	**5.000**	**129**	**55.964**
Charged / (credited) to the income statement:				
- Additional provisions / grants	4.002	-	5	4.007
- Unused amounts reversed	(25.614)	-	-	(25.614)
Used during year	(2.792)	-	-	(2.792)
At 31 December 2008	**26.431**	**5.000**	**134**	**31.565**
Charged / (credited) to the income statement:				
- Additional provisions / grants	592	-	-	592
- Unused amounts reversed	-	(1.000)	-	(1.000)
Used during year	(3.428)	-	-	(3.428)
Exchange differences	-	-	-	-
At 31 December 2009	**23.595**	**4.000**	**134**	**27.729**

Government advances

Advances by the Government (Hellenic State) relate to property, plant and equipment.In 2009 the Company received grants equal to €3.899.

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

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

As part of managing operating and price risk, the Company engages in derivative transactions with 3rd parties with the intention of matching physical positions and trades or close proxies thereof and are therefore considered an integral part of “Cost of Sales”. During 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 Company uses derivative financial instruments to manage certain exposures to fluctuations in commodity prices. In this framework, the Company has entered into a number of commodity price swaps which have been designated by the Company as cash flow hedges, have been evaluated and proven to be highly effective, and in this respect, any changes in their fair value are recorded within Equity. The fair value of the Commodity swaps at the balance sheet date was recognised in “Long term derivatives”, while changes in their fair value are recorded in reserves as long as the forecasted purchase of inventory is highly probable and the cash flow hedge is effective as defined in IAS 39.

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

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 expenses

	For the year ended	
	31 December 2009	**31 December 2008**
Wages and salaries	154.250	150.538
Social security costs	25.874	25.327
Pension costs	52.032	18.131
Other employment benefits	32.054	33.205
Total	**264.210**	**227.201**

Included in Pension costs for 2009 are the additional costs incurred regarding the voluntary retirement scheme (Note 24).

Included in Other employment benefits are medical insurance, catering, and transportation expenses. The value of share – based compensation of € 1.166 is 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	93.477	97.752
Administrative expenses	91.806	80.522
	185.283	**178.274**

(All amounts in Euro thousands unless otherwise stated)

23 Exploration and development expenses

Exploration and development expenses comprise expenditure associated with the Company'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: € 15.439 and 2008: € 10.690).

24 Other operating income / (expenses)

	For the year ended	
	31 December 2009	**31 December 2008**
Income from grants	3.428	2.792
Exploration & production grants	-	25.614
Gains on derivative financial instruments	9.329	8.877
Losses on derivative financial instruments	(20.103)	(18.391)
Services to third parties	473	712
Gain on sale of interest in JV in Libya (ii)	-	117.718
Rental income	629	547
Voluntary retirement scheme cost	(29.954)	-
Other income	23.155	20.524
Total	**(13.043)**	**158.393**

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

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

(iii) 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 2007 and 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.

(iv) 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)

25 Finance costs - net

	For the year ended	
	31 December 2009	**31 December 2008**
Interest income	10.201	12.135
Interest expense and similar charges	(25.121)	(33.879)
Accrued interest	(825)	-
Finance costs - net	**(15.745)**	**(21.744)**

In addition to the finance cost shown above, an amount of €2.947 in 2009 has been capitalized as further explained in Note 6.

26 Income tax expense

	For the year ended	
	31 December 2009	**31 December 2008**
Current tax	7.349	10.347
Deferred tax (Note 17)	49.149	(44.139)
Total	**56.498**	**(33.792)**

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

	For the year ended	
	31 December 2009	**31 December 2008**
Profit / (loss) before Tax	**219.014**	**(142.082)**
Tax calculated at tax rates applicable to profits	54.754	(35.520)
Tax on income not subject to tax	(27.742)	(30.895)
Tax on expenses not deductible for tax purposes	18.586	21.998
Other	10.900	10.625
Tax Charge / (Credit)	**56.498**	**(33.792)**

The basic tax rate was 25% for the period ending 31 December 2009 (25% for the year 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.

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**
Cash flow hedges	9.560	(2.136)	7.424	16.361	(5.460)	10.901
Other comprehensive income	9.560	(2.136)	7.424	16.361	(5.460)	10.901

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):	**0,53**	**(0,35)**
Net income attributable to ordinary shares (Euro in thousands)	162.516	(108.290)
Average number of ordinary shares outstanding	305.635.185	305.635.185

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

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 information.

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 for 2008 (amounting to a total of €91.691) was approved by the Board of Directors on 26 February 2009 and the final approval was given by the shareholders at the AGM held on 3 June 2009.

