HELLENIC PETROLEUM S.A.

Financial Statements

in accordance with IFRS for the

year ended 31 December 2011

COMPANY REGISTRATION NUMBER: 2443/06/B/86/23

REGISTERED OFFICE: 8A CHIMARRAS STR, 15125 MAROUSSI, GREECE

Index to the financial statements

(All amounts in Euro thousands unless otherwise stated)

Company Information

Directors	Christos-Alexis Komninos – Chairman of the Board (since 23/12/2011) John Costopoulos – Chief Executive Officer, Executive Member Theodoros-Achilleas Vardas – Executive Member DimokritosAmallos – Non executive Member Alexios Athanasopoulos – Non executive Member GeorgiosKallimopoulos – Non executive Member AlexandrosKatsiotis – Non executive Member GerassimosLachanas – Non executive Member Dimitrios Lalas – Non executive Member Panagiotis Ofthalmides – Non executive Member TheodorosPantalakis – Non executive Member SpyridonPantelias – Non executive Member Ioannis Sergopoulos – Non executive Member (since 31/8/2011)
Other Board Members during the previous period:	Anastasios Giannitsis – Chairman of the Board (02/12/2009 – 11/11/2011) AnastassiosBanos – Non executive Member (28/12/2009 – 31/8/2011)
Registered Office:	8A Chimarras Str. 15125Maroussi, Greece
Registration number:	2443/06/B/86/23
Auditors:	PricewaterhouseCoopers S.A. 268 Kifissias Ave. 152 32 Halandri Greece

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") set out on pages 7 to 57which comprise the statement of financial position asof 31 December 2011 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended anda summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2011, 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 on Other Legal and Regulatory Matters

a) Included in the Board of Directors' Report is the corporate governance statement that contains the information that is required by paragraph 3d of article 43a of Codified Law 2190/1920.

b) We verified the conformity and consistency of the information given in the Board of Directors' report with the accompanying financial statements in accordance with the requirements of articles 43a, and 37 of Codified Law 2190/1920.

Athens, 28 February 2012

The Certified Auditor Accountant

PricewaterhouseCoopers S.A.

SOEL Reg. No. 113

MariosPsaltis

SOEL Reg.No.38081

(All amounts in Euro thousands unless otherwise stated)

Statement of Financial Position

	Note	As at 31 December 2011	31 December 2010
ASSETS			
Non-current assets			
Property, plant and equipment	6	2.471.921	1.901.566
Intangible assets	7	13.412	9.971
Investments in affiliated companies	8	665.404	689.718
Deferred income tax assets	18	-	21.701
Available-for-sale financial assets		41	41
Loans, advances and other receivables	9	3.843	1.406
		3.154.621	**2.624.403**
Current assets			
Inventories	10	994.893	1.425.693
Trade and other receivables	11	868.601	765.858
Held to maturity securities	12	-	167.968
Cash and cash equivalents	13	563.282	220.000
		2.426.776	**2.579.519**
Total assets		**5.581.397**	**5.203.922**
EQUITY			
Share capital	14	1.020.081	1.020.081
Reserves	15	488.096	495.063
Retained Earnings		408.648	392.397
Total equity		**1.916.825**	**1.907.541**
LIABILITIES			
Non- current liabilities			
Borrowings	17	837.603	815.142
Deferred income tax liabilities	18	509	-
Retirement benefit obligations	19	86.027	107.917
Derivative financial instruments	21	50.158	66.296
Provisions and other long term liabilities	20	39.213	23.729
		1.013.510	**1.013.084**
Current liabilities			
Trade and other payables	16	1.568.241	1.377.367
Current income tax liabilities		15.140	99.326
Borrowings	17	1.065.276	803.604
Dividends payable		2.405	3.000
		2.651.062	**2.283.297**
Total liabilities		**3.664.572**	**3.296.381**
Total equity and liabilities		**5.581.397**	**5.203.922**

The Notes on pages 11 to 56are an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 23 February 2012.

C. Komninos	J.Costopoulos	A. Shiamishis	I. Letsios
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 2011	31 December 2010
Sales		**8.592.359**	**7.681.580**
Cost of sales		(8.223.407)	(7.193.483)
Gross profit		**368.952**	**488.097**
Selling, distribution and administrative expenses	**23**	(172.426)	(186.922)
Exploration and development expenses	**24**	(3.556)	(20.660)
Other operating income/(expenses) - net	**25**	(20.244)	2.228
Dividend income		15.819	11.879
Operating profit		**188.545**	**294.622**
Finance (expenses)/income -net	**26**	(26.201)	(32.561)
Currency exchange (losses)/gains	**27**	(5.552)	(14.308)
Profit/(loss) before income tax		**156.792**	**247.753**
Income tax expense	**28**	(44.028)	(93.800)
Profit/(loss) for the year		**112.764**	**153.953**
Other comprehensive income:			
Unrealised gains/(losses) on revaluation of hedges	**15**	(12.908)	(25.188)
Other Comprehensive (loss) / income for the year, net of tax		(12.908)	(25.188)
Total comprehensive income for the year		**99.856**	**128.765**
Basic and diluted earnings per share (expressed in Euro per share)	**29**	**0,37**	**0,50**

The Notes on pages 11 to 56 are an integral part of these financial statements.

(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 2010		**1.020.081**	**501.980**	**392.899**	**1.914.960**
Unrealised gains / (losses) on revaluation of hedges	**15**	-	(25.188)	-	(25.188)
Other comprehensive income		**-**	**(25.188)**	**-**	**(25.188)**
Profit for the year		-	-	153.953	153.953
Total comprehensive income for the year		**-**	**(25.188)**	**153.953**	**128.765**
Share based payments	**14**	-	1.352	-	1.352
Transfers to statutory and tax reserves	**15**		16.919	(16.919)	-
Dividends relating to 2009 and to interim 2010		-	-	(137.536)	(137.536)
Balance at 31 December 2010		**1.020.081**	**495.063**	**392.397**	**1.907.541**
Unrealised gains / (losses) on revaluation of hedges	**15**	-	(12.908)	-	(12.908)
Other comprehensive income / (loss)		**-**	**(12.908)**	**-**	**(12.908)**
Profit for the year		-	-	112.764	112.764
Total comprehensive income for the year		**-**	**(12.908)**	**112.764**	**99.856**
Share based payments	**14**	-	1.119	-	1.119
Transfers to statutory and tax reserves	**15**	-	4.822	(4.822)	-
Dividends relating to 2010		-	-	(91.691)	(91.691)
Balance at 31 December 2011		**1.020.081**	**488.096**	**408.648**	**1.916.825**

The Notes on pages 11 to 56 are an integral part of these financial statements.

(All amounts in Euro thousands unless otherwise stated)

Statement of Cash flows

		For the year ended	
	Note	**31 December 2011**	**31 December 2010**
Cash flows from operating activities			
Cash (used in) / generated from operations	**31**	658.656	654.331
Income and other taxes paid		(23.945)	(1.425)
Net cash generated from operating activities		**634.711**	**652.906**
Cash flows from investing activities			
Purchase of property, plant and equipment & intangible assets	**6,7**	(649.983)	(676.754)
Proceeds from disposal of property, plant and equipment & intangible assets		142	-
Grants received		-	131
Dividends received		14.312	11.844
Interest received	**26**	13.649	4.273
Participation in share capital decrease / (increase) of affilated companies		13.214	6.230
Purchases of available-for-sale financial assets		-	(20)
Net cash used in investing activities		**(608.666)**	**(654.296)**
Cash flows from financing activities			
Interest paid	**26**	(36.612)	(37.024)
Dividends paid		(85.067)	(137.369)
Repayments / (Acquisitions) of held-to-maturity financial assets	**12**	167.968	(167.968)
Repayments of borrowings		(1.015.999)	(324.542)
Proceeds from borrowings		1.281.179	762.253
Net cash generated from financing activities		**311.469**	**95.350**
Net increase in cash & cash equivalents		**337.515**	**93.960**
Cash & cash equivalents at beginning of the year	**13**	**220.000**	**127.809**
Exchange gains on cash & cash equivalents		5.767	(1.769)
Net increase in cash & cash equivalents		337.515	93.960
Cash & cash equivalents at end of the year	**13**	**563.282**	**220.000**

The Notes on pages 11 to 56 are an integral part of these financial statements.

