HELLENIC PETROLEUM S.A.

Consolidated 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 consolidated 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 Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Hellenic Petroleum S.A. (the "Company") and its subsidiaries (together, the "Group") set out on pages 7 to 65 which comprise the statement of financial position as of 31 December 2011 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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.

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Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group 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, 108 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)

Consolidated statement of financial position

	Note	As at 31 December 2011	31 December 2010
ASSETS			
Non-current assets			
Property, plant and equipment	**6**	3.204.096	2.668.495
Intangible assets	**7**	177.875	205.008
Investments in associates and joint ventures	**8**	616.095	560.783
Deferred income tax assets	**18**	19.969	38.827
Available-for-sale financial assets		2.062	2.078
Loans, advances and other receivables	**9**	96.235	87.850
		4.116.332	**3.563.041**
Current assets			
Inventories	**10**	1.141.191	1.600.625
Trade and other receivables	**11**	945.818	937.879
Held to maturity securities	**12**	-	167.968
Cash and cash equivalents	**13**	985.486	595.757
		3.072.495	**3.302.229**
Total assets		**7.188.827**	**6.865.270**
EQUITY			
Share capital	**14**	1.020.081	1.020.081
Reserves	**15**	493.142	500.066
Retained Earnings		884.374	866.737
Capital and reserves attributable to owners of the parent		**2.397.597**	**2.386.884**
Non-controlling interests		132.393	144.734
Total equity		**2.529.990**	**2.531.618**
LIABILITIES			
Non- current liabilities			
Borrowings	**17**	1.142.296	1.133.196
Deferred income tax liabilities	**18**	49.134	50.796
Retirement benefit obligations	**19**	113.991	143.414
Derivative financial instruments	**21**	50.158	66.296
Provisions and other long term liabilities	**20**	59.588	47.494
		1.415.167	**1.441.196**
Current liabilities			
Trade and other payables	**16**	1.686.950	1.472.712
Current income tax liabilities		22.403	119.227
Borrowings	**17**	1.531.893	1.297.498
Dividends payable		2.424	3.019
		3.243.670	**2.892.456**
Total liabilities		**4.658.837**	**4.333.652**
Total equity and liabilities		**7.188.827**	**6.865.270**

The notes on pages 11 to 67are an integral part of these consolidated financial statements.

These consolidated financial statements were approved by the board 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)

Consolidated statement of comprehensive income

	Note	For the year ended 31 December 2011	31 December 2010
Sales		**9.307.582**	**8.476.805**
Cost of sales		(8.657.489)	(7.666.726)
Gross profit		**650.093**	**810.079**
Selling, distribution and administrative expenses	**23**	(466.638)	(480.812)
Exploration and development expenses	**24**	(3.556)	(20.660)
Other operating (expenses) / income- net	**25**	(4.890)	35.306
Operating profit		**175.009**	**343.913**
Finance (expenses) / income- net	**26**	(68.371)	(59.434)
Currency exchange gains / (losses)	**27**	(10.697)	(15.793)
Share of net result of associates and dividend income	**8**	67.488	30.027
Profit before income tax		**163.429**	**298.713**
Income tax (expense) / credit	**28**	(45.763)	(111.294)
Profit for the year		**117.666**	**187.419**
Other comprehensive income:			
Fair value gains / (losses) on available-for-sale financial assets	**15**	(72)	44
Unrealised gains / (losses) on revaluation of hedges	**15**	(12.908)	(25.188)
Currency translation differences on consolidation of subsidiaries	**15**	(40)	639
Other Comprehensive (loss) / income for the year, net of tax		(13.020)	(24.505)
Total comprehensive income for the year		**104.646**	**162.914**
Profit attributable to:			
Owners of the parent		114.150	179.818
Non-controlling interests		3.516	7.601
		117.666	**187.419**
Total comprehensive income attributable to:			
Owners of the parent		101.286	155.773
Non-controlling interests		3.360	7.141
		104.646	**162.914**
Basic and diluted earnings per share (expressed in Euro per share)	**29**	**0,37**	**0,59**

The notes on pages11 to 67are an integral part of these consolidated financial statements.

(All amounts in Euro thousands unless otherwise stated)

Consolidated statement of changes in equity

		Attributable to owners of the Parent					
	Note	Share Capital	Reserves	Retained Earnings	Total	Non-controlling Interest	Total Equity
Balance at 1 January 2010		**1.020.081**	**505.839**	**841.374**	**2.367.294**	**141.246**	**2.508.540**
Fair value gains / (losses) on available-for-sale financial assets	**15**	-	44	-	44	-	44
Currency translation differences on consolidation of subsidiaries	**15**	-	1.099	-	1.099	(460)	639
Unrealised gains / (losses) on revaluation of hedges	**15**	-	(25.188)	-	(25.188)	-	(25.188)
Other comprehensive income / (loss)		**-**	**(24.045)**	**-**	**(24.045)**	**(460)**	**(24.505)**
Profit for the year		-	-	179.818	179.818	7.601	187.419
Total comprehensive income for the year		**-**	**(24.045)**	**179.818**	**155.773**	**7.141**	**162.914**
Share based payments	**14**	-	1.352	-	1.352	-	1.352
Transfers to statutory and tax reserves	**15**	-	16.919	(16.919)	-	-	-
Dividends to minority shareholders	**15**	-	-	-	-	(3.652)	(3.652)
Dividends relating to 2009 and interim dividend 2010	**15**	-	-	(137.536)	(137.536)	-	(137.536)
Balance at 31 December 2010		**1.020.081**	**500.065**	**866.737**	**2.386.883**	**144.734**	**2.531.618**
Fair value gains / (losses) on available-for-sale financial assets	**15**	-	(72)	-	(72)	-	(72)
Currency translation differences on consolidation of subsidiaries	**15**	-	116	-	116	(156)	(40)
Unrealised gains / (losses) on revaluation of hedges	**15**	-	(12.908)	-	(12.908)	-	(12.908)
Other comprehensive income / (loss)		**-**	**(12.864)**	**-**	**(12.864)**	**(156)**	**(13.020)**
Profit for the year		-	-	114.150	114.150	3.516	117.666
Total comprehensive income for the year		**-**	**(12.864)**	**114.150**	**101.286**	**3.360**	**104.646**
Share based payments	**14**	-	1.119	-	1.119	-	1.119
Transfers to statutory and tax reserves	**15**	-	4.822	(4.822)	-	-	-
Participation of minority holding in share capital decrease of subsidiary	**35**	-	-	-	-	(12.962)	(12.962)
Dividends to minority shareholders	**15**	-	-	-	-	(2.739)	(2.739)
Dividends relating to 2010	**15**	-	-	(91.691)	(91.691)	-	(91.691)
Balance at 31 December 2011		**1.020.081**	**493.142**	**884.374**	**2.397.597**	**132.393**	**2.529.990**

The notes on pages 11 to 67are an integral part of these consolidated financial statements.

(All amounts in Euro thousands unless otherwise stated)

Consolidated statement of cash flows

		For the year ended	
	Note	**31 December 2011**	**31 December 2010**
Cash flows from operating activities			
Cash generated from operations	**31**	843.476	719.272
Income and other taxes paid		(43.182)	(13.552)
Net cash generated from operating activities		**800.294**	**705.720**
Cash flows from investing activities			
Purchase of property, plant and equipment & intangible assets	**6,7**	(674.964)	(709.338)
Proceeds from disposal of property, plant and equipment & intangible assets		3.108	8.986
Acquisition of subsidiary (ex BP Hellas), net of cash acquired		-	10.901
Proceeds from the sale of EKO Georgia, net of cash owned	**36**	6.059	-
Grants received		-	131
Interest received	**26**	25.777	13.270
Dividends received		5.976	4.462
Participation in share capital (increase) / decrease of associates		(775)	(17.720)
Net cash used in investing activities		**(634.819)**	**(689.308)**
Cash flows from financing activities			
Interest paid	**26**	(91.323)	(72.061)
Dividends paid to shareholders of the Company		(85.079)	(137.369)
Dividends paid to non-controlling interests		(2.739)	(3.652)
Repayments / (Acquisitions) of held-to-maturity securities	**12**	167.968	(167.968)
Proceeds from borrowings		932.551	662.122
Repayments of borrowings		(702.158)	(191.354)
Net cash generated from financing activities		**219.220**	**89.718**
Net increase in cash & cash equivalents		**384.695**	**106.130**
Cash & cash equivalents at the beginning of the year	**13**	**595.757**	**491.196**
Exchange gains / (losses) on cash & cash equivalents		5.034	(1.569)
Net increase in cash & cash equivalents		384.695	106.130
Cash & cash equivalents at end of the year	**13**	**985.486**	**595.757**

The notes on pages 11 to 67 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 General information

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

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

The parent Company is incorporated in Greece and the address of its registered office is 8^{A}Chimarras street, Marousi. The shares of the Company are listed on the Athens Stock Exchange and the London Stock Exchange through GDNs.

