HELLENIC PETROLEUM S.A.

Financial Statements
in accordance with IFRS for the
year ended 31 December 2007

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

Index to the financial statements

(All amounts in Euro thousands unless otherwise stated)

Company Information

Directors	Efthimios Christodoulou – Chairman of the Board John Costopoulos – Chief Executive Officer (from 11/12/2007) Panagiotis Cavoulacos– Chief Executive Officer (until 11/12/2007) Nikolaos Lerios– Executive Member Theodoros-Achilleas Vardas – Executive Member Dimitrios Mathaiou – Executive Member (until 11/12/2007) Vasilios Bagiokos – Non executive Member Panagiotis Pavlopoulos – Non executive Member Marios Tsakas – Non executive Member Elisabeth Typaldou - Loverdou – Non executive Member (from 11/12/2007) Georgios Kallimopoulos– Non executive Member (from 11/12/2007) Andreas Vranas – Non executive member Iason Stratos – Non executive Member Dimitrios Deligiannis - Non executive Member Vasilios Nikitas – Non executive Member Andreas Palevratzis – Non executive Member (until 11/12/2007) Ioannis Tsoukalas – Non executive Member (until 11/12/2007)
Registered Office:	54 Amalias Avenue 10558 Athens, Greece
Registration number:	2443/06/86/23 / Ministry of Development
Auditors:	PricewaterhouseCoopers S.A. 152 32 Halandri Athens, Greece

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Independent auditor's report

To the Shareholders and Board of Directors of Hellenic Petroleum S.A.

We have audited the accompanying financial statements of Hellenic Petroleum S.A. (the "Company") which comprise the balance sheet as of 31 December 2007 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

In addition, in our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the IASB.

PRICEWATERHOUSECOOPERS

Athens, 20 February 2008

PricewaterhouseCoopers S.A.

SOEL Reg. No. 113

The Certified Auditor Accountant

Constantinos Michalatos

SOEL Reg.No. 17701

(All amounts in Euro thousands unless otherwise stated)

Balance sheet

	Note	As at 31 December 2007	31 December 2006
ASSETS			
Non-current assets			
Property, plant and equipment	**6**	676.436	646.130
Intangible assets	**7**	26.427	22.288
Investments in affiliated companies	**8**	694.660	692.054
Deferred income tax assets	**17**	22.785	-
Available-for-sale financial assets		249	67
Loans, advances and other receivables	**9**	498	3.772
		1.421.055	**1.364.311**
Current assets			
Inventories	**10**	1.409.638	1.107.490
Trade and other receivables	**11**	994.107	828.103
Cash and cash equivalents	**12**	26.815	37.878
		2.430.560	**1.973.471**
Total assets		**3.851.615**	**3.337.782**
EQUITY			
Share capital	**13**	1.020.081	1.020.081
Reserves	**14**	503.313	559.387
Retained Earnings		608.201	450.439
Total equity		**2.131.595**	**2.029.907**
LIABILITIES			
Non- current liabilities			
Borrowings	**16**	258.413	295.335
Deferred income tax liabilities	**17**	-	405
Retirement benefit obligations	**18**	122.650	115.114
Provisions and other long term liabilities	**19**	110.237	47.939
		491.300	**458.793**
Trade and other payables	**15**	719.452	419.810
Current income tax liabilities		128.758	-
Borrowings	**16**	377.291	426.511
Dividends payable		3.219	2.761
		1.228.720	**849.082**
Total liabilities		**1.720.020**	**1.307.875**
Total equity and liabilities		**3.851.615**	**3.337.782**

The notes on pages 11 to 48 are an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 14 February 2008.

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

(All amounts in Euro thousands unless otherwise stated)

Income statement

	Note	For the year ended 31 December 2007	31 December 2006
Sales		7.899.981	7.549.893
Cost of sales		(7.301.211)	(7.113.463)
Gross profit		**598.770**	**436.430**
Selling, distribution and administrative expenses	**22**	(185.878)	(187.863)
Exploration and development expenses	**23**	(21.554)	(17.097)
Other operating (expenses) / income - net	**24**	(9.522)	28.203
Impairment of investments	**8**	(7.000)	-
Dividend income		8.662	18.164
Operating profit		**383.478**	**277.837**
Finance costs -net	**25**	(23.772)	(18.378)
Currency exchange gains /(losses)		29.024	22.073
Profit before income tax		**388.730**	**281.532**
Income tax expense	**26**	(106.738)	(70.142)
Profit for the year		**281.992**	**211.390**
Basic and diluted earnings per share (expressed in Euro per share)	**27**	**0,92**	**0,69**

The notes on pages 11 to 48 are an integral part of these financial statements.

(All amounts in Euro thousands unless otherwise stated)

Statement of changes in equity

	Share Capital	Reserves	Retained Earnings	Total Equity
Balance at 1 January 2006	**1.019.963**	**543.642**	**384.710**	**1.948.315**
Profit for the year	-	-	211.390	211.390
Transfers to statutory and tax reserves	-	14.244	(14.244)	-
Exercise of share options	118	-	-	118
Dividends relating to 2005 and interim 2006	-	-	(131.417)	(131.417)
Unrealised gains / (losses) on revaluation of hedges (Note 20)	-	1.501	-	1.501
Balance at 31 December 2006	**1.020.081**	**559.387**	**450.439**	**2.029.907**
Profit for the year	-	-	281.992	281.992
Transfers to statutory and tax reserves	-	37.625	(37.625)	-
Transfers to retained earnings (Law 3220/04)	-	(44.818)	44.818	-
Dividends relating to 2006 and interim 2007	-	-	(131.423)	(131.423)
Unrealised gains / (losses) on revaluation of hedges (Note 20)	-	(48.881)	-	(48.881)
Balance at 31 December 2007	**1.020.081**	**503.313**	**608.201**	**2.131.595**

The notes on pages 11 to 48 are an integral part of these financial statements.