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 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 €91.691 and 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		**219.014**	**(142.082)**
Adjustments for:			
Depreciation and amortisation of property, plant & equipment and intangible assets	**6,7**	77.532	75.773
Grants amortisation		(3.428)	(2.792)
Finance costs - net	**25**	15.745	21.744
Provisions		20.320	40.459
Gain from disposal of E&P licence	**24**	-	(117.718)
Losses from disposal of PPE		51	-
Foreign exchange (gains) / losses		1.730	92.300
Dividend income		(17.110)	(19.075)
		313.854	**(51.391)**
Changes in working capital			
(Increase) / decrease in inventories		(270.770)	468.916
(Increase) / decrease in trade and other receivables		(59.109)	268.606
Increase / (decrease) in payables		155.378	(100.814)
		(174.501)	**636.708**
Net cash generated from operating activities		**139.353**	**585.317**

30 Contingencies

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

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

(ii) The Company has not undergone a tax audit for the years ended 31 December 2002 to 31 December 2009. The tax audit for the years 2002 – 2005 is currently under way, while a temporary tax audit for the financial year 2006 was finalized. 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 financial statements.

(iii) The Company has provided letters of comfort and guarantees to the favour of banks as security for loans granted by them to subsidiaries and associates of the Group, the outstanding amount of which as at 31 December 2009 was the equivalent of €1.715 million (31 December 2008 €1.124 million). The Company has also issued letters of credit and guarantees to the favour of third parties, mainly for the procurement of crude oil, which as at 31 December 2009 amounted to the equivalent of €363 million equivalent (31 December 2008 €364 million).

(iv) Following complaints by IATA, the Greek Competition Committee initiated an investigation into the pricing of aviation jet fuel in the Greek market. The conclusion of the investigation was to assert a fine of €9.4m to all Greek refineries, Hellenic Petroleum share accounts for €7,3m and it is based on a percentage of the relevant sales revenues in the year preceding the complaint. The Company maintaining its position that the rational of the conclusion has not taken into account critical evidence presented, has filed an appeal with the Athens Administrative Court of Appeals. In parallel a petition to suspend the decision has also been filed and partially accepted; the Court has suspended the corrective measures imposed by the Greek Competition Committee until 31 August 2007 (since then all necessary changes have been implemented), but did not suspend the payment of the fine, which has already been paid. Management believes that the final outcome of this case will not have any material impact on the Company's financial statements. The court date for the appeal, initially set for the 27 September 2007 and postponed to take place on 17 January 2008, was finally tried on the 25 September 2008. The resolution issued has partly accepted the Company's appeal i.e. and (a) has reduced the fine of €7,3 million by €1,5 million (b) has revoked the corrective measures which were temporarily suspended as above. The Company is contesting the above decision before the Supreme Administrative Court for the part which the aforementioned resolution has not been fully accepted. 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 million for alleged stock shortages in the bonded warehouses of Aspropyrgos and Elefsina installations. In relation with the above, the Company has filed within the deadlines required by the Law, contestations before the Administrative Court of First Instance of Piraeus. In addition, independent auditors have confirmed that there are no stock shortages and the books are in complete agreement with official stock counts. Further to the substantial reasons of contestation, the legal advisors have expressed the opinion that such claims have been time-barred.

31 Commitments

Significant contractual commitments of the Company are as follows:

- Capital investment in upgrading Hellenic Petroleum refinery installations of €530 million (31 December 2008 €439 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 Related-party transactions

i) Sales of goods and services	**For the year ended**	
	31 December 2009	**31 December 2008**
Sales of goods		
Group Entities	2.143.451	3.146.222
Other related parties	145.484	642.616
Sales of services		
Group Entities	8.018	7.814
	2.296.953	**3.796.652**
ii) Purchases of goods and services		
Purchases of goods		
Other related parties	31.916	38.078
Purchases of services		
Group Entities	52.292	49.481
	84.208	**87.559**

iii) Balances arising from sales / purchases of goods / services	**As at**	
	31 December 2009	**31 December 2008**
Receivables from related parties		
Group Entities		
- Receivables	232.194	93.922
Other related parties		
- Receivables	165.776	191.186
	397.970	**285.108**
Payables to related parties		
Group Entities		
- Payables	16.112	10.400
Other related parties		
- Payables	2.315	1.825
	18.427	**12.225**
Net balances from related parties	**379.543**	**272.884**

	For the year ended	
	31 December 2009	**31 December 2008**
Charges for directors remuneration	1.133	1.497

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

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

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

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

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

a) Hellenic Petroleum Group companies.

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

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

c) Financial institutions which are under common control with the Company due to the shareholding and control rights of the Hellenic State. The Company as at 31 December 2009 had outstanding loans amounting to the equivalent of €20 million (31 December 2008: equivalent €121 million) due to the following related financial institutions:

- National Bank of Greece
- Agricultural Bank of Greece

d) Joint ventures with other third parties:

- STPC Ltd, Hellenic Petroleum S.A. & Calfrac
- Melrose, Kuwait Energy & Hellenic Petroleum S.A.

e) Associates of the Company:

- 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)

f) Financial institutions in which substantial interest is owned by parties which hold significant participation in the share capital of the Company. The Company as at 31 December 2009 had outstanding loans amounting to the equivalent of €230 million (31 December 2008: equivalent of €240 million) with the following related financial institutions:

- EFG Eurobank Ergasias S.A.

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

- Private Sea Marine Services (ex Lamda Shipyards)

33 Subsequent events

There were no significant events that took place after the current balance sheet date as at 31 December 2009.