The financial statements and the consolidated financial statements of Hellenic Petroleum S.A. for the year ended 31 December 2011 were authorised 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.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

These consolidated financial statements of Hellenic Petroleum S.A. for the year ended 31 December 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").

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

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

2.1.1 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 Group 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 Group considers that;

(a) the going concern basis of preparation of the accounts is not affected, (b) all assets and liabilities of the Group are appropriately presented in accordance with the Group's accounting policies and (c) contingency plans are in place to avoid material disruptions in the operations of the Group.

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.

In addition, the Group'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 Group does 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 Group directly but also its trading partners in the local market. As a result, appropriate steps are being taken to ensure uninterrupted operations for the Group and 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 Group's financing requirements. During the year, the Group'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 Group. Most of the additional production of the Group 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 Group 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 Group has had to change its working capital supply chain and refinery operations to adapt to these developments; this changetook 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 Group 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 Group 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 Group, different scenarios are under evaluation from an operations and cash flow perspectives to ensure no material supply chain disruption occurs. The Group 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 New standards, amendments to standards and interpretations

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

a) The following standards, amendments to standards and interpretations to existing standards are applicable to the Group 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 Group is currently evaluating the impact the amendments will have on its consolidated 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 Group is currently evaluating the impact the amendments will have on its consolidated 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 Group 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 Group is currently evaluating the impact the amendments will have on its consolidated 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 Group 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 Group is currently investigating the impact of IFRS 9 on its financial statements. The Group cannot currently early adopt IFRS 9 as it has not been endorsed by the EU. Only once approved will the Group 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 Group is currently evaluating the impact the amendments will have on its consolidated 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 Group is in the process of assessing the impact of the new standards on its consolidated 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 Group's accounting periods beginning on or after 1 January 2011 or later periods, but without any significant impact to the Group:

- 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 Group's consolidated financial statements.

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

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

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

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc.

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

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquireeand the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquireeon an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree'sidentifiable net assets. Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date.Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability isrecognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income.Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accountedfor within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss(see Note 2.6).

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition (see Note 2.6).

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profit or loss is recognised in the statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit (loss) of an associate' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group. Dilution gains and losses arising in investments in associates are recognised in the income statement.

(d) Joint ventures

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

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

2.3 Segment reporting

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

2.4 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in euros, which is the Company's functional and presentation currency. Given that the Group'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. Depending on the country of operation, the Group translates this value to the local currency (Euro in most cases) 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 statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

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

(c) *Group companies*

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

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

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

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

(All amounts in Euro thousands unless otherwise stated)

2.5 Property, plant and equipment

Land and buildings comprise mainly plant, the owned retail network 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 Group 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 turnaround costs that take place periodically(usually on a four year basis)are deferred and charged against income on a straight line basis over the scheduled turnaround period.

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 economic 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
– LPG and white products carrier vessels	25 years
– Other Vessels	20 – 25 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 are included in the income statement within 'Other income / (expenses) – net'.

Capitalisation of borrowing costs

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

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

2.6 Intangible assets

(a) Goodwill

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

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment. Goodwill impairment reviews are undertaken annually or more frequently, if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and fair value less costs to sell.

(b) Goodwill from Retail operations

Goodwill from retail operations represents upfront lump-sum amounts paid to new operators upon the signing of a new retail agreement for sites that previously did not form part of the Group's retail operations. Such payments are made to secure future revenues for the Group that were not available in the past and are therefore capitalised in accordance with IAS 38, Intangible Assets. They are amortised over the life of the acquired right.

(c) 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 also include Upstream Exploration rights which are amortised over the period of the exploration period as per the terms of the relevant licences.

(d) 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 (3years).

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 development.

(c) Oil and gas production assets

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

(d) Depreciation/amortization

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

(e) Impairment – exploration and evaluation assets

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

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

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

2.8 Impairment of non-financial assets

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

2.9.1 Classification

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

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

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

(b) Loans and receivables

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

Loans and receivables include “Trade and other receivables” and “Cash and cash equivalents” in the statement of financial position.

(c)Held-to-maturityto 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 the trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Loans and receivables and held-to-maturity investmentsare carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the ‘Financial assets at fair value through profit or loss’ category are included in the statement of comprehensive income in the period in which they have arisen.Changes in the fair value of monetary and non-monetary financial assets classified as available for sale are recognized in other comprehensive income. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the income statement as “gains or loss from investment securities”.

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

2.9.3 Impairment of financial assets

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

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

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

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

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

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

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

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

2.12 Inventories

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

Cost of inventories is determined using the monthly weighted average cost method. 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 Group will not be able to collect all amounts due according to the original terms of the receivables.

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

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

2.17 Current and deferred income tax

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

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

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

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

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

2.18 Employee benefits

(a) *Pension obligations*

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

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

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

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

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

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

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

(b) Termination benefits

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

(c) Share-based compensation

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

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

2.19 Trade and other payables

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

2.20 Provisions

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

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

2.21 Environmental liabilities

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

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

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

2.22 Revenue recognition

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

(a) Sales of goods – wholesale

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

(b) Sales of goods – retail

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

(c) Sales of services

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

(d) Interest income

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

(e) Dividend income

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

2.23 Leases

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

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

2.24 Dividend distribution

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

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

(a) Market risk

(i) Foreign exchange risk

As explained in note 2.4 "Foreign Currency translation", the functional and presentation currency of the Group 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 Group's operations. In addition, most of the Group's financing contracts provide for multi-currency facilities which include the Euro and USD.

Foreign currency exchange risk arises on three types of exposure:

- **Financial position translation risk:** Most of the inventory held by the Group is reported in Euro while its underlying value is determined in USD. Thus, a possible devaluation of the USD against the Euro leads to a reduction in the realisable value of inventory included in the statement of financial position. In order to manage this risk, asignificant part of the Group'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 statement of financial position at cost. The exposure at any point in time is clearly given by the amounts shown in the statement of financial position and the related disclosures.It is estimated, that at 31 December

2011if the Euro had weakened against the US dollar by 5% with all other variables held constant, pre-tax profits would have been €15million lower, as a result of foreign exchange losses on translation of US dollar-denominated receivables, payables and borrowings.

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

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

(ii) Commodity price risk

The Group's primary activity as a refiner creates two types of commodity price exposures; 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 cashflows of the business.

In the case of price risk, the level of exposure is determined by the amount of priced inventory carried at the end of the reporting period. In periods of sharp price decline, as Group policy is to report its inventory at the lower of 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 Group financial results, a change in the refinery margins has a proportionate impact on the Group's profitability. Where possible, the Group aims to hedge 10-50% of each of the various components of its expected production. This, however, is not possible to do in all market conditions and as a result only a small part of the price risk is effectively hedged.The sensitivity of the fair value of the open derivative contracts affecting profits to an immediate 10% increase or decrease in all reference prices, would have been €1,2million at 31 December 2011.(31 December 2010: €1.1 million).This figure does not include any corresponding economic impact that would arise from the natural business exposure, which would be expected to largely offset the gain or loss on the derivatives.

(iii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, while borrowings issued at fixed rates expose the Group to fair value interest rate risk. Depending on the levels of net debt at any given period of time, any change in the base interest rates (EURIBOR or LIBOR), has a proportionate impact on the Groups results. At 31 December 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€3million lower. At 31 December 2011, if interest rates on Euro denominated borrowings had been 0,5% higher with all other variables held constant, pre-tax profit for the year would have been Euro€10million 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. Sales to retail customers are settled in cash or using major credit cards.

(All amounts in Euro thousands unless otherwise stated)

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 Group 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 Group 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, the Group 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.

The table below shows the segregation of trade receivables:

	As at	
	31 December 2011	**31 December 2010**
Total trade receivables	704.184	668.456
of which:		
Past due receivables	168.757	124.352
Doubtful receivables balance	163.743	145.027
	332.500	**269.379**
Allowance for bad debts	**153.664**	**135.947**

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, the ageing analysis of trade receivables that were past due but not impaired,is as follows:

	As at	
	31 December 2011	**31 December 2010**
Up to 30 days	79.643	54.765
30 - 90 days	36.502	26.095
Over 90 days	52.612	43.492
Total	**168.757**	**124.352**

As of 31 December 2011, the ageing analysis of trade receivables that were individually impaired is as follows:

(All amounts in Euro thousands unless otherwise stated)

	As at	
	31 December 2011	**31 December 2010**
Up to 30 days	2.356	3.774
30 - 90 days	446	503
Over 90 days	160.941	140.750
Total	**163.743**	**145.027**

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 adequate amounts of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in its funding through the use of committed credit facilities.