(All amounts in Euro thousands unless otherwise stated)

Cash flow statement

		For the year ended	
	Note	**31 December 2007**	**31 December 2006**
Cash flows from operating activities			
Cash (used in) / generated from operations	**29**	289.776	132.697
Income tax paid		-	(243.685)
Net cash (used in) / generated from operating activities		**289.776**	**(110.988)**
Cash flows from investing activities			
Purchase of property, plant and equipment & intangible assets	**6,7**	(117.111)	(75.263)
Sale of property, plant and equipment & intangible assets		-	4.091
Grants received		200	2.414
Dividends received		13.383	13.443
Interest received	**25**	9.900	9.913
Investments in affilated companies		(9.788)	(4.577)
Net cash used in investing activities		**(103.416)**	**(49.979)**
Cash flows from financing activities			
Share capital increase		-	118
Interest paid	**25**	(33.672)	(28.291)
Dividends paid		(130.963)	(156.324)
Net movement in long term borrowings		(7.134)	(8.922)
Net movement in short term borrowings		(21.414)	319.447
Net cash (used in) / generated from financing activities		**(193.183)**	**126.028**
Net increase / (decrease) in cash & cash equivalents		**(6.823)**	**(34.939)**
Cash & cash equivalents at beginning of the year	**12**	**37.878**	**75.956**
Exchange gains on cash & cash equivalents		(4.240)	(3.139)
Net increase/(decrease) in cash & cash equivalents		(6.823)	(34.939)
Cash & cash equivalents at end of the year	**12**	**26.815**	**37.878**

The notes on pages 11 to 48 are an integral part of these financial statements.

Notes to the financial statements

1 General information

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

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

The same accounting policies and recognition and measurement principles are followed in these financial statements as compared with the annual consolidated financial statements of the Group for the year ended 31 December 2006. The Company's functional and presentation currency is the Euro, and the financial information in these financial statements is expressed in thousands of Euro (unless otherwise stated).

The financial statements of Hellenic Petroleum S.A. for year ended 31 December 2007 were approved for issue by the Board of Directors on 14 February 2008. The shareholders of the Company have the power to amend the financial statements after issue.

Users of these stand-alone financial statements should read them together with the Group's consolidated financial statements for the year ended 31 December 2007 in order to obtain full information on the financial position, results of operations and changes in financial position of the Group as a whole. These are located on the Group's website www.hellenic-petroleum.gr.

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 financial statements of Hellenic Petroleum for the year ended 31 December 2007 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union ("EU") and International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). All International Financial Reporting Standards issued by the IASB and effective at the time of preparing these financial statements have been adopted by the EU through the endorsement procedure established by he European Commission, with the exception of International Accounting Standard 39 "Financial Instruments: Recognition and Measurement". Following recommendations from the Accounting Regulatory Committee, the Commission adopted Regulations 2086/2004 and 1864/2005 requiring the use of IAS 39, minus certain provisions on portfolio hedging of core deposits, by all listed companies from 1 January 2005.

Since the Company is not affected by the provisions regarding portfolio hedging that are not required by the EU-endorsed version of IAS 39, these financial statements comply with both International Financial Reporting Standards as adopted by the European Union and International Financial Reporting Standards issued by the IASB.

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

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

(a) The following standards, amendments and interpretations to existing standards are applicable to the Company for periods on or after 1 January 2007:

- *IFRS 7, Financial instruments: Disclosures and a complementary amendment to IAS1, Presentation of Financial Statements – Capital Disclosures. IFRS 7* introduces a number of new disclosures to improve the information about financial instruments including qualitative and quantitative information about exposure to risks arising from financial instruments, specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Company assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of IAS 1. The Company has applied IFRS 7 and the amendment to IAS 1 from 1 January 2007.

- *IFRS 8, Operating Segments (effective for annual periods beginning on or after 1 January 2009).* IFRS 8 has replaced *IAS 14* requiring companies to report financial and descriptive information about its reportable segments and extends the reporting requirements already in place. The Company will not early adopt the standard and is currently assessing the impact on the financial statements.

- *IFRIC 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006).* IFRIC 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Company has applied IFRIC 10 from 1 January 2007 without any significant impact on the Company's condensed financial statements.

- *IAS 23 – Borrowing Costs (effective for annual periods beginning on or after 1 January 2009).* IAS 23 and replaces the previous version of IAS 23. The main change is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that need a substantial period of time to get ready for use or sale. The Company will apply IAS 23 from 1 January 2009.

(b) The following interpretations to existing standards are mandatory for the Company's accounting periods beginning on or after 1 March 2006 or later periods but without any significant impact to the Company's operations:

- *IFRIC 7, Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies (effective from 1 March 2006).* IFRIC 7 provides guidance on how to apply the requirements of IAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. As none of the group entities have a currency of a hyperinflationary economy as its functional currency, IFRIC 7 is not relevant to the Company's operations.
- *IFRIC 8, Scope of IFRS 2 (effective for annual periods beginning on or after 1 May 2006*). IFRIC 8 requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of IFRS 2. The Company has applied IFRIC 8 from 1 January 2007, but it is not expected to have any impact on the Company's accounts.
- *IFRIC 9, Reassessment of Embedded Derivatives (effective for annual periods beginning on or after 1 June 2006).* IFRIC 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The Company has evaluated the terms of its contracts with regards to embedded derivatives and is not expected to have any material impact to the Company's operations.