Notes to the financial statements

1 General information

Hellenic Petroleum S.A. (the "Company")operates in the oil industry with its principal activities being those of refining of crude oil and sale of oil products andthe 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 8^{A}Chimarras Str. Maroussi, 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 2011. 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 December2011 were approved for issue by the Board of Directors on 23 February 2012. 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 December2011 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 2011 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union ("EU").

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 inNote 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 Going Concern

The financial statements as of 31 December 2011are prepared in accordance with IFRS and present the financial position, results of operations and cash flows of the Company on a going concern basis. As a result of the economic crisis, there is significant economic uncertainty in the international financial markets and more specifically with regards to the Greek economy and the implications of a possible unsuccessful completion of its public sector debt restructuring program. After careful consideration, for reasons explained below, the Company considers that; (a) the going concern basis of preparation of the accounts is not affected, (b) all assets and liabilities of the Company are appropriately presented in accordance with the Company's accounting policies and (c) contingency plans are in place to avoid material disruptions in the operations of the Company.

Greek Sovereign debt and macroeconomic situation:

During the recent meeting of the Eurogroup, the decision to extend the second support package to Greece with the involvement of the private sector investors (PSI) was confirmed, as well as the commitment of the Greek government to implement the necessary measures that will support the country's recovery and reduction of public sector debt.

The Company's business is naturally hedged against the risk of having a different functional currency, as all of the petroleum industry transactions are referenced to international benchmark quotes for crude oil and oil products in USD. Each company depending on the local market practices uses USD prices for its transactions or translates the reference prices into local currency for accounting and settlement reasons (see also notes 2.4 " Foreign Currency" and 3.1 "Financial risk factors").

Taking the above into consideration, the Companydoes not consider there is any reason to consider a change on the basis of preparation of its financial statements nor for a change in its accounting policies.

Greek Banking System and liquidity:

The new package agreed and the PSI is expected to have a material impact on the financial statements and the balance sheets of Greek banks. The exact recapitalisation requirements for each bank will be determined after the completion of the bond exchange program and may result to reduced capacity to maintain the same level of credit lines. On the other hand, additional liquidity which will be made available at the end of the PSI process through EFSF, and the reduction of the uncertainty over the Greek economy are expected to have a positive impact on overall credit availability for Greek corporates of high credit quality.

The impact on the Greek market from any de-leveraging process is expected to be seen over the next six to twenty four months and will affect not only the Companydirectly but also its trading partners in the local market. As a result, appropriate steps are being taken to ensure uninterrupted operations for the Companyand its ability to meet its obligations and commitments as shown in note 3.1 "Financial risk factors". These steps include inter alia (a) tight management of working capital (eg. shortening of the cash conversion cycle, increase of credit quality of own customers through collaterals), (b) non-dependence on the Greek banking system for trading transactions with overseas suppliers and (c) ability to operate through different banks, in different countries and multicurrency accounts and (d) careful planning of the Company's financing requirements. During the year, the Company's achieved the refinancing of all of its debt maturing in 2011 through syndicated transactions involving both Greek as well as international banks. A positive development in 2012 will be the completion and the start-up of the Elefsina upgraded refinery which reduces the need for additional funding requirements and is expected to significantly increase trading cash flows.

Greek domestic market and operations:

Official projectionsshow that the economy will continue to contract during 2012 and fiscal measures are expected to lead to even more challenging conditions in the domestic market. Plans in respect of operations and the balance of trading activities between domestic market and exports are adjusted to reflect these expectations. The percentage of exports versus total sales is estimated to increase and given the coastal location of the refineries and the logistics infrastructure this is well within the operating capabilities of the Company. Most of the additional production of the Company coming from the upgraded Elefsina refinery is scheduled to be exported in international marketswhich are short in these types of products; thus further reducing the dependence of the Company on the Greek domestic market.

Securing continuous crude oil supplies:

Over the past months, adverse economic conditions and risk aversion for Greece have led to reduced trading limits from international traders as well as European banks who were previously providing the majority of credit lines used for the supply of crude oil and oil products. As a result, the Company has had to change its working capital supply chain and refinery operations to adapt to these developments; this change took place successfully albeit with an increase in the cost of supply. In addition, supply mix for crude oils was further affected by the lack of Libyan crude during the year (accounting for 10 – 15% of crude oil purchases), which was replaced by similar type of crudes from different sources.

For 2012, the Company will address yet another change in its crude oil mix to recent sanctions imposed by the US on Iran and the subsequent decision by the EU to impose similar sanctions effective from 1 July 2012. Depending on refinery optimisation plans, over the last three years Iranian crude purchases accounted for 10 – 30% of total annual crude oil purchases. The Company is reviewing its planned mix of crudes and will seek to establish options for alternative to Iran sources of crude oil supply. Given the significance of this issue and the prevailing uncertainty which is outside the control of the Company, different scenarios are under evaluation from an operations and cash flow perspectives to ensure no material supply chain disruption occurs. The Company expects that following (i) the implementation of the Public sector debt restructuring program, (ii) the recapitalisation of the Greek banking system and finally, (iii) increased trading cash flows from the start-up of the Elefsina upgraded refinery, will support the re-establishing of adequate credit lines (Letters of Credit) and will allow the refining to revert to a more flexible and lower cost operation model.

2.1.2 Changes in accounting policies and disclosures

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning during the current reporting period and subsequent reporting periods. The Company's evaluation of the effect of new standards, amendments to standards and interpretations that are relevant to its operations is set out below.

a) The following new standards, amendments to standards and interpretations to existing standards are applicable to the Company for periods on or after 1 January 2011:

- *IAS 1 (Amendment) 'Presentation of Financial Statements'* *(effective for annual periods beginning on or after 1 July 2012).*The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. The Company is currently evaluating the impact the amendments will have on its financial statements. This amendment has not yet been endorsed by the EU.

- *IAS 19 (Amendment) 'Employee Benefits' (effective for annual periods beginning on or after 1 January 2013).*This amendment makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits (eliminates the corridor approach) and to the disclosures for all employee benefits. The key changes relate mainly to recognition of actuarial gains and losses, recognition of past service cost / curtailment, measurement of pension expense, disclosure requirements, treatment of expenses and taxes relating to employee benefit plans and distinction between "short-term" and "other long-term" benefits. The Company is currently evaluating the impact the amendments will have on its financial statements. This amendment has not yet been endorsed by the EU.

- *IAS 24 (Amendment) 'Related Party Disclosures'.* This amendment attempts to reduce 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 has applied these changes from 1 January 2011.

- *IFRS 7 (Amendment) "Financial Instruments: Disclosures" – transfers of financial assets (effective for annual periods beginning on or after 1 July 2011)*. This amendment sets out disclosure requirements for transferred financial assets not derecognised in their entirety as well as on transferred financial assets derecognised in their entirety but in which the reporting entity has continuing involvement. It also provides guidance on applying the disclosure requirements. The Company is currently evaluating the impact the amendments will have on its financial statements.

- *IFRS 7 (Amendment) "Financial Instruments: Disclosures" (effective for annual periods beginning on or after 1 January 2013)*. The IASB has published this amendment to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The Company is currently evaluating the impact the amendments will have on its financial statements. This amendment has not yet been endorsed by the EU.

- *IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 1 January 2015).*IFRS 9 is the first Phase of the Board's project to replace IAS 39 and deals with the classification and measurement of financial assets and financial liabilities. The IASB intends to expand IFRS 9 in subsequent phases in order to add new requirements for impairment and hedge accounting. The Company is currently investigating the impact of IFRS 9 on its financial statements. The Company cannot currently early adopt IFRS 9 as it has not been endorsed by the EU. Only once approved will the Company decide if IFRS 9 will be adopted prior to 1 January 2015.

- *IFRS 13 'Fair value measurement' (effective for annual periods beginning on or after 1 January 2013).*IFRS 13 provides new guidance on fair value measurement and disclosure requirements. These requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. IFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. Disclosure requirements are enhanced and apply to all assets and liabilities measured at fair value, not just financial ones. The Company is currently evaluating the impact the amendments will have on its financial statements. This standard has not yet been endorsed by the EU.