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

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
31 December 2011				
Borrowings	1.531.893	738.463	-	403.833
Derivative financial instruments	46.355	50.158	-	-
Trade and other payables	1.640.595	-	-	-
31 December 2010				
Borrowings	1.297.498	54.630	673.248	405.318
Derivative financial instruments	24.003	33.952	32.344	-
Trade and other payables	1.448.709	-	-	-

3.2 Capital risk management

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

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

(All amounts in Euro thousands unless otherwise stated)

During 2011 the Group 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)	2.674.189	2.430.694
Less: Cash & Cash Equivalents (Note 13)	(985.486)	(595.757)
Less: Available for sale financial assets	(2.062)	(2.078)
Less: Held-to-maturity securities (Note 12)	-	(167.968)
Net debt	**1.686.641**	**1.664.891**
Total Equity	2.529.990	2.531.618
Total Capital Employed	**4.216.631**	**4.196.509**
Gearing ratio	**40%**	**40%**

The gearing ratio was sustained at same levels as the previous year as funding requirements of the Group's refinery upgrade project in Elefsinaare on-going.

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 Group'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**

(All amounts in Euro thousands unless otherwise stated)

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 arereadily and regularly available from an exchange, dealer, broker, industry Group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. 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.
- The fair value of commodity swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

4 Critical accounting estimates and judgements

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

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

(a) Income taxes

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

(b) Provision for environmental restoration

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

(c) Estimated impairment of goodwill and non-financial assets

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

(d) Fair value of derivatives and other financial instruments

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

(e) 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 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.

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

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 19.

(g) Provisions for legal claims

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

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

	Refining	Marketing	Exploration & Production	Petro-chemicals	Gas & Power	Other	Inter-Segment	Total
Year ended 31 December 2011								
Sales	8.937.391	3.953.223	-	339.613	-	25.851	(3.948.496)	9.307.582
Other operating income / (expense) - net	(21.923)	19.038	(2.561)	4.352	-	(3.796)	-	(4.890)
Operating profit / (loss)	**174.025**	**(10.505)**	**(10.413)**	**20.405**	**(446)**	**1.943**	**-**	**175.009**
Currency exchange gains/ (losses)	(8.143)	(2.703)	-	-	-	149	-	(10.697)
Profit before tax, share of net result of associates & finance costs	**165.882**	**(13.208)**	**(10.413)**	**20.405**	**(446)**	**2.092**	**-**	**164.312**
Share of net result of associates and dividend income	101	128	-	(1.602)	68.861	-	-	67.488
Profit after associates	**165.983**	**(13.080)**	**(10.413)**	**18.803**	**68.415**	**2.092**	**-**	**231.800**
Finance (expense)/income - net								(68.371)
Profit before income tax								**163.429**
Income tax expense								(45.763)
Income applicable to non-controlling interests								(3.516)
Profit for the year attributable to the owners of the parent								**114.150**

(All amounts in Euro thousands unless otherwise stated)

	Refining	Marketing	Exploration & Production	Petro-chemicals	Gas & Power	Other	Inter-Segment	Total
Year ended 31 December 2010								
Sales	7.832.281	3.507.741	726	377.056	843	21.921	(3.263.763)	8.476.805
Other operating income / (expense) - net	136	28.888	-	3.497	-	1.125	1.660	35.306
Operating profit / (loss)	**297.851**	**42.137**	**(25.156)**	**33.415**	**273**	**(4.875)**	**267**	**343.913**
Currency exchange gains/ (losses)	(11.257)	(4.694)	-	-	-	158	-	(15.793)
Profit before tax, share of net result of associates & finance costs	**286.594**	**37.443**	**(25.156)**	**33.415**	**273**	**(4.717)**	**267**	**328.120**
Share of net result of associates and dividend income	309	320	-	(1.426)	30.825	-	-	30.027
Profit after associates	**286.903**	**37.763**	**(25.156)**	**31.989**	**31.098**	**(4.717)**	**267**	**358.147**
Finance (expense)/income - net								(59.434)
Profit before income tax								**298.713**
Income tax expense								(111.294)
Income applicable to non-controlling interests								(7.601)
Profit for the year attributable to the owners of the parent								**179.818**

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

(All amounts in Euro thousands unless otherwise stated)

The segment assets and liabilities at 31 December 2011 and 2010 are as follows:

Year ended 31 December 2011	**Refining**	**Marketing**	**Exploration & Production**	**Petro-chemicals**	**Gas & Power**	**Other**	**Inter-Segment**	**Total**
Total assets	5.066.792	1.531.042	9.980	271.625	611.719	1.798.173	(2.100.504)	7.188.827
Investments in associates	3.378	653	-	1.906	610.158	-	-	616.095
Total liabilities	2.974.867	896.667	1	169.067	124	1.509.076	(890.965)	4.658.837
Net assets	2.091.925	634.375	9.979	102.557	611.596	289.097	(1.209.539)	2.529.990
Capital expenditure	651.527	21.990	-	1.214	-	233	-	674.964
Depreciation & Amortisation	77.055	64.858	345	16.862	-	477	-	159.597

Year ended 31 December 2010	**Refining**	**Marketing**	**Exploration & Production**	**Petro-chemicals**	**Gas & Power**	**Other**	**Inter-Segment**	**Total**
Total assets	4.729.818	1.634.711	3.502	284.585	548.119	1.795.836	(2.131.301)	6.865.270
Investments in associates	9.392	790	-	3.508	547.093	-	-	560.783
Total liabilities	2.555.376	916.227	638	194.783	(1)	1.627.664	(961.035)	4.333.652
Net assets	2.174.441	718.484	2.864	89.802	548.120	168.172	(1.170.265)	2.531.618
Capital expenditure	675.138	28.044	-	6.035	-	121	-	709.338
Depreciation & Amortisation	74.619	64.099	682	16.938	-	456	-	156.794

(All amounts in Euro thousands unless otherwise stated)

6 Property, plant and equipment

	Land	Buildings	Plant & Machinery	Motor vehicles	Furniture and fixtures	Assets Under Con-struction	Total
Cost							
As at 1 January 2010	**275.387**	**536.242**	**2.100.284**	**76.340**	**116.323**	**722.488**	**3.827.064**
Additions	636	2.768	8.620	1.060	6.430	688.794	708.308
Finalisation of PPA of BP Hellas	-	(2.001)	-	-	-	-	(2.001)
Capitalised projects	251	17.558	48.678	4.779	6.914	(78.180)	-
Disposals	-	(7.093)	(12.844)	(197)	(1.777)	(6.849)	(28.760)
Currency translation effects	(947)	(3.715)	(1.146)	(2)	(29)	(305)	(6.144)
Transfers and other movements	144	3.582	(2.307)	110	32	(5.904)	(4.343)
As at 31 December 2010	**275.471**	**547.341**	**2.141.285**	**82.090**	**127.893**	**1.320.044**	**4.494.124**
Accumulated Depreciation							
As at 1 January 2010	**-**	**267.353**	**1.321.314**	**33.188**	**90.450**	**-**	**1.712.305**
Charge for the year	-	22.587	97.592	4.622	10.470	-	135.271
Disposals	-	(6.828)	(11.369)	(173)	(1.697)	-	(20.067)
Currency translation effects	-	(665)	(692)	(48)	27	-	(1.378)
Transfers and other movements	-	(59)	(391)	55	(107)	-	(502)
As at 31 December 2010	**-**	**282.388**	**1.406.454**	**37.644**	**99.143**	**-**	**1.825.629**
Net Book Value at 31 December 2010	**275.471**	**264.953**	**734.831**	**44.446**	**28.750**	**1.320.044**	**2.668.495**
Cost							
As at 1 January 2011	**275.471**	**547.341**	**2.141.285**	**82.090**	**127.893**	**1.320.044**	**4.494.124**
Additions	1.464	2.324	8.764	956	5.467	654.636	673.611
Capitalised projects	-	35.044	286.629	73	4.153	(325.899)	-
Disposals	(285)	(3.686)	(9.069)	(557)	(1.411)	(2.168)	(17.176)
Currency translation effects	52	228	28	20	(4)	(10)	314
Transfers and other movements	13.551	(1.447)	3.300	(26)	(8)	(13.538)	1.832
As at 31 December 2011	**290.253**	**579.804**	**2.430.937**	**82.556**	**136.090**	**1.633.065**	**5.152.705**
Accumulated Depreciation							
As at 1 January 2011	**-**	**282.388**	**1.406.454**	**37.644**	**99.143**	**-**	**1.825.629**
Charge for the year	-	23.277	100.352	4.665	10.767	-	139.061
Disposals	-	(3.885)	(8.483)	(557)	(1.400)	-	(14.325)
Currency translation effects	-	18	13	-	(3)	-	28
Transfers and other movements	-	(769)	(803)	(109)	(103)	-	(1.784)
As at 31 December 2011	**-**	**301.029**	**1.497.533**	**41.643**	**108.404**	**-**	**1.948.609**
Net Book Value at 31 December 2011	**290.253**	**278.775**	**933.404**	**40.913**	**27.686**	**1.633.065**	**3.204.096**

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

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

(3) During 2011 an amount of €67,5million (2010: €21,8million) in respect of interest has been capitalised in relation to Assets Under Construction relating to the refining segment, at an average borrowing rate of 4,5% (2010: 2,8%).