- *IFRIC 11 - IFRS 2: Group and Treasury share transactions (effective for annual periods beginning on or after 1 March 2007).* IFRIC 11 clarifies the treatment where employees of a subsidiary receive the shares of a parent. It also clarifies whether certain types of transactions are accounted for as equity-settled or cash-settled transactions. This interpretation is not expected to have any impact on the Company's financial statements.

- *IFRIC 12 - Service Concession Arrangements (effective for annual periods beginning on or after 1 January 2008).* IFRIC 12 applies to companies that participate in service concession arrangements. This interpretation is not relevant to the Company's operations.

- *IFRIC 13 – Customer Loyalty Programmes (effective for annual periods beginning on or after 1 July 2008).* IFRIC 13 clarifies the treatment of entities that grant loyalty award credits such as ''points'' and ''travel miles'' to customers who buy other goods or services. This interpretation is not relevant to the Group's operations.This interpretation is effective for annual periods beginning on or after 1 July 2008 and clarifies the treatment of entities that grant loyalty award credits such as ''points'' and ''travel miles'' to customers who buy other goods or services. This interpretation is not relevant to the Company's operations.

- *IFRIC 14 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2008).* IFRIC 14 applies to post-employment and other long-term employee defined benefit plans. The interpretation clarifies when refunds or reductions in future contributions should be regarded as available, how a minimum funding requirement might affect the availability of reductions in future contributions and when a minimum funding requirement might give rise to a liability. As the Company does not currently operate any such benefit plans with defined benefit assets for its employees, this interpretation is not presently relevant to the Company.

2.2 Investments in affiliated companies

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

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and material returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

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 financial statements are presented in euros, which is the Company's functional and presentation currency.

(b) *Transactions and balances*

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

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

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

2.5 Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Repairs and maintenance are charged to the income statement as incurred. Refinery refurbishment costs are deferred and charged against income on a straight line basis over the scheduled refurbishment period.

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

– Land	Nil
– Buildings	13 - 20 years
– Specialised industrial installations	7 - 15 years
– Machinery, equipment and transportation equipment	5 - 8 years
– Computer hardware	3 - 5 years

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

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

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

Capitalisation of borrowing costs

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

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

2.6 Intangible assets

(a) *Goodwill*

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

Included in intangibles is goodwill arising from contractual or other legal rights in relation to the acquisition of petrol stations. These amounts are tested for impairment and are amortised over the life of the rights based on the pattern in which the assets future economic benefits are expected to be consumed.

Economic factors determine the period over which future economic benefits are received by the Group. Legal factors may restrict the period over which the Group controls the access to these benefits.

(b) Licences and rights

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

(c) Computer software

These include primarily the costs of implementing the (ERP) computer software program.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight line method over their estimated useful lives (3 years).

(d) Exploration costs

Expenditure to acquire licences for hydrocarbon exploration are included in intangible assets and amortised over the period of the licence.

2.7 Exploration for and Evaluation of Mineral Resources

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.

Development tangible and intangible assets

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

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.

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.

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.

Impairment – proved oil and gas properties and intangible assets

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

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and, instead, are tested annually for impairment and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation or depreciation are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (discounted cash flows they are 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 an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial assets

The Company classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. 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 balance sheet date.

(b) Loans and receivables

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

(c) Available-for-sale financial assets

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

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

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

The Company assesses at each balance sheet date 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 income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

2.10 Derivative financial instruments and hedging activities

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

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

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

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 income statement within "Other operating (expenses)/income – net", or in "Cost of Sales" (refer to note 20).

2.11 Government grants

Investment and development grants related to tangible fixed assets received by the Company are initially recorded as deferred income and included in current liabilities as government grants. Subsequently, they are credited to income over the useful lives of the related assets in direct relationship to the depreciation charged on such assets.

Other grants, which have been provided to the Company, which under certain conditions are repayable, are included in non-current liabilities until the likelihood of repayment is less than probable. They are then disclosed as contingent liabilities until the possibility of loss becomes remote.

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 average cost method.

2.13 Trade and other receivables

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

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

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

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 income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet and within financing activities in the cash flow statement.

2.17 Deferred income tax

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 affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

2.18 Employee benefits

(a) *Pension obligations*

The Company has both defined benefit and defined contribution plans.

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

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

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

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

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

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

(b) *Termination benefits*

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

(c) Share-based compensation

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

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

Liabilities for trade and other amounts payable which are normally settled on 30-90 days terms, are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

2.20 Provisions

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

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

2.21 Environmental liabilities

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

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

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

2.22 Revenue recognition

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

(a) Sales of goods – wholesale

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

(c) Interest income

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

(d) Dividend income

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

2.23 Leases

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

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

Leases where the 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 income statement on a straight-line basis over the period of the lease.

2.24 Dividend distribution

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

2.25 Comparative figures

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

For presentation purposes and in accordance with *IAS 1*, dividend income has been included in "Operating Profit" in the "Income Statement" of the Company for the year ended 31 December 2007. Accordingly the 2006 comparative figures have been adjusted.