- Group of standards on consolidation and joint arrangements (*effective for annual periods beginning on or after 1 January 2013*):

The IASB has published five new standards on consolidation and joint arrangements: IFRS 10, IFRS 11, IFRS 12, IAS 27 (amendment) and IAS 28 (amendment). These standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted only if the entire "package" of five standards is adopted at the same time. These standards have not yet been endorsed by the EU. The Company is in the process of assessing the impact of the new standards on its financial statements. The main provisions are as follows:

– *IFRS 10 "Consolidated Financial Statements".* IFRS 10 replaces all of the guidance on control and consolidation in IAS 27 and SIC 12. The new standard changes the definition of control for the purpose of determining which entities should be consolidated. This definition is supported by extensive application guidance that addresses the different ways in which a reporting entity (investor) might control another entity (investee). The revised definition of control focuses on the need to have both power (the current ability to direct the activities that significantly influence returns) and variable returns (can be positive, negative or both) before control is present. The new standard also includes guidance on participating and protective rights, as well as on agency/ principal relationships.

– *IFRS 11 "Joint Arrangements".* IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The types of joint arrangements are reduced to two: joint operations and joint ventures. Proportional consolidation of joint ventures is no longer allowed. Equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations today. The standard also provides guidance for parties that participate in joint arrangements but do not have joint control.

– *IFRS 12 "Disclosure of Interests in Other Entities".* IFRS 12 requires entities to disclose information, including significant judgments and assumptions, which enable users of financial statements to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. An entity can provide any or all of the above disclosures without having to apply IFRS 12 in its entirety, or IFRS 10 or 11, or the amended IAS 27 or 28.

– *IAS 27 (Amendment) "Separate Financial Statements".* This Standard is issued concurrently with IFRS 10 and together, the two IFRSs supersede IAS 27 "Consolidated and Separate Financial Statements". The amended IAS 27 prescribes the accounting and disclosure requirements for investment in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. At the same time, the Board relocated to IAS 27 requirements from IAS 28 "Investments in Associates" and IAS 31 "Interests in Joint Ventures" regarding separate financial statements.

– *IAS 28 (Amendment) "Investments in Associates and Joint Ventures".* IAS 28 "Investments in Associates and Joint Ventures" replaces IAS 28 "Investments in Associates". The objective of this Standard is to prescribe the accounting for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures, following the issue of IFRS 11.

b) The following amendments to standards and interpretations to existing standards are mandatory for the Company's accounting periods beginning on or after 1 January 2011 or later periods, but without any significant impact to the Company's financial statements:

- IAS 32 (Amendment) 'Financial Instruments: Presentation'

- IFRIC 13 'Customer Loyalty Programmes'

- IFRIC 14 (Amendment) 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'

- IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'

- Amendments to standards were issued in May 2010 following the publication of the results of the IASB's 2010 annual improvements project. The effective dates vary by standard, but most are effective for annual periods beginning on or after 1 January 2011. The amendments will not have a material impact on the Company's financial statements.

c) The following amendments to standards and interpretations to existing standards are mandatory for the Company's accounting periods beginning on or after 1 January 2011 or later periods but are not applicable to the Company:

- IAS 12 (Amendment) 'Income Taxes' with regard to Investment Property using the fair value model (effective for annual periods beginning on or after 1 January 2012). This amendment has not yet been endorsed by the EU.

- IFRIC 20 'Stripping Costs in the Production Phase of a Surface Mine' (effective for annual periods beginning on or after 1 January 2013), applicable only to costs incurred in surface mining activity. This interpretation has not yet been endorsed by the EU.

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.Given that the Company's primary activities are in oil refining and trading, in line with industry practices, most crude oil and oil product trading transactions are based on the international reference prices of crude oil and oil products in US Dollars. The Company translates this value to Euro at the time of any transaction

(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 other comprehensive income.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

2.5 Property, plant and equipment

Land and buildings comprise mainly plant and offices. All property, plant and equipment is shown at historical cost less subsequent depreciation. Historical 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. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the income statement as incurred. Refinery turnaroundcosts are deferred (usually every four years) and charged against income on a straight line basis over the scheduled turnaroundperiod.

Land is not depreciated. 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 motor vehicles	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 the end of each reporting period.

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 (Note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These areincluded 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) 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 exploration period as per the terms of the relevant licenses.

(b) 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 their 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 circumstances 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: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets and financial assets 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 in this category, 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 include "Trade and other receivables" and "Cash and cash equivalents" in the statement of financial position.

(c)Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale.

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

2.9.2 Recognition and measurement

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

Purchases and sales of financial assets are recognised on 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.

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

If there is objective evidence that an impairment loss on held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

Impairment testing for loans and receivables is described in Note 2.13.

2.9.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet, when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously

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 certain 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 derivative is de-designated and 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 as financial assets 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 21).

2.11 Government grants

Government grants received by the Company relating toProperty, Plant and Equipmentare 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. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads.

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 original 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.

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.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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 publiclyadministered 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.

(b) Sales of services

For sales of services, revenue is recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(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, by the Company's Shareholders' General Meeting.

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

As explained in note 2.4 "Foreign Currency translation", the functional and presentation currency of the Company is the Euro. However, in line with industry practice in all international crude oil and oil trading transactions, underlying commodity prices are based on international reference prices quoted in US dollars. As a result, the impact of not having Euro as a functional currency for Greek operations, even though following recent developments not a likely scenario, does not materially affect the Company's operations. In addition, most of the Company's financing contracts provide for multi-currency facilities which include the Euro and USD.

Foreign currency exchange risk arises on three types of exposure:

- **Balance sheet translation risk:** Most of the inventory 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's 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 2011 if the Euro had weakened against the US dollar by 5% with all other variables held constant, pre-tax profits would have been €16million lower.

- **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; exposure to crude oil and oil products price levels which affect the value of inventory and exposure to 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 historical 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 €1.2million at 31 December 2011. 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 2011, if interest rates on US dollar denominated borrowings had been 0,5% higher with all other variables held constant, pre-tax profit for the year would have been €3 million lower. At 31 December 2011, if interest rates on Euro denominated borrowings had been 0,5% higher with all other variables held constant, post-tax profit for the year would have been €6,5 million lower.

(b) Credit risk

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

Due to market conditions, the approval of credit risk is subject to a more strict process involving all levels of senior management. A Group credit committee has been formed which meets and discusses material credit exposures on a Group wide basis.

The Company especially monitors the balance of receivables and its exposure to Greek sovereign debt; during the end of the year, the investment in Greek Government bonds was collected in cash at full value. In addition to that, the Company also carries receivable balances from the Greek state as part of its normal course of business, such as prepaid income taxes or trade receivables. A significant mitigant to the risk of delayed collection of these receivables is the recently adopted legislation which allows companies to offset overdue receivables with their financial obligations to the state. Due to its business model and the relevant tax framework, thecompany generates on a monthly basis significant financial obligations towards the state, such as VAT, oil products consumption tax and income tax as part of its business, which can be used to net the amounts receivable

(All amounts in Euro thousands unless otherwise stated)

The table below shows the segregation of trade receivables:

	As at	
	31 December 2011	**31 December 2010**
Total trade receivables	658.712	522.745
of which:		
Past due receivables balance	79.558	66.575
Doubtful receivables balance	88.182	92.170
	167.740	**158.745**
Allowance for bad debts	**84.907**	**80.527**

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. Allowance is made for receivables that are doubtful of collection and have been assessed that they will result in a loss.

As of 31 December 2011 and 2010, the ageing analysis of receivables that were past due but not impaired, is as follows:

	As at	
	31 December 2011	**31 December 2010**
Up to 30 days	51.647	34.222
30 - 90 days	3.097	14.609
Over 90 days	24.814	17.744
Total	**79.558**	**66.575**

As of 31 December 2011 and 2010, the ageing analysis of doubtful receivables is as follows:

	As at	
	31 December 2011	**31 December 2010**
Up to 30 days	-	-
30 - 90 days	-	-
Over 90 days	88.182	92.170
Total	**88.182**	**92.170**

The doubtful 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.