(4) Transfers of€13,3 million to land out of "other intangibles" (Note 7) relate to plots of land in Serbia where the Group has obtained ownership titles following change in local legislation.

(5) Under 'Transfers and other movements' in assets under construction of €13,5 million an amount of €5,9 million is transferred to intangible assets under 'Computer software' which relate to completed IT software projects capitalised during 2011.

(All amounts in Euro thousands unless otherwise stated)

7 Intangible assets

	Goodwill	Goodwill from Retail Operations	Computer software	Licences & Rights	Other	Total
Cost						
As at 1 January 2010	**139.005**	**48.771**	**67.938**	**32.431**	**103.712**	**391.857**
Additions	-	-	930	-	100	1.030
Finalisation of PPA of BP Hellas	-	-	-	-	(4.044)	(4.044)
Disposals	-	-	(3)	-	-	(3)
Other movements & Currency translation effects	-	-	3.139	105	(6.512)	(3.268)
As at 31 December 2010	**139.005**	**48.771**	**72.004**	**32.536**	**93.256**	**385.572**
Accumulated Amortisation						
As at 1 January 2010	**71.829**	**4.612**	**63.466**	**15.237**	**8.505**	**163.649**
Charge for the year	-	4.299	3.854	2.128	11.242	21.523
Disposals	-	-	(3)	-	-	(3)
Other movements & Currency translation effects	-	-	(580)	2	(4.027)	(4.605)
As at 31 December 2010	**71.829**	**8.911**	**66.737**	**17.367**	**15.720**	**180.564**
Net Book Value at 31 December 2010	**67.176**	**39.860**	**5.267**	**15.169**	**77.536**	**205.008**
Cost						
As at 1 January 2011	**139.005**	**48.771**	**72.004**	**32.536**	**93.256**	**385.572**
Additions	-	-	1.239	-	114	1.353
Disposals	(22)	(1.396)	-	-	-	(1.418)
Other movements & Currency translation effects	-	2.304	5.939	-	(13.350)	(5.107)
As at 31 December 2011	**138.983**	**49.679**	**79.182**	**32.536**	**80.020**	**380.400**
Accumulated Amortisation						
As at 1 January 2011	**71.829**	**8.911**	**66.737**	**17.367**	**15.720**	**180.564**
Charge for the year	-	4.753	2.688	1.669	11.426	20.536
Disposals	-	(846)	-	-	-	(846)
Other movements & Currency translation effects	-	2.296	(56)	-	31	2.271
As at 31 December 2011	**71.829**	**15.114**	**69.369**	**19.036**	**27.177**	**202.525**
Net Book Value at 31 December 2011	**67.154**	**34.565**	**9.813**	**13.500**	**52.843**	**177.875**

(1) The majority of the remaining amount of goodwill as at 31 December 2011relates to the unamortised goodwill arising on the acquisition of Hellenic Petroleum Cyprus Ltd from BP plc in 2003 which is treated in line with the accounting policy in note 2.6.This has been tested for impairment as at 31 December 2011using the value-in-use model, by projecting expected cash flows for the component for a period of five years, using 2011 as the basis year and with subsequent annual growth to perpetuity of 2,5%. Such cash flows were discounted using an 8,3% discount rate, which represents the weighted average cost of capital of the component.

(2) Goodwill from retail operations relates to upfront lump-sum payments in respect of new retail sites. Details of the accounting policy are given in note 2.6

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

(4) Otherintangible assets category includes rights of use of land in Serbiawhere under local statutory law, certain plots of land belong to the user under a right of use. The Group transferred an amount of €13,3 million to PPE, under “Land” (Note 6), relating to plots whereby ownership was obtained. Also included are amounts paid to the government for use of land in Montenegro where the company holds title.

(All amounts in Euro thousands unless otherwise stated)

Furthermore, included therein is the fair value of the contractual customer relationships from the subsidiary acquired in December 2009 (ex BP Hellas).

8 Investments in associates and joint ventures

	As at	
	31 December 2011	**31 December 2010**
Beginning of the Year	**560.783**	**517.378**
Dividend income	(7.423)	(4.211)
Share of results of associates & joint ventures	67.488	30.027
Share capital increase / (decrease)	775	17.589
Impairment of investment	(5.528)	-
End of the year	**616.095**	**560.783**

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

a) Jointly Controlled Group Entities

The Group is active in power generation and trading business in Greece through its 50% shareholding in Elpedison B.V., a jointly controlled entity with EDISON International. The Group opted to consolidate ELPEDISON BV using the equity method, and as such ELPEDISON B.V. group of companies consolidated results, appear under Results from Associates and its Net assets under the Investment in Associates.

Given the materiality of this activity for the Group, the table below summarises theunaudited proformakey financials of Elpedison B.V. group which includes Elpedison Power (75%) and Elpedison Trading (100%):

(All amounts in Euro thousands unless otherwise stated)

	As at	
Elpedison B.V Group	**31 December 2011**	**31 December 2010**
	(Unaudited Proforma)	***(Audited)***
Statement of Financial Position		
Non-Current Assets	443.969	468.800
Cash and Cash Equivalents	6.160	5.608
Other Current Assets	190.098	110.293
Total Assets	**640.227**	**584.701**
Equity	**163.288**	**158.227**
Long Term Borrowings	325.747	-
Other Non-Current Liabilities	6.990	3.937
Short Term Borrowings	14.266	359.227
Other Current Liabilities	129.936	63.310
Total Liabilities	**476.939**	**426.474**
Total Liabilities and Equity	**640.227**	**584.701**
Statement of Comprehensive Income		
Revenue	431.685	156.443
EBITDA	**60.815**	**19.064**
Depreciation & Amortisation	28.906	15.694
EBIT	**31.909**	**3.370**
Interest Income	375	375
Interest Expense	(24.674)	(7.281)
Income Tax	(2.549)	876
Profit / (Loss) after Tax	**5.061**	**(2.660)**
Profit / (Loss) After Tax and Minorities	**3.676**	**(2.053)**
Income / (Loss) accounted in Helpe Group	**1.838**	**(1.330)**

Elpedison Power was formed through a merger of T-Power SA (HELPE 100% subsidiary) and Thisvi SA, an EDISON/HED joint venture in 2009. The company concluded a short term loan for €360m ("Bridge Facility") in September 2009 which was used to repay existing indebtedness originally obtained through HPF plc and serving as a bridge finance to a full Project Finance structure. In September 2011, due to the prevailing financial market conditions, Elpedison Power proceeded with refinancing the balance of the Bridge Facility with a new two year amortising €345 million loan. The loan is fully guaranteed on a pro rata basis by all the shareholders of ELPEDISON Power SA and includes normal restrictions on dividends distribution.

b) Associates

The Group exercises significant influence in a number of other entities, also accounted for by the equity method.