3 Financial risk management

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk, liquidity risk, cash flow risk and fair value interest-rate risk. The Company's overall risk management programme focuses on the unpredictability of commodity and financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

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

(a) Market risk

(i) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. In addition as is the case for all companies operating in the industry, an important part of their commercial transactions (purchases and sales) are concluded with reference to daily prices in US dollars, making the Company's results directly dependant on the € / $ exchange rate. As part of its risk management process the Company enters into hedging derivatives if market conditions are appropriate with a view to minimise the net impact of such transactions. In addition, part of the funding strategy addresses the issue by selecting to borrow in US dollar denominated loans to partially offset the impact of movements in foreign exchange rates on inventory.

Due to the use of Platts prices in US dollars for the purchases and sales of oil products, the exchange rate of €/$ constitutes one of the most important parameters in profitability. For this reason, the strengthening of the € in relation to the US $ by 1%, results in a decrease in Gross margin by about 2%.

(ii) Price risk

As is common practice in the refining industry the largest part of purchases and sales of crude oil and by-products thereafter, are invoiced based on daily prices relating to that region (Platts Med). As a result, to the extent that the Company maintains substantial amounts of inventory, it is exposed to commodity price risk resulting from the daily volatility in the Platts reference prices, as the resulting inventory value is based on such. Protection against this volatility is achieved where possible through derivative contracts. The price risk management involves forward price protection where possible for forecasted sales and inventory. 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.

Due to the high inventory stocks that the Company is required to maintain in the markets it operates (primarily Greece), the intense volatility in the price of crude oil affect profitability. In this respect, a change of $1/barrel has an equal effect in the profitability and/or net Equity of the Company.

(iii) Interest rate risk

Depending on the levels of net debt at any given period of time, any change in the base interest rates (EURIBOR or LIBOR), has a proportionate impact on the Company's results.

(iv) Refinery margins

Any change in the refinery margins has a proportionate impact on the Company's profitability. In particular, a $1/barrel increase in the refinery margin impacts operating profits by about $100 million.

(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)

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

	31 December 2007			31 December 2006		
Business segment	**Current balance**	**Past due but not impaired balance**	**Impaired balance**	**Current balance**	**Past due but not impaired balance**	**Impaired balance**
Refining	807.091	156.100	45.176	646.637	164.444	52.240
Petrochemicals	87.813	33.655	23.353	85.340	30.205	21.756
E+P	6.278	5.948	-	5.185	4.828	-
Energy	931	-	-	2.425	764	-
	902.113	**195.703**	**68.529**	**739.587**	**200.241**	**73.996**
Allowance for bad debts			**63.054**			**61.744**

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

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

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

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
At 31 December 2007				
Borrowings	377.291	17.844	240.569	-
Derivative fiancial instruments	14.394	16.321	36.843	26.330
Trade and othe payables	705.058	-	-	-
At 31 December 2006				
Borrowings	426.511	17.844	277.491	-
Derivative fiancial instruments	(6.298)	-	(1.501)	-
Trade and othe payables	426.108	-	-	-

(d) Cash flow and fair value interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's cash flow interest rate risk, as far as borrowings issued at variable rates are concerned, expose the Company to cash flow interest rate risk, while borrowings issued at fixed rates expose the Company to fair value interest rate risk.

(All amounts in Euro thousands unless otherwise stated)

3.2 Capital risk management

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

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

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

During 2007 the Company strategy which was unchanged from 2006, was to maintain the gearing ratio between 20% - 40%. The gearing ratios at 31 December 2007 and 2006 were as follows:

	As at	
	31 December 2007	**31 December 2006**
Total Borrowings (Note 16)	635.704	721.846
Less: Cash & Cash Equivalents (Note12)	(26.815)	(37.878)
Available for sale financial assets	249	67
Net debt	**609.137**	**684.035**
Total Equity	2.131.595	2.284.910
Total Capital Employed	**2.740.733**	**2.968.945**
Gearing ratio	22%	23%

3.3 Fair value estimation

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.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for valuation purposes where applicable. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables is assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

4 Critical accounting estimates and judgements

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

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

(a) Income taxes

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

(b) Provision for environmental restoration

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

(c) Estimated impairment of investments

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

(All amounts in Euro thousands unless otherwise stated)

5 Segment information

(a) Primary reporting format – business segments

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

- Supply, refining and trading (Refining)
- Exploration & production (E&P)
- Petrochemicals
- Gas & Power

Year ended 31 December 2007	**Refining**	**Petro-chemicals**	**Exploration & Production**	**Gas & Power**	**Unallocated**	**Total**
Sales	7.536.665	358.024	1.129	4.163	-	7.899.981
Other operating income / (expense) - net	(11.478)	1.956	-	-	-	(9.522)
Operating profit	**379.689**	**30.703**	**(30.747)**	**171**	**3.662**	**383.478**
Currency exchange gains / (losses)	29.024	-	-	-	-	29.024
Profit before tax, dividend income & finance costs	**408.713**	**30.703**	**(30.747)**	**171**	**3.662**	**412.502**
Finance costs - net						(23.772)
Profit before income tax						**388.730**
Income tax expense						(106.738)
Profit for the year						**281.992**