(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.

Given market developments during 2011, liquidity risk and cashflow management have become more important. The Company managed to refinance all of the committed facilities maturing during the year and to maintain the short term uncommitted lines required for its operations.

(All amounts in Euro thousands unless otherwise stated)

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
31 December 2011				
Borrowings	1.065.276	404.603	-	433.000
Derivative financial instruments	46.355	50.158	-	-
Trade and other payables	1.521.886	-	-	-
31 December 2010				
Borrowings	803.604	-	415.142	400.000
Derivative financial instruments	24.003	33.952	32.344	-
Trade and other payables	1.353.364	-	-	-

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 shareholders 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", "Available for Sale Financial Assets" and "Held-to-maturity securities". Total capital employed is calculated as "Total Equity" as shown in the statement of financial position plus net debt.

During 2011 the Company managed its gearing ratio to 40 – 49% as planned.

The gearing ratios at 31 December 2011 and 2010 were as follows:

	As at	
	31 December 2011	**31 December 2010**
Total Borrowings (Note 17)	1.902.879	1.618.746
Less: Cash & Cash Equivalents (Note 13)	(563.282)	(220.000)
Less: Available for sale financial assets	(41)	(41)
Less: Held-to-maturity securities (Note 12)	-	(167.968)
Net debt	**1.339.557**	**1.230.737**
Total Equity	1.916.825	1.907.541
Total Capital Employed	**3.256.381**	**3.138.278**
Gearing ratio	41%	39%

(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 on-going refinery's upgrade project in Elefsina.

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels are defined as follows:

- 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 2011:

	Level 1	Level 2	Level 3	Total balance
Assets				
Derivatives held for trading	-	-	-	-
Derivatives used for hedging	-	-	-	-
	-	**-**	**-**	**-**
Liabilities				
Derivatives held for trading	-	12.577	-	12.577
Derivatives used for hedging	-	83.936	-	83.936
	-	**96.513**	**-**	**96.513**

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2010:

	Level 1	Level 2	Level 3	Total balance
Assets				
Derivatives held for trading	-	12.715	-	12.715
Derivatives used for hedging	-	-	-	-
	-	**12.715**	**-**	**12.715**
Liabilities				
Derivatives held for trading	-	21.137	-	21.137
Derivatives used for hedging	-	69.162	-	69.162
	-	**90.299**	**-**	**90.299**

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 areready 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. Thesevaluation 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) Held-to-maturity investments

The group follows the IAS 39 guidance on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held to maturity. This classification requires significant judgement. In making this judgement, the group evaluates its intention and ability to hold such investments to maturity. If the group fails to keep these investments to maturity other than for specific circumstances explained in IAS 39, it will be required to reclassify the whole class as available-for-sale. The investments would, therefore, be measured at fair value not amortised cost.

(e) Estimated impairment of investments and other non-financial assets

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

(f) 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 19.

(g) Provisions for legal claims

The Company has a number of legal claims pending against it. Management assesses the likely outcome of these claims and if it is more likely than not that the Company will lose a claim, then a provision is made. Provisions for legal claims, if required, 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. This requires judgement.

(All amounts in Euro thousands unless otherwise stated)

5 Segment information

Management has determined the operating segments based on the reports reviewed by the executive committee, which reviews the Company's internal reporting in order to assess performance and allocate resources. 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 threemain business segments determined in accordance with the type of business activity:

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

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

Year ended 31 December 2011	**Refining**	**Petro-chemicals**	**Exploration & Production**	**Other**	**Total**
Sales	8.276.480	315.879	-	-	8.592.359
Other operating income / (expense) - net	(20.379)	2.696	(2.561)	-	(20.244)
Operating profit / (loss)	**169.490**	**14.472**	**(10.413)**	**14.996**	**188.545**
Currency exchange gains / (losses)	(5.552)	-	-	-	(5.552)
Profit / (loss) before tax & finance costs	**163.938**	**14.472**	**(10.413)**	**14.996**	**182.993**
Finance costs - net					(26.201)
Profit before income tax					**156.792**
Income tax (expense)/credit					(44.028)
Profit for the year					**112.764**

Year ended 31 December 2010	**Refining**	**Petro-chemicals**	**Exploration & Production**	**Other**	**Total**
Sales	7.327.044	352.967	726	843	7.681.580
Other operating income / (expense) - net	190	2.038	-	-	2.228
Operating profit / (loss)	**282.208**	**26.735**	**(25.156)**	**10.835**	**294.622**
Currency exchange gains / (losses)	(14.308)	-	-	-	(14.308)
Profit / (loss) before tax & finance costs	**267.900**	**26.735**	**(25.156)**	**10.835**	**280.314**
Finance costs - net					(32.561)
Loss before income tax					**247.753**
Income tax credit/(expense)					(93.800)
Profit for the year					**153.953**

(All amounts in Euro thousands unless otherwise stated)

Further segmental information as at 31 December 2011 is as follows:

	Refining	Petro-chemicals	Exploration & Production	Other	Total
Total Assets	5.383.519	187.898	9.980	-	**5.581.397**
Total Liabilities	3.490.609	155.908	1	18.054	**3.664.572**
Net Assets	1.892.910	31.990	9.979	(18.054)	**1.916.825**
Capital Expenditure	649.494	489	-	-	**649.983**
Depreciation & Amortisation	68.742	12.182	345	-	**81.269**

Further segmental information as at 31 December 2010 is as follows:

	Refining	Petro-chemicals	Exploration & Production	Other	Total
Total Assets	4.978.538	200.181	3.502	21.701	**5.203.922**
Total Liabilities	3.013.654	179.763	638	102.326	**3.296.381**
Net Assets	1.964.884	20.418	2.864	(80.625)	**1.907.541**
Capital Expenditure	670.882	5.872	-	-	**676.754**
Depreciation & Amortisation	67.096	12.243	682	-	**80.021**

(All amounts in Euro thousands unless otherwise stated)

6 Property, plant and equipment

	Land	Buildings	Plant & Machinery	Motor vehicles	Furniture and fixtures	Assets Under Construction	Total
Cost							
As at 1 January 2010	**109.904**	**181.462**	**1.389.185**	**10.078**	**55.240**	**684.390**	**2.430.259**
Additions	-	116	614	394	5.138	670.420	676.682
Capitalised projects	-	7.321	25.969	53	6.433	(39.776)	-
Disposals	-	-	(5.302)	-	(12)	(4.917)	(10.231)
Transfers & other movements	-	-	-	-	-	(3.136)	(3.136)
As at 31 December 2010	**109.904**	**188.899**	**1.410.466**	**10.525**	**66.799**	**1.306.981**	**3.093.574**
Accumulated Depreciation							
As at 1 January 2010	**-**	**100.621**	**973.384**	**8.378**	**39.948**	**-**	**1.122.331**
Charge for the year	-	7.924	60.468	389	6.190	-	74.971
Disposals	-	-	(5.282)	-	(12)	-	(5.294)
As at 31 December 2010	**-**	**108.545**	**1.028.570**	**8.767**	**46.126**	**-**	**1.192.008**
Net Book Value at 31 December 2010	**109.904**	**80.354**	**381.896**	**1.758**	**20.673**	**1.306.981**	**1.901.566**
Cost							
As at 1 January 2011	**109.904**	**188.899**	**1.410.466**	**10.525**	**66.799**	**1.306.981**	**3.093.574**
Additions	100	160	352	88	3.821	644.376	648.897
Capitalised projects	-	33.473	282.377	68	4.033	(319.951)	-
Disposals	-	-	(474)	-	(25)	(139)	(638)
Assets from Merged Company	5.392	-	22	-	-	-	5.414
Transfers & other movements	-	-	-	-	-	(5.722)	(5.722)
As at 31 December 2011	**115.396**	**222.532**	**1.692.743**	**10.681**	**74.628**	**1.625.544**	**3.741.524**
Accumulated Depreciation							
As at 1 January 2011	**-**	**108.545**	**1.028.570**	**8.767**	**46.126**	**-**	**1.192.008**
Charge for the period	-	8.378	61.986	342	7.195	-	77.901
Disposals	-	-	(288)	-	(18)	-	(306)
As at 31 December 2011	**-**	**116.923**	**1.090.268**	**9.109**	**53.303**	**-**	**1.269.603**
Net Book Value at 31 December 2011	**115.396**	**105.609**	**602.475**	**1.572**	**21.325**	**1.625.544**	**2.471.921**

(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 2011, an amount of €1.304million (31 December 2010: €836million) relates to costs in respect of the upgrade of the Elefsina refinery.The project is expected to be completed byQ2 2012. Any potential delays during the engineering, procurement or construction phase will have equivalent effects on the project completion date.