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

	For the year ended	
	31 December 2011	**31 December 2010**
Public Natural Gas Corporation of Greece (DEPA)	66.825	31.778
Other associates	(1.175)	(421)
Total	**65.650**	**31.357**

(All amounts in Euro thousands unless otherwise stated)

The main financial information of DEPA Groupis presented below:

	For the year ended	
	31 December 2011	**31 December 2010**
	(Unaudited Proforma)	*(Audited)*
EBITDA	275.038	204.317
Income before Tax	244.739	152.316
Income Tax	(53.810)	(61.522)
Net income	**190.929**	**90.794**
Income accounted in Helpe Group	**66.825**	**31.778**

An alternative analysis of the Group's share in major associates' financial position and results is set below:

	% interest held	**As at 31 December 2011 (Unaudited Proforma)**		
		Assets	**Liabilities**	**Revenues**
DEPA	35%	2.955.515	1.452.299	1.761.093
EAKAA	50%	18.207	9.135	3.167
DMEP Holdco (ultimate parent of OTSM)	48%	210.899	210.415	564

		As at 31 December 2010 (Audited)		
		Assets	**Liabilities**	**Revenues**
DEPA	35%	2.743.944	1.412.111	1.216.957
EAKAA	50%	19.726	10.929	3.484

(All amounts in Euro thousands unless otherwise stated)

DMEP HoldCo Ltd

In 2011, the Group participated with 48% holding through its subsidiary company Hellenic Petroleum International A.G. in the setting-up of a new company DMEP HoldCo Ltd, a company incorporated in UK, which in turn owns 100% of OTSM, "SocieteAnonyme of Maintenance Compulsory Stocks and Trading of Crude Oil and Petroleum Products". OTSM is established under Greek law and is fully permitted to provide crude oil and petroleum products stock keeping and management services. The Group has delegated part of its compulsory stock keeping obligations to OTSM at a fee calculated in line with the legal framework. In December 2011 Hellenic Petroleum S.A. sold inventory of total value €200 millionto OTSM (Note 10). This move is in line with the strategy of the Group to de-risk its balance sheet and reduce the level of funding requirements for working capital.

9 Loans, Advances & Long Term assets

	As at	
	31 December 2011	**31 December 2010**
Loans and advances	53.116	18.850
Other long term assets	43.119	69.000
Total	**96.235**	**87.850**

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

Other long term assets primarily include payments made to secure long term retail network locations and other prepayments of long term nature, which are non-interest bearing. These are amortised over the remaining life of the relating contracts of the petrol stationsand are discounted using a rate of 5% for 2011 (2010: 5%).

10 Inventories

	As at	
	31 December 2011	**31 December 2010**
Crude oil	324.736	706.237
Refined products and semi-finished products	705.032	791.958
Petrochemicals	34.982	34.598
Consumable materials and other spare parts	85.813	81.308
- Less: Provision for consumables and spare parts	(9.372)	(13.476)
Total	**1.141.191**	**1.600.625**

The cost of goods sold included in "Cost of sales" for 2011 is equal to €7,9billion (2010: €7,0billion).

During 2011, the parent 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, 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 projectThe amount of the reversal in provisions for obsolete inventories of €4,1millionis recognized within "other operating income" (2010: €1,1 million write-down included in "cost of sales").

(All amounts in Euro thousands unless otherwise stated)

During 2011, inventory with value of €200 million was sold to OTSM S.A. (Note 8) as part of the working capital reduction program.

11 Trade and other receivables

	As at	
	31 December 2011	**31 December 2010**
Trade receivables	704.184	668.456
- Less: Provision for impairment of receivables	(153.664)	(135.947)
Trade receivables net	**550.520**	**532.509**
Other receivables	401.644	387.821
- Less: Provision for impairment of receivables	(25.778)	(24.696)
Other receivables net	**375.866**	**363.125**
Derivatives held for trading (Note 21)	-	12.715
Deferred charges and prepayments	19.432	29.530
Total	**945.818**	**937.879**

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

The fair values of receivables approximate their carrying amount.

The movement in the provision for impairmentof trade receivables is set out below.

	As at	
	31 December 2011	**31 December 2010**
Balance at 1 January	135.947	106.918
Charged / (credited) to the income statement:		
- Additional provisions	23.112	25.633
- Unused amounts reversed	(1.094)	(1.415)
- Receivables written off during the year as uncollectible	(4.326)	(1.388)
Other movements	25	(1.452)
Acquisition of sumbsidiary (ex BP Hellas)	-	7.651
Balance at 31 December	**153.664**	**135.947**

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**

(All amounts in Euro thousands unless otherwise stated)

Held-to-maturity investments as at 31 December 2010 were short-term government bonds issued on the 30th December 2010 by Ministry of Finance to repay trade receivables. They were repaid in full on their maturity date, in December 2011.

13 Cash and cash equivalents

	As at	
	31 December 2011	**31 December 2010**
Cash at Bank and in Hand	501.744	396.709
Short term bank deposits	483.742	199.048
Total	**985.486**	**595.757**

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	0,62%	3,39%
USD	0,56%	0,32%

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 shares were 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.

(All amounts in Euro thousands unless otherwise stated)

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:

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 compensation is €1.119 (2010: €1.352).

15 Reserves

	Statutory reserve	Special reserves	Hedging reserve	Share-based payment reserve	Tax reserves	Other reserves	Total
Balance at 1 January 2010	**100.664**	**98.420**	**(29.054)**	**1.166**	**342.709**	**(8.066)**	**505.839**
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
Fair value gains on available-for-sale financial assets	-	-	-	-	-	44	44
Translation exchange differences	-	-	-	-	-	1.100	1.100
Balance at 31 December 2010	**108.970**	**98.420**	**(54.242)**	**2.518**	**351.322**	**(6.922)**	**500.066**
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
Fair value losses on available-for-sale financial assets	-	-	-	-	-	(72)	(72)
Translation exchange differences	-	-	-	-	-	115	115
Balance at 31 December 2011	**113.792**	**98.420**	**(67.150)**	**3.637**	**351.322**	**(6.879)**	**493.142**

The movement in the hedging reserve is shown net of tax of€1.866(2010: €6.723) – refer to Note 28.

(All amounts in Euro thousands unless otherwise stated)

Statutory reserves

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

Special reserves

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

Tax free reserves

Tax free reserves include:

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

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

16 Trade and other payables

	As at	
	31 December 2011	**31 December 2010**
Trade payables	1.498.886	1.358.885
Accrued Expenses	58.211	18.520
Derivatives (Note 21)	46.355	24.003
Other payables	83.498	71.304
Total	**1.686.950**	**1.472.712**

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

(All amounts in Euro thousands unless otherwise stated)

17 Borrowings

	As at	
	31 December 2011	**31 December 2010**
Non-current borrowings		
Bank borrowings	1.136.283	1.127.863
Finance leases	6.013	5.333
Total non-current borrowings	**1.142.296**	**1.133.196**
Current borrowings		
Short term bank borrowings	1.531.418	1.297.103
Finance leases - current portion	475	395
Total current borrowings	**1.531.893**	**1.297.498**
Total borrowings	**2.674.189**	**2.430.694**

The maturity of non-current borrowings is the following:

	As at	
	31 December 2011	**31 December 2010**
Between 1 and 2 years	738.463	54.630
Between 2 and 5 years	0	673.248
Over 5 years	403.833	405.318
	1.142.296	**1.133.196**

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

		As at 31 December 2011	
	€	**US$**	**RSD**
Bank Borrowings (short-term)			
- Floating Euribor + margin	5,67%	-	-
- Floating Libor + margin	-	1,14%	-
Bank Borrowings (long-term)			
- Floating Euribor + margin	2,21%	-	-
- Floating Libor + margin	-	0,63%	-
- NBS 2wk repo + margin	-	-	13,71%

		As at 31 December 2010	
	€	**US$**	**RSD**
Bank Borrowings (short-term)			
- Floating Euribor + margin	4,71%	-	-
- Floating Libor + margin	-	0,86%	-
Bank Borrowings (long-term)			
- Floating Euribor + margin	1,87%	-	-
- Floating Libor + margin	-	0,61%	-
- NBS 2wk repo + margin	-	-	14,24%

(All amounts in Euro thousands unless otherwise stated)

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

	As at	
	31 December 2011	**31 December 2010**
Euro	2.009.590	1.787.831
US dollar	599.737	571.771
Other	64.862	71.092
Total borrowings	**2.674.189**	**2.430.694**

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

On 18 April 2006 HPF concluded a €300 million syndicated 364-day multi-currency revolving credit facility agreement with the guarantee of the Parent Company. The facility had an extension option for a further 364-day period which was exercised in 2007 and consequently the maturity date was extended to 15 April 2008. In April 2008, the facility was extended for a further 364 day period until 14 April 2009 and the facility amount was increased to €400 million. Subsequently the facility was extended as follows, each time for a further 364-day period: a) in April 2009 it was extended to 13 April 2010, b) in April 2010 it was extended to 12 April 2011 and c) in April 2011 it was extended to 10 April 2012 and is further extended to July 2013. The Euro equivalent of the total amount outstanding under the facility at 31 December 2011 was €225 million (31 December 2010: €285 million).