Year ended 31 December 2006	**Refining**	**Petro-chemicals**	**Exploration & Production**	**Gas & Power**	**Unallocated**	**Total**
Sales	7.195.962	332.432	1.129	20.370	-	7.549.893
Other operating income / (expense) - net	25.133	1.769	1.301	-	-	28.203
Operating profit	**267.395**	**13.676**	**(26.367)**	**4.969**	**18.164**	**277.837**
Currency exchange gains / (losses)	22.073	-	-	-	-	22.073
Profit before tax, dividend income & finance costs	**289.468**	**13.676**	**(26.367)**	**4.969**	**18.164**	**299.910**
Finance costs - net						(18.378)
Profit before income tax						**281.532**
Income tax expense						(70.142)
Profit for the year						**211.390**

(All amounts in Euro thousands unless otherwise stated)

Further segmental information as at 31 December 2007 is as follows:

	Refining	Petro-chemicals	Exploration & Production	Gas &Power	Unallocated	Total
Total Assets	3.576.640	240.420	11.770	-	22.785	**3.851.615**
Net Assets	2.155.428	78.772	11.770	(183)	(114.192)	**2.131.595**
Capital Expenditure	113.431	170	3.509	-	-	**117.110**
Depreciation & Amortisation	66.692	12.870	3.081	-	-	**82.643**

Further segmental information as at 31 December 2006 is as follows:

	Refining	Petro-chemicals	Exploration & Production	Gas &Power	Unallocated	Total
Total Assets	3.105.804	217.341	12.212	2.425	-	**3.337.782**
Net Assets	1.947.664	70.955	12.212	2.242	(3.166)	**2.029.907**
Capital Expenditure	74.522	737	-	-	-	**75.259**
Depreciation & Amortisation	74.067	13.059	2.407	-	-	**89.533**

(b) Secondary reporting format – geographical segments

The Company's activities are conducted mainly within Greece. Therefore, no geographical segments are presented.

(All amounts in Euro thousands unless otherwise stated)

6 Property, plant and equipment

	Land	Buildings	Plant & Machinery	Motor vehicles	Furniture and fixtures	Assets Under Cons-truction	Total
Cost							
As at 1 January 2006	**107.037**	**150.369**	**1.117.511**	**8.815**	**35.154**	**102.585**	**1.521.471**
Additions	153	40	1.133	145	2.321	69.447	73.239
Capitalised projects	-	1.906	31.715	-	1.728	(35.349)	-
Disposals	(938)	-	(6.538)	(86)	(14)	-	(7.576)
Transfers & other movements	8.500	(17.714)	(3.296)	21	(399)	(43)	(12.931)
As at 31 December 2006	**114.752**	**134.601**	**1.140.525**	**8.895**	**38.790**	**136.640**	**1.574.203**
Accumulated Depreciation							
As at 1 January 2006	**-**	**86.250**	**744.211**	**7.437**	**26.545**	**-**	**864.443**
Charge for the year	-	6.974	72.373	469	3.325	-	83.141
Disposals	-	-	(6.541)	(86)	(14)	-	(6.641)
Transfers & other movements	-	(11.296)	(1.044)	22	(552)	-	(12.870)
As at 31 December 2006	**-**	**81.928**	**808.999**	**7.842**	**29.304**	**-**	**928.073**
Net Book Value at 31 December 2006	**114.752**	**52.673**	**331.526**	**1.053**	**9.486**	**136.640**	**646.130**
Cost							
As at 1 January 2007	**114.752**	**134.601**	**1.140.525**	**8.895**	**38.790**	**136.640**	**1.574.203**
Additions	-	328	1.648	245	3.097	106.527	111.845
Capitalised projects	-	12.341	64.430	36	527	(77.334)	-
Disposals	-	(19)	(5.913)	(457)	(289)	-	(6.678)
Transfers & other movements	-	(197)	197	-	-	(8.274)	(8.274)
As at 31 December 2007	**114.752**	**147.054**	**1.200.887**	**8.719**	**42.125**	**157.559**	**1.671.096**
Accumulated Depreciation							
As at 1 January 2007	**-**	**81.928**	**808.999**	**7.842**	**29.304**	**-**	**928.073**
Charge for the period	-	7.200	62.477	351	3.215	-	73.243
Disposals	-	-	(5.910)	(457)	(289)	-	(6.656)
As at 31 December 2007	**-**	**89.128**	**865.566**	**7.736**	**32.230**	**-**	**994.660**
Net Book Value at 31 December 2007	**114.752**	**57.926**	**335.321**	**983**	**9.895**	**157.559**	**676.436**

The company has not pledged any property, plant and equipment as security for borrowings.

Within the balance of Assets Under Construction as at 31 December 2007, an amount of €67m (2006: €41m) relates to costs in respect of the upgrade of the Elefsina refinery for which a Front End Engineering Design (FEED) is already in progress. The decision to proceed with the upgrade investment has been taken at the Board of Directors meeting on 21 February 2007. The investment is currently in the licensing phase and management expects that the project will be completed in 2011. Any potential delays during the licensing or construction phase will have equivalent effects on the project completion date.