(3) During 2011 an amount of €67,5million(2010: €21,8 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 4,5% (2010: 2,8%).

(4) 'Transfers and other movements' in assets under construction relate to completed IT software projects capitalised during 2011 and thus transferred to intangible assets under 'Computer software'(Note 7).

(All amounts in Euro thousands unless otherwise stated)

7 Intangible assets

	Computer software	Licences & Rights	Total
Cost			
As at 1 January 2010	**56.232**	**23.909**	**80.141**
Additions	72	-	72
Transfers, acquisitions & other movements	3.148	-	3.148
As at 31 December 2010	**59.452**	**23.909**	**83.361**
Accumulated Amortisation			
As at 1 January 2010	**53.455**	**14.885**	**68.340**
Charge for the year	3.312	1.738	5.050
As at 31 December 2010	**56.767**	**16.623**	**73.390**
Net Book Value 31 December 2010	**2.685**	**7.286**	**9.971**
Cost			
As at 1 January 2011	**59.452**	**23.909**	**83.361**
Additions	1.086	-	1.086
Transfers, acquisitions & other movements	5.722	-	5.722
As at 31 December 2011	**66.261**	**23.909**	**90.170**
Accumulated Amortisation			
As at 1 January 2011	**56.767**	**16.623**	**73.390**
Charge for the year	2.082	1.285	3.368
As at 31 December 2011	**58.849**	**17.908**	**76.758**
Net Book Value 31 December 2011	**7.411**	**6.001**	**13.412**

(1) Licenses and rights include Upstream Exploration rights which are amortised over the period of the exploration period as per the terms of the relevant licences. Details of the accounting policy are given in Notes 2.6& 2.7.

(2) ‘Transfers and other movements’ relate to completed IT software projects capitalised during 2011 and thus transferredfrom in assets under construction (Note 6).

(All amounts in Euro thousands unless otherwise stated)

8 Investment in affiliated companies

	As at	
	31 December 2011	**31 December 2010**
Beginning of the year	**689.718**	**695.948**
(Decrease) / Increase in share capital of subsidiaries	(13.214)	(6.230)
Impairment of investments	(5.600)	-
Finalisation of Petrola A.E. absorption	(5.500)	-
End of the year	**665.404**	**689.718**

Name	**Participating interest**	**Country of Incorporation**
Asprofos SA	100,0%	Greece
Diaxon ABEE	100,0%	Greece
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
VANCO	100,0%	Greece
EANT	9,0%	Greece
STPC	16,7%	Greece
NAPC	16,7%	Greece
Greek Association of Independent Energy Producers	16,7%	Greece

For 2011the decrease in share capital relates to ELPET Valkaniki.

During 2011, the Company took an impairment charge against its investment in Thraki SA.

For 2010the decrease in share capital relates to Poseidon Shipping Co and Apollon Shipping Co.

(All amounts in Euro thousands unless otherwise stated)

9 Loans, advances and other receivables

	As at	
	31 December 2011	**31 December 2010**
Loans and advances and other long term assets	3.843	1.406
Total	**3.843**	**1.406**

10 Inventories

	As at	
	31 December 2011	**31 December 2010**
Crude oil	311.774	688.125
Refined products and semi-finished products	581.079	643.803
Petrochemicals	34.982	34.598
Consumable materials and other	76.332	72.578
- Less: Provision for Consumables and spare parts (Note 25)	(9.274)	(13.411)
Total	**994.893**	**1.425.693**

The cost of goods sold included in "Cost of sales" for 2011 is equal to €7,8 billion(2010: €6,8 billion).

The amount of the write-down of inventories (stock devaluation) recognized as an expense in 2011 and included in "Cost of sales" is equal to €3,9million(2010: €0,5 million write-down included in "cost of sales").

During 2011, the Company released part of its provision for obsolete inventories, amounting to €4,1 million, mostly because these were used for the purposes of the refinery upgrade project.

During 2011, inventory with value of €200 million was sold to OTSM S.A., a newly established company, as part of the working capital reduction program.

11 Trade and other receivables

	As at	
	31 December 2011	**31 December 2010**
Trade receivables	658.712	522.745
- Less: Provision for impairment of receivables	(84.907)	(80.527)
Trade receivables net	**573.805**	**442.218**
Other receivables	299.141	306.789
- Less: Provision for impairment of receivables	(10.283)	(10.283)
Other receivables net	**288.858**	**296.506**
Derivatives held for trading (Note 21)	-	12.715
Deferred charges and prepayments	5.938	14.419
Total	**868.601**	**765.858**

The carrying amounts of the receivables approximate their fair value.

(All amounts in Euro thousands unless otherwise stated)

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

The movement in the provision for impairment of trade receivables is set out below:

	As at	
	31 December 2011	**31 December 2010**
Balance at 1 January	80.527	64.227
Charged / (credited) to the income statement:		
- Additional provisions	5.880	16.300
- Unused amounts reversed	(1.500)	-
Balance at 31 December	**84.907**	**80.527**

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

12 Held-to-maturity investments

	As at	
	31 December 2011	**31 December 2010**
Held-to-maturity investments	-	167.968
Total	**-**	**167.968**

The Company currently holds no investments falling under the abovementioned category. Held-to-maturity investments shown as at 31 December 2010 were short-term government bondsissued on 30 December 2010 by then Ministry of Finance to repay trade receivables.These were collected in full on their maturity date during December 2011.

13 Cash and cash equivalents

	As at	
	31 December 2011	**31 December 2010**
Cash at Bank and in Hand	82.592	88.193
Short term bank deposits	480.690	131.807
Total cash and cash equivalents	**563.282**	**220.000**

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

	As at	
	31 December 2011	**31 December 2010**
Euro	1,11%	-
USD	0,63%	0,32%

(All amounts in Euro thousands unless otherwise stated)

14 Share capital

	Number of Shares (authorised and issued)	Share Capital	Share premium	Total
As at 1 January 2010& 31 December 2010	**305.635.185**	**666.285**	**353.796**	**1.020.081**
As at 31 December 2011	**305.635.185**	**666.285**	**353.796**	**1.020.081**

All ordinary shareswere authorised, issued and fully paid. The nominal value of each ordinary share is €2,18 (31 December 2010: €2,18).

Share options

During the AGM of Hellenic Petroleum S.A. held on 25 May 2005, a new share option scheme was approved, based on years 2005 – 2007, 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. The AGM of 17 May 2007 has approved and granted stock options for the year 2006 of 408.015 shares. The AGM of 14 May 2008 has approved and granted stock options for the year 2007 of 385.236 shares and extended the scheme for an additional base year, namely 2008. The AGM of 3 June 2009 has approved and granted stock options for the year 2008 of 1.704.716 shares and extended the scheme for 2009. The vesting period is 1 November to 5 December of the years 2008 – 2012, 2009 – 2013, 2010 – 2014 and 2011 – 2015 for each of the base years 2005, 2006, 2007 and 2008 respectively.

Following the Board Decision of 27 April 2010, the AGM of Hellenic Petroleum held on 2 June 2010 approved the non – granting of any stock options for the year 2009, as a result of the adverse macroeconomic environment and extended the scheme for an additional base year, 2010, for which the vesting period will commence in 2012. Similarly the AGM of Hellenic Petroleum held on 29 June 2011 validated the Board Decision of 7 June 2011 and approved the non – granting of any stock options for the year 2010 and extended the scheme for an additional base year, namely 2011, for which the vesting period will commence in 2012. The total number of stock options approved during the original AGM of 25 May 2005 has not been altered by the subsequent extensions to the scheme.

No stock options have been exercised during 2011, or during the previous year, due to the negative relationship between the exercise price and the share market price during the respective vesting periods.