On 2 February 2007 HPF signed a syndicated credit facility agreement of US$ 1,18 billion with a maturity of five years and two 364-day extension options exercisable prior to the first and the second anniversary of the facility. A total of fifteen Greek and international financial institutions have participated in the facility. The facility is guaranteed by the Parent Company and comprises of fixed term borrowings and revolving credit. In 2007 the Company exercised the first extension option of the facility to mature on 31 January 2013 to which all participating financial institutions have consented, except for one bank whose participation amounted to US$ 20 million. The Company did not exercise the second extension option. The Euro equivalent of the total amount outstanding under the facility at 31 December 2011 was €901 million (31 December 2010: €875 million), of which short term revolving loans amounted to €517 million (31 December 2010: €499 million).

On 9 December 2009, HPF concluded a syndicated €250 million credit facility agreement with a maturity of three years and the possibility to increase the amount up to €350 million after syndication of the facility in the secondary market. On 11 February 2010 following successful syndication in the secondary market the credit facility amount was increased to €350 million. The facility is guaranteed by the Parent Company. The proceeds of the facility have been used to finance the acquisition of Hellenic Fuels S.A. (former BP Hellas S.A.) by Hellenic Petroleum International A.G. which is 100% owned by the Parent Company. The outstanding balance of the facility amounted to €350 million as at 31 December 2011 (31 December: €350 million).

The total balance of HPF's bank borrowings as at 31 December 2011 amounted to the equivalent of €1,5 billion (31 December 2010: €1,5 billion). The proceeds of the aforementioned facilities have been used to provide loans to other Group companies.

On 26 May 2010, Hellenic Petroleum S.A. 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.

The Group subsidiaries also have loans with various banks to cover their local financing needs. As at 31 December 2011, the outstanding balance of such loans amounted to approximately €0.8 billion (31 December 2010: approximately €0,5 billion). Out of these approximately €0,6 billionrelate to short-term loansof the parent company Hellenic Petroleum S.A. with various banks that areused to cover its financing needs.

(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	1.533.908	1.297.088
Term loans	1.133.793	1.127.878
Finance lease	6.488	5.728
Total borrowings	**2.674.189**	**2.430.694**

Finance leases are analysed as follows:

	As at	
	31 December 2011	**31 December 2010**
Obligations under finance leases		
Within 1 year	1.067	874
Between 1 and 5 years	4.059	3.440
After 5 years	4.847	4.725
Total lease payments	**9.973**	**9.039**
less: Interest	(3.485)	(3.311)
Total	**6.488**	**5.728**

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 as follows:

	As at	
	31 December 2011	**31 December 2010**
Deferred tax assets:		
Deferred tax assets to be recovered after more than 12 months	19.968	38.827
	19.968	**38.827**
Deferred tax liabilities:		
Deferred tax liabilities to be incurred after more than 12 months	(49.134)	(50.796)
	(49.134)	**(50.796)**
	(29.164)	**(11.969)**

(All amounts in Euro thousands unless otherwise stated)

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

	As at	
	31 December 2011	**31 December 2010**
Beginning of the year	(11.969)	(29.692)
Income statement recovery / (charge)	(15.221)	8.450
Charged / (released) to equity	1.866	6.723
Acquisition of subsidiary	-	2.583
Other movements	(3.840)	(33)
End of year	**(29.164)**	**(11.969)**

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

Intangible and tangible fixed assets	(55.625)	(38.251)
Inventory valuation	(365)	1.658
Unrealised exchange gains	-	6.058
Employee benefits provision	22.929	29.649
Derivative financial instruments at fair value	19.310	17.874
Acquisition of subsidiary	-	2.583
Environmental provisions (Note 20)	3.220	-
Other temporary differences	(18.633)	(31.540)
End of year	**(29.164)**	**(11.969)**

Other temporary differences include mostly temporary differences on various receivables provisions as well as the provisions for unaudited tax years.

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

19 Retirement benefit obligations

	As at	
	31 December 2011	**31 December 2010**
Balance sheet obligations for:		
Pension benefits	113.991	143.414
Total as per balance sheet	**113.991**	**143.414**

	For the year ended	
	31 December 2011	**31 December 2010**
Income statement charge for:		
Pension benefits	54.649	23.600
Total as per income statement	**54.649**	**23.600**

(All amounts in Euro thousands unless otherwise stated)

The amounts recognised in the balance sheet are as follows:

	As at	
	31 December 2011	**31 December 2010**
Present value of funded obligations	10.538	10.580
Fair value of planned assets	(7.801)	(8.563)
Present value of unfunded obligations	132.660	168.784
Unrecognised actuarial gains / (losses)	(18.392)	(24.116)
Unrecognised prior service cost	(3.014)	(3.271)
Liability in the Balance Sheet	**113.991**	**143.414**

The amounts recognised in the income statement are as follows:

	For the year ended	
	31 December 2011	**31 December 2010**
Current service cost	8.759	10.961
Interest cost	6.603	9.663
Net actuarial (gains) / losses recognised in the year	720	1.068
Past service cost	288	192
Regular profit & loss charge	**16.370**	**21.884**
Additional cost of extra benefits	38.279	1.716
Total included in employee benefit expense	**54.649**	**23.600**

Additional cost of extra benefits for 2011,relate primarily to the voluntary retirement scheme costs (see also Note 25).

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

	As at	
	31 December 2011	**31 December 2010**
Beginning of the year	143.414	148.464
Total expense included in employee benefit expense	54.649	23.600
Payments made	(83.875)	(29.729)
Other adjustments	(197)	1.079
At year end	**113.991**	**143.414**

The principal actuarial assumptions used were as follows:

	As at	
	31 December 2011	**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)

20 Provisions and other long term liabilities

	As at	
	31 December 2011	**31 December 2010**
Government grants	20.367	24.084
Litigation and tax provisions	11.135	5.761
Provisions for environmental costs	16.100	-
Other provisions & Long Term Liabilities	11.986	17.649
Total	**59.588**	**47.494**

(All amounts in Euro thousands unless otherwise stated)

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

	Government advances and grants	Litigation & tax povisions	Provisions for environmental costs	Other Provisions	Total
At 1 January 2010	**27.813**	**8.842**	**-**	**14.576**	**51.231**
Charged / (credited) to the income statement:					
- Unused amounts reversed	-	(1.113)	-	117	(996)
- Amortisation of grants	(3.860)	-	-	-	(3.860)
- Utilized during year	-	(1.968)	-		(1.968)
Reclassifications	-	-	-	3.536	3.536
Additional grants	131	-	-	-	131
Used during year	-	-	-	(580)	(580)
At 31 December 2010	**24.084**	**5.761**	**-**	**17.649**	**47.494**
Charged / (credited) to the income statement:					
- Additional provisions	-	2.000	16.100	1.337	19.437
- Unused amounts reversed	-	-	-	(1.162)	(1.162)
- Amortisation of grants	(3.717)	-	-	-	(3.717)
- Utilized during year	-	(1.070)	-	418	(652)
Other movements / Reclassifications	-	4.444	-	(6.256)	(1.811)
At 31 December 2011	**20.367**	**11.135**	**16.100**	**11.986**	**59.588**

Government grants

Advances by the Government to the Group's entities relate to property plant and equipment.

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 issues.

Other provisions and other long-term liabilities

Other provisions and long term liabilities relate tosundry operating items and risks arising from the Group'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 Group enters into derivativecontracts. To the extent that these contracts are not designated as hedges, they are categorized as derivatives held-for-trading. The fair value of derivatives held-for-trading is recognized on the statement of financial position in "Trade and other debtors" and "Trade and other payables" if the maturity is less than 12 months and in "Loans, advances and other receivables" and "Other long term liabilities" if the maturity is more than 12 months. Changes in the fair value of these derivatives are charged to the Statement of comprehensive income either within Other (expenses)/income or Cost of Sales.

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

As part of managing operating and price risk, the Group engages in derivative transactions with 3rd parties with the intention of matching physical positions and trades or close proxies thereof and are therefore considered an integral part of "Cost of Sales". During 2011 the amounts attributable to such derivatives were € 51.854 loss (2010: €2.296 gain) 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 2011 was € 510 gain (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 2012 cash flow hedges related to the Elefsina Refinery Upgrade as explained below.