(All amounts in Euro thousands unless otherwise stated)

7 Intangible assets

	Computer software	Licences & Rights	Total
Cost			
As at 1 January 2006	**31.896**	**31.582**	**63.478**
Additions	2.020	-	2.020
Transfers, acquisitions & other movements	58	-	58
As at 31 December 2006	**33.974**	**31.582**	**65.556**
Accumulated Amortisation			
As at 1 January 2006	**29.783**	**7.093**	**36.876**
Charge for the year	2.929	3.463	6.392
As at 31 December 2006	**32.712**	**10.556**	**43.268**
Net Book Value 31 December 2006	**1.262**	**21.026**	**22.288**
Cost			
As at 1 January 2007	**33.974**	**31.582**	**65.556**
Additions	1.767	3.498	5.265
Transfers, acquisitions & other movements	8.274	-	8.274
As at 31 December 2007	**44.015**	**35.080**	**79.095**
Accumulated Amortisation			
As at 1 January 2007	**32.712**	**10.556**	**43.268**
Charge for the period	5.315	4.085	9.400
As at 31 December 2007	**38.027**	**14.641**	**52.668**
Net Book Value at 31 December 2007	**5.988**	**20.439**	**26.427**

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

(All amounts in Euro thousands unless otherwise stated)

8 Investment in affiliated companies

	As at 31 December 2007	31 December 2006
Beginning of the year	**692.054**	**685.070**
Increase in share capital of subsidiaries	9.606	6.984
Impairment provision	(7.000)	-
End of the year	**694.660**	**692.054**

Name	**Participating interest**	**Country of Incorporation**
Asprofos SA	100,0%	Greece
Diaxon ABEE	100,0%	Greece
EKO Georgia LTD	1,0%	Rep. of Georgia
EKO ABEE	100,0%	Greece
ELPET Balkan SA	63,0%	Greece
Energiaki Thessaloniki SA	51,0%	Greece
HELPE - Apollon Shipping Co	100,0%	Greece
HELPE International AG	100,0%	Austria
HELPE - Poseidon Shipping Co	100,0%	Greece
HELPE Finance Plc	100,0%	United Kingdom
Helpe Renewable Energy Sources S.A.	100,0%	Greece
Global Albania SA	99,9%	Albania
Public Gas Corporation of Greece S.A. (DEPA)	35,0%	Greece
Volos Pet Industries SA	35,0%	Greece
Athens Airport Fuel Pipeline Company S.A. (EAKAA)	50,0%	Greece
Thraki SA	25,0%	Greece
VANCO	100,0%	Greece
EANT	9,0%	Greece
STPC	16,7%	Greece
NAPC	16,7%	Greece

The increase in share capital of subsidiaries in 2006 relates to Asprofos, Helpe Finance plc and Helpe Renewable Energy Sources S.A.

The increase in share capital of subsidiaries in 2007 relates primarily to Helpe Finance plc.

The impairment provision relates to Asprofos S.A.

9 Loans, advances and other receivables

	As at 31 December 2007	31 December 2006
Loans and advances and other long term assets	498	175
Derivatives designated as cash flow hedges (Note 20)	-	3.597
Total	**498**	**3.772**

(All amounts in Euro thousands unless otherwise stated)

10 Inventories

	As at 31 December 2007	31 December 2006
Crude oil	434.548	339.067
Refined products and semi-finished products	869.785	681.388
Petrochemicals	46.968	31.970
Consumable materials and other	71.587	68.315
- Less: Provision for Consumables and spare parts	(13.250)	(13.250)
Total	**1.409.638**	**1.107.490**

11 Trade and other receivables

	As at 31 December 2007	31 December 2006
Trade receivables	902.113	739.605
- Less: Provision for impairment of receivables	(63.053)	(61.744)
Trade receivables net	**839.060**	**677.861**
Other receivables	153.512	144.927
- Less: Provision for impairment of receivables	(9.185)	(9.479)
Other receivables net	**144.327**	**135.448**
Derivatives held for trading (Note 20)	247	7.605
Deferred charges and prepayments	10.473	7.189
Total	**994.107**	**828.103**

The carrying amounts of the receivables approximate their fair value.

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

12 Cash and cash equivalents

	As at 31 December 2007	31 December 2006
Cash at Bank and in Hand	22.523	37.870
Short term bank deposits	4.291	8
Total cash and cash equivalents	**26.815**	**37.878**

The weighted average effective interest rate on cash and cash equivalents was:

	As at 31 December 2007	31 December 2006
Euro	3,80%	-
USD	4,60%	5,20%

(All amounts in Euro thousands unless otherwise stated)

13 Share capital

	Number of Shares (authorised and issued)	Share Capital	Share premium	Total
As at 1 January 2006	**305.622.245**	**666.256**	**353.707**	**1.019.963**
Exercise of employee share options	12.940	29	89	118
As at 31 December 2006	**305.635.185**	**666.285**	**353.796**	**1.020.081**
As at 31 December 2007	**305.635.185**	**666.285**	**353.796**	**1.020.081**

All ordinary shares were authorised, issued and fully paid up. The nominal value of each ordinary share is €2,18 (31 December 2006: €2,18).

Share options
Up to the end of 2004, Hellenic Petroleum S.A offered a share option scheme to its management executives: The exercise price was determined based on the Company's share performance compared to the market and the options were fully vested at the grant date and exercisable within five years. Under that scheme, management had the option to acquire 47.660 shares at a price of € 9,68 each until 31 December 2006 and 3.440 shares at a price of € 6,97 each until 31 December 2007. These rights options have been fully exercised.

During the AGM of Hellenic Petroleum S.A. held on 25 May 2005, a revised share option scheme was approved with the intention to link the number of share options granted to employees with the results and performance of the Company and its management. The AGM of Hellenic Petroleum S.A of 31 May 2006, has approved and granted stock options for the year 2005 of 272.100 shares. The AGM of 17 May 2007 has approved and granted stock options for the year 2006 of 408.015 shares.