The movement in share options during the year were:

	As at			
	31 December 2011		**31 December 2010**	
	Average Exercise Price in € per share	Options	Average Exercise Price in € per share	Options
At 1 January	**8,74**	**2.720.950**	**8,77**	**2.770.067**
Granted	-	-	-	
Exercised	-	-	-	-
Lapsed	-	-	10,89	(49.117)
At 31 December	**8,74**	**2.720.950**	**8,74**	**2.720.950**

Share options outstanding at the year-end have the following expiry date and exercise prices:

(All amounts in Euro thousands unless otherwise stated)

Expiry Date	Exercise Price in € per share	No. of share options as at 31 December 2011	31 December 2010
5 December 2012	9,69	268.658	268.658
5 December 2013	10,88	397.815	397.815
5 December 2014	11,01	349.761	349.761
5 December 2015	7,62	1.704.716	1.704.716
	Total	**2.720.950**	**2.720.950**

The average remaining contractual life of stock options outstanding at 31 December 2011 was 4,3 years(2010: 4,3 years)

The total expense recognised in the statement of comprehensive income for share based compensationis €1.119(2010: €1.352).

(All amounts in Euro thousands unless otherwise stated)

15 Reserves

	Statutory reserve	Special reserves	Hedging reserve	Share-based payment reserve	Tax reserves	Total
Balance at 1 January 2010	**100.664**	**86.495**	**(29.054)**	**1.166**	**342.709**	**501.980**
Cash flow hedges (Note 21):						
- Fair value gains / (losses) on cash flow hedges	-	-	(34.759)	-	-	(34.759)
- De-recognition of 2011 hedges	-	-	9.571	-	-	9.571
Share-based payments (Note 14)	-	-	-	1.352	-	1.352
Transfers from retained earnings (Law 3299/04)	-	-	-		8.613	8.613
Transfer to statutory reserves	8.306	-	-	-	-	8.306
Balance at 31 December 2010	**108.970**	**86.495**	**(54.242)**	**2.518**	**351.322**	**495.063**
Cash flow hedges (Note 21):	-	-	-	-	-	-
- Fair value gains / (losses) on cash flow hedges	-	-	(19.684)	-	-	(19.684)
- De-recognition of 2012 hedges	-	-	6.776	-	-	6.776
Share-based payments (Note 14)	-	-	-	1.119	-	1.119
Transfer to statutory reserves	4.822	-	-	-	-	4.822
Balance at 31 December 2011	**113.792**	**86.495**	**(67.150)**	**3.637**	**351.322**	**488.096**

Themovement in the year-end hedging reserve is shown net of tax of €1.866(2010: €6.723) – refer to Note 28.

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.

(All amounts in Euro thousands unless otherwise stated)

16 Trade and other payables

	As at	
	31 December 2011	**31 December 2010**
Trade payables	1.428.020	1.303.146
Accrued Expenses	50.400	12.462
Derivatives held for trading (Note 21)	46.355	24.003
Other payables	43.466	37.756
Total	**1.568.241**	**1.377.367**

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

17 Borrowings

	As at	
	31 December 2011	**31 December 2010**
Non-current borrowings		
Bank borrowings	837.603	815.142
Non-current borrowings	**837.603**	**815.142**
Current borrowings		
Short term bank borrowings	1.065.276	803.604
Current portion of long-term bank borrowings	-	-
Total current borrowings	**1.065.276**	**803.604**
Total borrowings	**1.902.879**	**1.618.746**

The maturity of non-current borrowings is as follows:

	As at	
	31 December 2011	**31 December 2010**
Between 1 and 2 years	404.603	-
Between 2 and 5 years	-	415.142
Over 5 years	433.000	400.000
	837.603	**815.142**

(All amounts in Euro thousands unless otherwise stated)

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

	As at 31 December 2011	
	€	**US$**
Bank Borrowings (short-term)		
- Floating Euribor + margin	7,00%	-
- Floating Libor + margin	-	2,61%
Bank Borrowings (long-term)		
- Floating Euribor + margin	2,24%	-
- Floating Libor + margin	-	2,61%

	As at 31 December 2010	
	€	**US$**
Bank Borrowings (short-term)		
- Floating Euribor + margin	3,99%	-
- Floating Libor + margin	-	0,86%
Bank Borrowings (long-term)		
- Floating Euribor + margin	1,15%	-
- Floating Libor + margin	-	0,86%

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

	As at 31 December 2011	31 December 2010
Euro	1.303.915	1.043.982
US dollar	598.964	574.764
Total borrowings	**1.902.879**	**1.618.746**

In April 2006, the Company concluded a €400 million multi-currency loan agreement with Hellenic Petroleum Finance Plc ("HPF"), a subsidiary of the Group in order to refinance existing financial indebtedness and for general corporate purposes. The loan facility amount was increased to €600 million on 18 October 2006 and to €1 billion on 18 October 2007. In April 2010 the loan facility amount was increased €1.5 billion.As at 31 December 2011, the outstanding loan balance with HPF amounted to the equivalent of €885 million (US$774 million and €287 million).

On 26 May 2010, the Company signed two loan agreements with the European Investment Bank for a total amount of €400 million (€200 million each). The loans have a maturity of 12 years. The purpose of the loans is to finance part of the investment programme relating to the upgrade of Elefsina Refinery. As at 31 December 2011, the outstanding loan balance amounted to €400 million (31 December 2010: €400 million).

On 30 November 2011 Hellenic Petroleum S.A. signed a long-term loan agreement with its subsidiary Diaxon S.A. for a total amount of €33 million. The interest rate has been agreed at 5,5%.

Loans with various banks are also utilised to cover the Company's financing needs. As at 31 December 2011, the outstanding balance of such loans amounted to €585 million (31 December 2010: €293 million).

(All amounts in Euro thousands unless otherwise stated)

The loan analysis is as follows:

	As at	
	31 December 2011	**31 December 2010**
Revolving Credit Facilities	1.049.421	803.604
Term loans	853.458	815.142
Total borrowings	**1.902.879**	**1.618.746**

18 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.

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

	As at	
	31 December 2011	**31 December 2010**
Beginning of the year	21.701	10.231
Income statement recovery / (charge)	(22.076)	4.747
Charged / (released) to equity & other movements	(134)	6.723
End of year	**(509)**	**21.701**

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

	As at	
	31 December 2011	**31 December 2010**
Intangible and tangible fixed assets	(44.499)	(25.986)
Inventory valuation	1.855	3.085
Environmental provision	3.220	-
Unrealised exchange gains	-	6.058
Employee benefits provision	17.277	20.609
Derivative financial instruments at fair value	19.310	17.874
Other temporary differences	2.328	61
Net deferred income tax asset/(liability)	**(509)**	**21.701**
Deferred income tax liabilities	**(57.768)**	**(54.350)**
Deferred income tax assets	**57.259**	**76.051**

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)

19 Retirement benefit obligations

	As at 31 December 2011	As at 31 December 2010
Balance sheet obligations for:		
Pension benefits	86.027	107.917
Total as per balance sheet	**86.027**	**107.917**

	Year ended 31 December 2011	Year ended 31 December 2010
Income statement charge for:		
Pension benefits	39.659	18.193
Total as per income statement	**39.659**	**18.193**

The amounts recognised in the balance sheet are as follows:

	As at 31 December 2011	As at 31 December 2010
Present value of unfunded benefit obligations	104.289	131.457
Unrecognised actuarial gains / (losses)	(15.315)	(20.347)
Unrecognised prior service cost	(2.947)	(3.193)
Liability in the Balance Sheet	**86.027**	**107.917**

The amounts recognised in the income statements are as follows:

	Year ended 31 December 2011	Year ended 31 December 2010
Current service cost	6.210	7.305
Interest cost	5.578	7.730
Net actuarial (gains) / losses recognised in the year	567	1.310
Past service cost	294	246
Regular profit & loss charge	**12.649**	**16.591**
Additional cost of extra benefits	27.010	1.602
Total included in employee benefit expense	**39.659**	**18.193**

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

	31 December 2011	31 December 2010
Beginning of the year	107.917	114.670
Total expense included in employee benefit expense	39.659	18.193
Payments	(61.549)	(24.946)
Total	**86.027**	**107.917**

The principal actuarial assumptions used were as follows:

	As at 31 December 2011	As at 31 December 2010
Discount Rate	4,50%	4,50%
Future Salary Increases	2,00%	2,00%
Average future working life in years	14,1	12,6

(All amounts in Euro thousands unless otherwise stated)

Included in Pension payments for 2011 are the additional costs incurred regarding the retirement scheme, amounting to €27,010.