Derivatives designated as cash flow hedges

The Group uses derivative financial instruments to manage certain exposures to fluctuations in commodity prices. In this framework, the Group has entered into a number of commodity price swaps which have been designated by the Group as cash flow hedges, have been evaluated and proven to be highly effective, and in this respect, any changes in their fair value are recorded within Equity. The fair value of the Commodity swaps at the end of the reporting periodwas 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 €6.776 loss net of tax which relate to 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: €34.759 loss), 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 costs

	For the year ended	
	31 December 2011	**31 December 2010**
Wages and salaries	224.024	227.836
Social security costs	43.242	43.376
Pension costs	21.206	25.533
Other employment benefits	38.804	40.450
Total	**327.276**	**337.195**

Other employment benefits include medical insurance, catering, and transportation expenses. The value of shared – based compensation of €1.119 (2010: €1.352) is also 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	330.165	332.578
Administrative expenses	136.473	148.235
	466.638	**480.813**

(All amounts in Euro thousands unless otherwise stated)

24 Exploration and Development expenses

Exploration and development expenses comprise expenditure associated with the Group's exploration activities as an operator in one block in westernEgypt and in another block in southern Egypt in a joint venture with Melrose and Kuwait Energy through the Hellenic Petroleum branch in Egypt. As these projects are still in the exploration phase, all amounts spent are expensed (2011: €3.556and2010: € 20.660).

25 Other operating income / (expenses) - net

	For the year ended	
	31 December 2011	**31 December 2010**
Income from grants	3.717	3.870
Gains on derivative financial instruments	510	11.460
Losses on derivative financial instruments	-	(11.895)
De-designation of cash flow hedges	(10.320)	-
Services to third parties	4.323	4.457
Rental income	17.909	23.368
Voluntary retirement scheme cost	(40.870)	(5.132)
Excess of acquirer's interest resulting from business combinations	-	(1.434)
Gain from the sale of subsidiary (Note 36)	1.178	-
Impairment losses from associates	(5.528)	-
Gains from sale of CO2 emission rights	8.220	-
Reversal of provisions for obsolete inventories	4.623	-
Other income / (expense) - net	11.348	10.612
Total	**(4.890)**	**35.306**

Other operating (expenses) / income – net include amongst other items income or expenses which do not represent trading activities of the Group. Also included in Other Operating (Expenses) / Income are gains / (losses) from derivative positions not directly associated with operating activities (note 21).

26 Finance costs -net

	For the year ended	
	31 December 2011	**31 December 2010**
Interest income	25.777	13.270
Interest expense and similar charges	(90.168)	(71.549)
Accrued Interest	(3.980)	(1.155)
Finance costs -net	**(68.371)**	**(59.434)**

In addition to the finance cost shown above, an amount of €67,5million (2010: €22,6million) has been capitalized, as further explained in Note 6.

27 Currency exchange gains / (losses)

Currency exchange losses of €11 million for the year ended 31 December 2011 are mostly driven by marked-to-market losses on US$ denominated loans of €19 million, due to the strengthening of the US$ against the Euro taking place during 2011, which were partly net off by net realized and unrealized gains of €8 million from the translation of trade payables and receivables balances. The Group 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	30.541	119.744
Deferred tax (Note 18)	15.221	(8.450)
Total	**45.763**	**111.294**

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

	For the year ended	
	31 December 2011	**31 December 2010**
Profit Before Tax	**163.429**	**298.713**
Income tax calculated at tax rates applicable to profits	34.484	68.258
Tax on income not subject to tax	(38.178)	(27.554)
Tax on expenses not deductible for tax purposes	22.299	37.199
Additional one-off tax on profits (L.3845/10)	-	25.963
Income tax provision on interim dividend 2010	(12.225)	12.225
Additional taxes resulting from tax audits	17.720	-
Deferred tax and other movements	21.662	(4.797)
Tax Charge	**45.763**	**111.294**

The basic tax rate for Hellenic Petroleum S.A. was 20% for the period ending 31 December 2011 (24% for the period ending 31 December 2010).

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 for the Group. 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 31December 2011.

The income tax charge for 2010 had been affected by a special contribution amounting to €26 million on the profits of year 2009, in line with L.3845/2010. No provision for special contribution on the profits of year 2011 has been included in the results for the year ended 31December 2011, as a relevant tax law has not yet 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
Available-for-sale financial assets	(72)	-	(72)	44	-	44
Cash flow hedges	(14.774)	1.866	(12.908)	(31.911)	6.723	(25.188)
Currency translation differences	(40)	-	(40)	639	-	639
Other comprehensive income	**(14.886)**	**1.866**	**(13.020)**	**(31.228)**	**6.723**	**(24.505)**

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**	**0,59**
Net income attributable to ordinary shares (Euro in thousands)	114.150	179.818
Average number of ordinary shares outstanding	305.635.185	305.635.185

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

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

		For the year ended	
	Note	**31 December 2011**	**31 December 2010**
Profit before tax		**163.429**	**298.713**
Adjustments for:			
Depreciation and amortisation of property, plant & equipment and intangible assets	**6,7**	159.597	156.794
Amortisation of grants		(3.717)	(3.860)
Finance costs - net	**26**	68.371	59.434
Share of operating profit of associates and dividends	**8**	(67.488)	(30.028)
Gain from disposal of EKO Georgia	**35**	(1.178)	-
Provisions for expenses & valuation charges		37.989	38.034
Foreign exchange (gains) / losses		10.697	15.793
Loss / (gain) on sale of P.P.E.		315	(292)
		368.015	**534.588**
Changes in working capital			
Decrease / (increase) in inventories		461.969	(227.345)
Increase in trade and other receivables		(19.332)	(41.672)
Increase in payables		32.824	453.701
		475.461	**184.684**
Net cash generated from operating activities		**843.476**	**719.272**

32 Contingencies and litigation

The Group has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business. Provisions are set up by the Group against such matters whenever deemed necessary, in accordance with its accounting policies and included in other provisions (note 20). They are as follows:

(i) The Group is involved in a number of legal proceedings and has various unresolved claims pending arising in the ordinary course of business. Based on currently available information and the opinion of legal counsel, management believes the final outcome will not have a significant effect on the Group's operating results or financial position, over and above provision only reflected in the financial statements (Note 20).

(ii) InJune 2011 the tax audits for the financial years 2002 to 2005 of Hellenic Petroleum S.A. were finalized, the outcome of which resulted in disallowable expenses of €64 million. The Company has assessed the results of the tax audit and accepted disallowable expensesof €32 million, resulting in €17,6 million of additional taxes and surcharges, which were charged through the financial information for the year ended 31December 2011. The remaining amount of disallowable expenses 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 parent Company was finalised in January 2011, resulting in the recovery of V.A.T. receivable amounting to €24,6 million. Also within

2011 aprovisional 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 parent Company has not undergone a tax audit for the financial years 2006 to 2010. Provisional 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.

The following tax audits are also currently in progress:

– For Hellenic Fuels S.A. (ex BP Hellas) for the years 2005 – 2009

– For EL.PET. Balkaniki for the years 2005 – 2009

Vardax S.A. (owner of the Thessaloniki – Skopje pipeline) was charged with an amount of €6 million in respect of VAT (including additional charges) following a provisional VAT tax audit for year 2005, as the tax auditor had considered that the company's activities should be subject to VAT. The company had paid this amount and included this in "Other debtors" upon filing an appeal before the Administrative Court for the annulment of the above action. The relevant action has been annulled and the aforementioned amount has been approved for return to Vardax. Following the finalisation of the provisional VAT audit for the years 2006 – 2010 of Vardax S.A. an additional amount of € 6,5 million has been approved for return to the company.

Management believes that no additional material liability will arise as a result of open tax years over and above the tax liabilities and provisions recognised in the financial statements.

(iii) The parent Company has provided letters of comfort and guarantees in 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 €1.747 million (31 December 2010: €1.801 million). Out of these, €1.615 million (31 December 2010: €1.662 million) are included in consolidated borrowings of the Group and presented as such in these interim financial statements. The Group has also issued letters of credit and guarantees in favour of third parties, mainly for the procurement of crude oil, which as at 31 December 2011 amounted to the equivalent of €257 million (31 December 2010: €687 million) equivalent.

(iv) Following complaints by IATA, the Greek Competition Committee initiated an investigation into the pricing of aviation jet fuel in the Greek market. The conclusion of the investigation was to assert a fine of €9,4m to all Greek refineries, Hellenic Petroleum share accounts for €7,3m and it is based on a percentage of the relevant sales revenues in the year preceding the complaint. The Group maintaining its position that the rational of the conclusion has not taken into account critical evidence presented, filed an appeal with the Athens Administrative Court of Appeals. In parallel a petition to suspend the decision was also filed and partially accepted; the Court suspended the corrective measures imposed by the Greek Competition Committee until 31 August 2007 (since then all necessary changes have been implemented), but did not suspend the payment of the fine, which has been paid. Management believes that the final outcome of this case will not have any material impact on the Group's interim consolidated financial statements. The court date for the appeal, initially set for the 27 September 2007 was postponed to take place on 17 January 2008, and was finally tried on 25 September 2008. The resolution issued has partly accepted the Group's appeal i.e. (a) has reduced the fine of €7,3 million by €1,5 million and (b) has revoked the corrective measures which were temporarily suspended as above. The Group is contesting the above decision before the Supreme Administrative Court for the part for which the aforementioned resolution has not been fully accepted. The case was finally heard on 22 June 2011 and the decision is still pending.