The movement in share options during the year were:

	As at			
	31 December 2007		**31 December 2006**	
	Average Exercise Price in € per share	Options	Average Exercise Price in € per share	Options
At 1 January	**9,69**	**272.100**	**10,52**	**71.670**
Granted	10,90	408.015	9,69	272.100
Exercised			8,96	(12.940)
Lapsed			10,86	(58.730)
At 31 December	**10,90**	**680.115**	**9,69**	**272.100**

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 2007**	**31 December 2006**
5 December 2012	9,69	272.100	272.100
5 December 2013	10,90	408.015	-
	Total	**680.115**	**272.100**

(All amounts in Euro thousands unless otherwise stated)

14 Reserves

	Statutory reserve	Special reserves	Hedging reserve	Tax reserves	Total
Balance at 1 January 2006	**72.040**	**86.495**	**-**	**385.107**	**543.642**
Fair value gains / (losses) on cash flow hedges (Note 20)	-	-	1.501	-	1.501
Transfer to statutory and tax reserves	9.971	-	-	4.273	14.244
Balance at 31 December 2006	**82.011**	**86.495**	**1.501**	**389.380**	**559.387**
Fair value gains / (losses) on cash flow hedges (Note 20)	-	-	(48.881)	-	(48.881)
Transfer to statutory and tax reserves	15.818	-	-	21.807	37.625
Transfers to retained earnings (Law 3220/04)	-	-	-	(44.818)	(44.818)
Balance at 31 December 2007	**97.829**	**86.495**	**(47.380)**	**366.369**	**503.313**

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 reserves

Tax reserves include:

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

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

(iii) Following the legislation amendment of Law 3220/04, an amount of €44,8 million previously included in tax free reserves has been reclassified to “Retained Earnings”. As a result, tax free reserves now include an amount of €36,3 million under Environmental Investment Laws 2601/98 and 3299/04 for which all necessary documentation has been filled with the Ministry for the Environment, Physical Planning and Public Works and is pending for approval. Further information on this reserve can be found in note 30vi, “Contingencies”.

(All amounts in Euro thousands unless otherwise stated)

15 Trade and other payables

	As at	
	31 December 2007	**31 December 2006**
Trade payables	619.790	351.580
Accrued Expenses & Deferred Income	32.862	2.278
Government grants	25.221	28.345
Derivatives held for trading (Note 20)	14.641	1.307
Other payables	26.938	36.300
Total	**719.452**	**419.810**

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

16 Borrowings

	As at	
	31 December 2007	**31 December 2006**
Non-current borrowings		
Bank borrowings	258.413	29.579
Bond loan	-	265.756
Non-current borrowings	**258.413**	**295.335**
Current borrowings		
Short term loans	368.369	417.589
Current portion of long term debt	8.922	8.922
Total current borrowings	**377.291**	**426.511**
Total borrowings	**635.704**	**721.846**

The maturity of non-current borrowings is as follows:

	As at	
	31 December 2007	**31 December 2006**
Between 1 and 2 years	17.844	17.844
Between 2 and 5 years	240.569	277.491
	258.413	**295.335**

(All amounts in Euro thousands unless otherwise stated)

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

	As at 31 December 2007	
	€	**US$**
Bank Borrowings (short-term)		
- Floating Euribor + margin	-	
- Floating Libor + margin		5,35%
Bank Borrowings (long-term)		
- Floating Euribor + margin	4,93%	
- Floating Libor + margin		5,25%

	As at 31 December 2006	
	€	**US$**
Bank Borrowings (short-term)		
- Floating Euribor + margin	4,00%	
- Floating Libor + margin		5,61%
Bank Borrowings (long-term)		
- Floating Euribor + margin	3,65%	
- Floating Libor + margin		-

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

	As at	
	31 December 2007	**31 December 2006**
Euro	29.579	125.216
US dollar	606.125	596.630
Total borrowings	**635.704**	**721.846**

In April 2006, the Company concluded a €400 million multi-currency loan agreement with Hellenic Petroleum Finance Plc ("HPF"). The loan facility amount was increased on 18 October 2006 to €600 million and on 18 October 2007 to €1 billion. The loan has been used to refinance existing financial indebtedness and for general corporate purposes. In particular, the $350 million bond loan issued by the Company in February 2005 was fully repaid in February 2007. As at 31 December 2007, the outstanding loan balance with HPF amounted to the equivalent of €604 million (US $ 890 million).

(All amounts in Euro thousands unless otherwise stated)

17 Deferred income tax

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

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

	As at	
	31 December 2007	**31 December 2006**
Beginning of the year	(405)	27.606
Income statement (charge) / recovery	22.497	(28.011)
Other movements	693	-
End of year	**22.785**	**(405)**

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

	As at	
	31 December 2007	**31 December 2006**
Intangible and tangible fixed assets	(15.901)	(11.611)
Inventory valuation	3.312	(8.188)
Unrealised exchange gains	(15.196)	(12.232)
Employee benefits provision	29.865	29.279
Derivative financial instruments at fair value	23.472	-
Other temporary differences	(2.767)	2.347
Net deferred income tax asset/(liability)	**22.785**	**(405)**
Deferred income tax liabilities	**(51.505)**	**(47.277)**
Deferred income tax assets	**74.290**	**46.872**

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

(All amounts in Euro thousands unless otherwise stated)

18 Retirement benefit obligations

	As at 31 December 2007	As at 31 December 2006
Balance sheet obligations for:		
Pension benefits	122.650	115.114
Total as per balance sheet	**122.650**	**115.114**

	Year ended 31 December 2007	Year ended 31 December 2006
Income statement charge (Note 21):		
Pension benefits	20.461	15.757
Total as per income statement	**20.461**	**15.757**