20 Provisions and other long term liabilities

	As at	
	31 December 2011	**31 December 2010**
Government grants	17.607	20.595
Litigation & tax provisions	5.000	3.000
Provisions for environmental costs	16.100	-
Other provisions	506	134
Total	**39.213**	**23.729**

The movement for provisions and other long term liabilities for 2010 and 2011 is as follows:

	Govern-ment advances and grants	**Litigation & tax povisions**	**Provisions for environmental costs**	**Other provisions**	**Total**
At 1 January 2010	**23.595**	**4.000**	**-**	**134**	**27.729**
Charged / (credited) to the income statement:					
- Additional provisions / grants	131	-	-	-	131
- Unused amounts reversed	-	(1.000)	-	-	(1.000)
- Amortisation of grants	(3.131)	-	-	-	(3.131)
At 31 December 2010	**20.595**	**3.000**	**-**	**134**	**23.729**
Charged / (credited) to the income statement:					
- Additional provisions / grants	-	2.000	16.100	372	18.472
- Amortisation of grants	(2.988)	-	-	-	(2.988)
At 31 December 2011	**17.607**	**5.000**	**16.100**	**506**	**39.213**

Government grants

Government (Hellenic State) grants received in connection with investments in property, plant and equipment are accounted for in accordance with our accounting policies (Note 2.11).

Environmental costs

The respective provision relates to the estimated cost of the CO_2 emission rights required under the corresponding environmental legislation. No provision for environmental remediation is included in the accounts as the Company has a policy for addressing environmental issuesas they arise (Note 2.21).

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.

21 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 2011the amounts attributable to such derivatives were € 51.854loss(2010: €2.296gain) 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 cannot be considered as a “Cost of Sales” component. The result from such derivative positions in 2011was € 510gain (2010: €11.895 loss) and is shown under “Other operating (expenses) / income – net” (see Note 25). Also in “Other operating (expenses) / income – net” includes a loss of € 10.320 for de-designation of 1Q 2012 cash flow hedges related to the Elefsina Refinery Upgrade as explained below.

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 statement of comprehensive income within “other income/expense”. As at 31 December 2011 amounts transferred to the statement of comprehensive income for de-designated hedges amounted to €6.776loss net of tax which relate to 1Q 2012 valuation of projected transactions for the Elefsina refinery upgrade (31 December 2010: €9.571). The remaining cash flow hedges are highly effective and the movement in the fair value of these derivatives, amounting to a loss of €19.684 net of tax (2010: €34.759loss), was transferred to the “Hedging Reserve”.

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

Derivatives held for Trading

	31 December 2011				31 December 2010			
Commodity Derivative type	**Notional Amount**		**Assets**	**Liabilities**	**Notional Amount**		**Assets**	**Liabilities**
	MT'000	**Bbls'000**	**€**	**€**	**MT'000**	**Bbls'000**	**€**	**€**
Commodity Swaps	300	3.329	-	12.577	2.460	-	12.715	21.137
	300	**3.329**	**-**	**12.577**	**2.460**	**-**	**12.715**	**21.137**

Derivatives designated as Cash Flow Hedges

	31 December 2011				31 December 2010			
Commodity Derivative type	**Notional Amount**		**Assets**	**Liabilities**	**Notional Amount**		**Assets**	**Liabilities**
	MT'000	**Bbls'000**	**€**	**€**	**MT'000**	**Bbls'000**	**€**	**€**
Commodity Swaps	1.050	-	-	83.936	1.440	-	-	69.162
	1.050	**-**	**-**	**83.936**	**1.440**	**-**	**-**	**69.162**
Total			**-**	**96.513**			**12.715**	**90.299**

	31 December 2011		31 December 2010	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Non-current portion				
Commodity swaps	-	50.158	-	66.296
	-	**50.158**	**-**	**66.296**
Current portion				
Commodity swaps (Notes 11, 16)	-	46.355	12.715	24.003
	-	**46.355**	**12.715**	**24.003**
Total	**-**	**96.513**	**12.715**	**90.299**

22 Employee benefit expenses

	For the year ended	
	31 December 2011	**31 December 2010**
Wages and salaries	152.011	153.139
Social security costs	27.246	27.301
Pension costs	14.369	17.677
Other employment benefits	32.227	34.244
Total	**225.853**	**232.361**

Included in Other employment benefits are medical insurance, catering, and transportation expenses. The value of share – based compensation of €1.119 (2010: €1.352) is included therein (see Note 14).

23 Selling, distribution and administrative expenses

	For the year ended	
	31 December 2011	**31 December 2010**
Selling and distribution expenses	83.388	92.297
Administrative expenses	89.038	94.625
	172.426	**186.922**

(All amounts in Euro thousands unless otherwise stated)

24 Exploration and development expenses

Exploration and development expenses comprise expenditure associated with the Company's exploration activities as an operator in one block in westernEgypt and in another block in southern Egypt in a joint venture with Melroseand Kuwait Energy through the Hellenic Petroleum branch in Egypt. As these projects are still in the exploration phase, all amounts spent are expensed (2011: €3.556and 2010: €20.660).

25 Other operating income / (expenses)

	For the year ended	
	31 December 2011	**31 December 2010**
Income from grants	2.988	3.131
Gains on derivative financial instruments	510	11.460
Losses on derivative financial instruments	-	(11.895)
Losses on derivative financial instruments de-designated for he	(10.320)	-
Services to third parties	523	1.802
Rental income	2.480	2.379
Gains from sale of CO2 emission rights	8.220	-
Voluntary retirement scheme cost	(27.010)	-
Reversal of unused provisions for stock obsolesence	4.137	-
Other income / (expense)	(1.772)	(4.649)
Total	**(20.244)**	**2.228**

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 21).

26 Finance costs - net

	For the year ended	
	31 December 2011	**31 December 2010**
Interest income	13.649	4.273
Interest expense and similar charges	(35.977)	(36.199)
Accrued interest	(3.873)	(635)
Finance costs - net	**(26.201)**	**(32.561)**

In addition to the finance cost shown above, an amount of €67,5 million in 2011 (2010: €21,8 million) has been capitalized (Note 6).

27 Currency exchange gains / (losses)

Currency exchange losses for the year ended 31 December 2011include marked-to-market losses on US$ denominated loans of €19 million due to the strengthening of the Dollar against Euro taking place throughout the year, which were partly offset by net realized and unrealized gains of €8 million from the translation of trade payables and receivables balances as well as unrealized gains of € 6 million from US$ denominated deposits. The Company opts to borrow funds in US$ in order to finance the acquisition of US$ denominated crude oil stocks and as a result a Euro-related compensating benefit is included in the gross margin.

(All amounts in Euro thousands unless otherwise stated)

28 Income tax expense

	For the year ended	
	31 December 2011	**31 December 2010**
Current tax	21.952	98.547
Deferred tax (Note 18)	22.076	(4.747)
Total	**44.028**	**93.800**

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

	For the year ended	
	31 December 2011	**31 December 2010**
Profit / (loss) before Tax	**156.792**	**247.753**
Tax calculated at tax rates applicable to profits	32.397	59.461
Tax on income not subject to tax	(36.370)	(29.583)
Tax on expenses not deductible for tax purposes	18.870	35.514
Additional one-off tax on 2009 profits (L.3845/10)	0	21.409
Income tax on preliminary dividend 2010	(12.225)	12.225
Additional taxes resulting from tax audit (note 32)	17.612	-
Deferred tax and other movements	23.744	(5.226)
Tax Charge / (Credit)	**44.028**	**93.800**

The basic tax rate was 20% for the period ending 31 December2011 (24% for the year ending 31 December2010).