(v) In 2008, the D' Customs Office (Formerly Z' Customs Office) of Piraeus, issued deeds of assessment amounting at approximately €40 million for alleged custom 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.

(All amounts in Euro thousands unless otherwise stated)

(vi) Even-though not material to have an impact on these financial statements, Group's international operations face a number of legal issues related to changes in local permitting and tax regulations. Such cases include a dispute in connection with the local tank depots of Jugopetrol AD Kotor in Montenegro. Specifically, following the completion of the international tender process and the resulting Share Purchase Agreement for the acquisition of Jugopetrol ADKotor shares in 2002, ownership and use of a part of the company's tank assets remains under legal dispute as ex-federation strategic stock terminals. The Group is contesting this case in local courts, while also evaluating appealing to international courts and management believes that no additional material liabilities will arise as a result of this dispute for its local subsidiary over and above those recognised in the consolidated financial statements.

33 Commitments

Significant contractual commitments of the Groupamount to €324 million (31 December 2010: €559million), of which€166million relate to the Elefsina refinery upgrade.

34 Related-party transactions

	For the year ended	
	31 December 2011	**31 December 2010**
Sales of goods and services to related parties (within Sales)	574.891	421.105
Purchases of goods and services from related parties (within Cost of sales)	64.207	49.198
	639.099	**470.303**

	As at	
	31 December 2011	**31 December 2010**
Balances due to related parties (within Trade and other payables)	278.849	301.402
Balances due from related parties (within Trade and other receivables)	52.961	196.167
	331.810	**497.569**

	For the year ended	
	31 December 2011	**31 December 2010**
Charges for directors remuneration	3.613	4.450

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

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

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

b) Financial institutions which are under common control with the Group due to the shareholding and control rights of the HellenicState. The Group had loans amounting to the equivalent of € 644 million as at 31 December 2011 (31 December 2010: equivalent of €408 million) which represent loan balances due to the following related financial institutions:

- National Bank of Greece
- Agricultural Bank of Greece

c) Joint ventures with other third parties relating to 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)

d) Associates of the Group which are consolidated under the equity method:
  - Athens Airport Fuel Pipeline Company S.A. (EAKAA)
  - Public Gas Corporation of Greece S.A. (DEPA)
  - ArteniusS.A.
  - Elpedison B.V.
  - Spata Aviation Fuel Company S.A. (SAFCO)
  - HELPE Thraki
  - Biodiesel
  - D.M.E.P. / OTSM

e) Financial institutions in which substantial interest is owned by parties which hold significant participation in the share capital of the Group. The Group had loans amounting to the equivalent of € 636 million as at 31 December 2011 (31 December 2010: equivalent of € 580 million) with the following related financial institutions:
  - EFG Eurobank Ergasias S.A.

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

(All amounts in Euro thousands unless otherwise stated)

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

COMPANY NAME	ACTIVITY	COUNTRY OF REGISTRATION	EFFECTIVE PARTICIPATION PERCENTAGE	METHOD OF CONSOLIDATION
EKO S.A	Marketing	GREECE	100,00%	FULL
HELLENIC FUELS S.A.	Marketing	GREECE	100,00%	FULL
EKOTA KO	Marketing	GREECE	49,00%	FULL
EKO KALYPSO	Marketing	GREECE	100,00%	FULL
EKO ATHINA S.A.	Vessel owning	GREECE	100,00%	FULL
EKO ARTEMIS S.A.	Vessel owning	GREECE	100,00%	FULL
EKO DIMITRA S.A.	Vessel owning	GREECE	100,00%	FULL
EKO IRA S.A.	Vessel owning	GREECE	100,00%	FULL
EKO AFRODITI S.A.	Vessel owning	GREECE	100,00%	FULL
EKO BULGARIA	Marketing	BULGARIA	100,00%	FULL
EKO SERBIA AD	Marketing	SERBIA	100,00%	FULL
HELPE INT'L	Holding	AUSTRIA	100,00%	FULL
HELPE CYPRUS	Marketing	U.K	100,00%	FULL
RAMOIL S.A.	Marketing	CYPRUS	100,00%	FULL
HELLENIC PETROLEUM BULGARIA (HOLDINGS) LTD	Marketing	CYPRUS	100,00%	FULL
HELLENIC PETROLEUM BULGARIA PROPERTIES LTD	Marketing	CYPRUS	100,00%	FULL
HELLENIC PETROLEUM SERBIA (HOLDINGS) LTD	Marketing	CYPRUS	100,00%	FULL
JUGOPETROL AD KOTOR	Marketing	MONTENEGRO	54,35%	FULL
GLOBAL ALBANIA S.A	Marketing	ALBANIA	99,96%	FULL
ELDA PETROL ALBANIA	Marketing	ALBANIA	99,96%	FULL
ELPET BALKANIKI S.A.	Holding	GREECE	63,00%	FULL
VARDAX S.A	Pipeline	GREECE	50,40%	FULL
OKTA CRUDE OIL REFINERY A.D	Refining	FYROM	51,35%	FULL
ASPROFOS S.A	Engineering	GREECE	100,00%	FULL
DIAXON S.A.	Petrochemicals	GREECE	100,00%	FULL
POSEIDON S.A.	Vessel owning	GREECE	100,00%	FULL
APOLLON S.A.	Vessel owning	GREECE	100,00%	FULL
HELLENIC PETROLEUM FINANCE PLC	Treasury services	U.K	100,00%	FULL
HELLENIC PETROLEUM CONSULTING	Consulting services	GREECE	100,00%	FULL
HELLENIC PETROLEUM RENEWABLE ENERGY SOURCES S.A.	Energy	GREECE	100,00%	FULL
HELPE-LARCO ENERGIAKI SERVION S.A.	Energy	GREECE	51,00%	FULL
HELPE-LARCO ENERGIAKI KOKKINOU S.A.	Energy	GREECE	51,00%	FULL
ELPEDISON B.V.	Power Generation	NETHERLANDS	50,00%	EQUITY
SAFCO S.A.	Airplane Fuelling	GREECE	50,00%	EQUITY
DEPA S.A.	Natural Gas	GREECE	35,00%	EQUITY
ARTENIUS HELLAS S.A.	Petrochemicals	GREECE	35,00%	EQUITY
E.A.K.A.A	Pipeline	GREECE	50,00%	EQUITY
HELPE THRAKI S.A	Pipeline	GREECE	25,00%	EQUITY
BIODIESEL S.A.	Energy	GREECE	25,00%	EQUITY
DMEP HOLDCO	Holding	U.K	48,00%	EQUITY
OTSM	Trading of Crude products & Trading	GREECE	48,00%	EQUITY

During 2011 ELPET Valkaniki(a 63% subsidiary of the Group) as well as Vardax (its 80% owned subsidiary) decreased their share capital by €22,6 million and €23million respectively. The impact for the non-controlling interests amounting to €13,0 million is reflected in the statement of Changes in Equity.

36 Other significant events

HELLENIC PETROLEUM S.A. ("HELPE") announced in July 2011 its exit from the Georgian market through the transfer of 100% of the shares of its subsidiary Hellenic Petroleum Georgia (Holdings) Limited, owner of 100% share interest in the Georgian entity, EKO Georgia Ltd – which operates in the Georgian retail and wholesale fuel market through a network of 20 petrol stations – to Energy Solutions Investments Inc., a holding company which is active in the energy market of Eastern Europe.

(All amounts in Euro thousands unless otherwise stated)

The consideration amounted to approximately € 6.6 million.The effect of the disposal on the Group is summarised as follows:

	As at	
	30 September 2011	**31 December 2010**
Consideration received in cash	6.571	-
Carrying amount of interest disposed of	(5.393)	-
Gain on disposal recorded within other income	**1.178**	**-**

37 Subsequent events

The EGM held on January 31st, 2012 approved a Memorandum of Understanding with Hellenic Republic (Group's 35.5% controlling shareholder) agreeing to participate in a joint sales process for the Group's 35% shareholding in DEPA. As at 31 December 2011, DEPA Group carrying value in the Group's books is €526 million. The decision to sell the shares will be subject to a shareholders approval at a new EGM. Given that no final commitments for this disposal has been made, the Group considers that DEPA should continueto be presented under Associates.