On 31 March 2011 a new tax law was enacted in Greece. The new tax law introduced certain amendments in the corporate income tax legislation such as the reduction of the Greek statutory income tax rate to 20% for accounting years starting as of 1 January 2011 onwards (the previous tax law stipulated that the income tax rate would be gradually reduced to 20% by 2014 onwards). The change in tax rates resulted in lower income taxes. The new tax law also changed taxation with regard to distributed earnings. Consequently, the amount of €12,225 million which was provided as of 31/12/2010 as incremental tax for the interim dividend paid during 2010 in line with the previous law 3842/2010, was reversed as of 31 December 2011.

The income tax charge for 2010 had been affected by a special contribution amounting to €22 million on the profits of year 2009, in line with law 3845/2010. No provision for special contribution on the profits of year 2010 has been included in the results for the current year, as a relevant tax law has not been enacted.

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

	For the year ended					
	31 December 2011			31 December 2010		
	Before tax	**Tax (charge)/ credit**	**After tax**	**Before tax**	**Tax (charge)/ credit**	**After tax**
Cash flow hedges	(14.774)	1.866	(12.908)	(31.911)	6.723	(25.188)
Other comprehensive income	(14.774)	1.866	(12.908)	(31.911)	6.723	(25.188)

29 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 2011	**31 December 2010**
Earnings per share attributable to the Company Shareholders (expressed in Euro per share):	**0,37**	**0,50**
Net income attributable to ordinary shares (Euro in thousands)	112.764	153.953
Average number of ordinary shares outstanding	305.635.185	305.635.185

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

30 Dividends per share

A proposal to the AGM for an additional €0,30 per share as final dividend for 2010 (amounting to a total of €91.691) was approved by the Board of Directors on 24 February 2011 and the final approval was given by the shareholders at the AGM held on 29 June 2011. Tax law 3943/2011 changed the treatment of distributed earnings and in line with the relevant regulations the parent company has withheld – on behalf of shareholders that are subject to taxation – 21% tax on the total dividend for the 2010 financial year, i.e. on €0,45 per share (refer to Note 28).

A proposal to the AGM for € 0,45 per share as final dividend was approved by the Board of Directors on 23 February 2012. This amounts to €137.536 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)

31 Cash generated from operations

	Note	For the year ended 31 December 2011	31 December 2010
Profit before tax		**156.792**	**247.753**
Adjustments for:			
Depreciation and amortisation of property, plant & equipment and intangible assets	**6,7**	81.269	80.021
Grants amortisation		(2.988)	(3.131)
Finance costs - net	**26**	26.201	32.561
Provisions for expenses and valuation charges		27.972	25.528
Losses from disposal of PPE		190	-
Foreign exchange (gains) / losses		5.552	14.308
Dividend income		(15.819)	(11.879)
		279.169	**385.161**
Changes in working capital			
(Increase) / decrease in inventories		434.938	(215.302)
(Increase) / decrease in trade and other receivables		(105.319)	15.232
Increase / (decrease) in payables		49.868	469.240
		379.487	**269.170**
Net cash generated from operating activities		**658.656**	**654.331**

32 Contingencies

The Company has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business. Provisions are set up by the Company against such matters whenever deemed necessary, in accordance with its accounting policies and included in other provisions (Note 20). 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, over and above provisions already reflected (Note .

In June 2011 the tax audits for the financial years 2002 to 2005 of Hellenic Petroleum S.A. were finalized, the outcome of which resulted in "accounting differences" of €64 million. The Company has assessed the results of the tax audit and accepted accounting differences of €32 million, resulting in €17,6 million of additional taxes and surcharges, which were charged through the interim financial information for the nine months ended 30 September 2011. The remaining amount of "accounting differences" assessed, amounting to €32 million, includes, amongst other items the alleged inventory "shortages" (note v below), which were originally assessed by the customs authorities. The Company has appealed against this assessment on the ground that it believes that it has no merit or a valid basis of calculation. Moreover the aforementioned tax audit also resulted in additional property taxes of a total amount of € 2,2 million, against which the Company has appealed to the relevant authorities. No provision has been made in the financial statements as of 31 December 2011 with respect to the above, as the Company believes that both cases will be finally assessed in its favour.

Furthermore, the V.A.T. audit for the financial years 2003 to 2006 of the Company was finalised in January 2011, resulting in the recovery of V.A.T. receivable amounting to €24,6 million. Also within 2011 a temporary V.A.T. audit for the years 2010 and 2011 was finalized, resulting in the determination of V.A.T. receivable amounting to €137 million.

The Company has not undergone a tax audit for the financial years 2006 to 2010. “Temporary” tax audits for the financial years 2006 and 2008 have been finalised, albeit with no major findings, while the tax audit for the financial years 2006 to 2009 is currently underway.

As mentioned in Note 28, based on Art.5 of the Tax Law 3845/2010 (FEK 65A’ – 6/5/2010), the Company paid special tax contribution in respect of profits for the financial year 2009. The Company had received the relevant assessment from the tax authorities indicating an obligation amounting to €26 million. However, the tax authorities' calculation was found to be incorrect and the company submitted the relevant supporting analysis for the calculation to be corrected. The overall provision for the Law 3845/2010 special tax contribution in the 2010 financial statements was based on the corrected amount of €22 million.

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 these financial statements.

(ii) 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 2011 was the equivalent of €1.747million (31 December 2010 €1.801 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 2011 amounted to the equivalent of € 86 million (31 December 2010: €456 million).

(iii) 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 interim 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 case was finally heard on 22 June 2011 and the decision is still pending.

(iv) In 2008, the D’ Customs Office of Piraeus (formerly Z’ Customs Office), issued deeds of assessment amounting at approximately €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, for which no dates of hearing have been assigned to date. 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, legal advisors of the Company have expressed the opinion that such claims have been time-barred.

33 Commitments

Total capital commitments for the Company as of 31 December 2011 amount to € 316 million (31 December 2010: €559 million), of which €166 million relate to the major upgrade project in Elefsina.

(All amounts in Euro thousands unless otherwise stated)

34 Related-party transactions

i) Sales of goods and services	**For the year ended 31 December 2011**	**31 December 2010**
Sales of goods		
Group Entities	3.867.658	3.185.862
Other related parties	403.162	150.565
Sales of services		
Group Entities	12.891	12.375
	4.283.711	**3.348.802**

ii) Purchases of goods and services		
Purchases of goods		
Other related parties	46.428	38.576
Purchases of services		
Group Entities	56.495	58.551
	102.923	**97.127**

iii) Balances arising from sales / purchases of goods / services	**As at 31 December 2011**	**31 December 2010**
Receivables from related parties		
Group Entities		
- Receivables	274.322	278.702
Other related parties		
- Receivables	41.941	174.593
	316.263	**453.295**
Payables to related parties		
Group Entities		
- Payables	38.463	25.579
Other related parties		
- Payables	10.568	2.630
	49.031	**28.209**
Net balances from related parties	**267.232**	**425.086**

	For the year ended 31 December 2011	**31 December 2010**
Charges for directors remuneration	1.065	1.127

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 HellenicState. 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 HellenicState:

- Public Power Corporation Hellas S.A.
- Hellenic Armed Forces

c) Financial institutions which are under common control with the Company due to the shareholding and control rights of the HellenicState. The Company as at 31 December 2011 had outstanding loans amounting to € 150 million (31 December 2010: no outstanding loans) due to the following related financial institutions:

- National Bank of Greece S.A.
- Agricultural Bank of Greece S.A.

d) Joint ventures with other third parties relating to the exploration and production of hydrocarbons in Greece and abroad:

- STPC Sea of Thrace (Greece, sea of Thrace)
- Melrose – Kuwait Energy – Beach Petroleum (Egypt, Mesaha)
- VEGAS Oil & Gas (Egypt, West Obayed)
- Medusa (Montenegro)
- Edison (Montenegro, Ulcinj)

e) Associates of the Hellenic Petroleum Group:

- 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)
- HELPE Thraki
- Biodiesel
- D.M.E.P. / OTSM

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 2011 had outstanding loans amounting to the equivalent of €440 million (31 December 2010: equivalent of €230 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)

35 Subsequent events

There were no significant events that took place after the current balance sheet date as at 31 December 2011.