The amounts recognised in the balance sheet are as follows:	As at 31 December 2007	As at 31 December 2006
Present value of unfunded benefit obligations	162.234	156.743
Unrecognised actuarial gains / (losses)	(37.870)	(39.566)
Unrecognised prior service cost	(1.714)	(2.063)
Liability in the Balance Sheet	**122.650**	**115.114**

The amounts recognised in the income statements are as follows:

	Year ended 31 December 2007	Year ended 31 December 2006
Current service cost	7.216	7.041
Interest cost	6.776	6.354
Net actuarial (gains) / losses recognised in the year	2.397	1.931
Past service cost	349	173
Regular profit & loss charge	**16.738**	**15.499**
Additional cost of extra benefits	3.723	258
Total included in employee benefit expense	**20.461**	**15.757**

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

	31 December 2007	31 December 2006
Beginning of the year	115.114	108.711
Reclassification of other post retirement benefits	20.461	15.757
Payments	(12.925)	(9.354)
Total	**122.650**	**115.114**

The principal actuarial assumptions used were as follows:	As at 31 December 2007	As at 31 December 2006
Discount Rate	5,00%	5,00%
Future Salary Increases	4,50%	4,50%
Average future working life	10,45 years	10,65 years

(All amounts in Euro thousands unless otherwise stated)

19 Provisions and other long term liabilities

	As at 31 December 2007	31 December 2006
Government grants	25.614	25.614
Litigation & tax provisions	5.000	20.100
Derivatives designated as cash flow hedges (Note 20)	63.173	2.097
Other derivatives (Note 20)	16.321	-
Other provisions	129	128
Total	**110.237**	**47.939**

The movement for provisions and other long term liabilities for 2007 is as follows:

	Govern-ment advances and grants	Litigation & tax povisions	Com-modity cash flow Hedges	Other deri-vatives	Other provisions	Total
At 1 January 2007	**25.614**	**20.100**	**2.097**	**-**	**128**	**47.939**
Charged / (credited) to the income statement:						
- Additional provisions	-	-	-	16.321	1	16.322
Charged to Equity	-	-	63.173	-	-	63.173
Reclassifications	-	(8.500)	-	-	-	(8.500)
Used during year	-	(6.600)	(2.097)	-	-	(8.697)
At 31 December 2007	**25.614**	**5.000**	**63.173**	**16.321**	**129**	**110.237**

Government advances

Advances by the Government (Hellenic State) to the Company for the purposes of research and exploration amount to € 25.614 and have been recorded as a liability since such an amount may become payable if income is generated from activity in the relevant areas. The terms of repayment will be determined by the Ministry of Development and Industry, if applicable.

Environmental costs

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

In respect of CO_2 emission rights the Company's net position as at 31 December 2007 is not materially short i.e. the allocation of rights are in line with actual emissions.

Other provisions

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

20 Fair values of derivative financial instruments

Derivatives held for trading

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

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 our operating and price risk, the Company engages in derivative transactions with 3rd parties with the intention of matching physical positions and trades or close proxies thereof and are therefore considered an integral part of our "Cost of Sales". During 2007 the resulting gains / (losses) attributable to such derivatives were (€69.842) (2006: (€32.273)) and are included in "Cost of Sales".

In certain cases it may not be possible to achieve a fully matched position, in which case the impact can not be considered as a "Cost of Sales" component. This amount also includes any hedges classified as ineffective and undesignated as "Cash Flow Hedges". The amount of gain / (loss) resulting from such derivative positions is €10.654 in 2007 (2006: €15.623) and are shown under "Other operating (expenses) / income – net" in note 24.

Derivatives designated as cash flow hedges

The Company uses derivative financial instruments to manage certain exposures to fluctuations in commodity prices. In this framework, the company has entered into a number of commodity price swaps which have been designated by the company as cash flow hedges, have been evaluated and proven to be highly effective, and in this respect, any changes in their fair value are recorded within Equity in accordance with the IAS 39 treatment for hedge accounting. The changes in the fair value of the Commodity swaps at the balance sheet date were recognised in "Loans, advances and Other Receivables", "Other long term liabilities" and the net gains and losses in shareholders' equity.

In certain cases it may not be possible to achieve a fully matched position, in which case they are de-designated as "Cash Flow Hedges". The amount of gain / (loss) resulting from such derivative positions is (€16.321) in 2007 (2006: €0) and are shown under "Other operating (expenses) / income – net" in note 24.

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

(All amounts in Euro thousands unless otherwise stated)

Fair Values of Derivative Financial Instruments

Derivatives held for Trading

	31 December 2007				31 December 2006			
Commodity Derivative type	**Notional Amount**		**Assets**	**Liabilities**	**Notional Amount**		**Assets**	**Liabilities**
	MT	**Bbls**	**€**	**€**	**MT**	**Bbls**	**€**	**€**
Commodity Swaps	340	1.385	227	30.962	165	3.150	7.605	1.307
Commodity Options	-	2.450	20	-	-	-	-	-
	340	**3.835**	**247**	**30.962**	**165**	**3.150**	**7.605**	**1.307**

Derivatives designated as Cash Flow Hedges

	31 December 2007				31 December 2006			
Commodity Derivative type	**Notional Amount**		**Assets**	**Liabilities**	**Notional Amount**		**Assets**	**Liabilities**
	MT	**Bbls**	**€**	**€**	**MT**	**Bbls**	**€**	**€**
Commodity Swaps	1.800	-	-	63.173	960	-	3.598	2.097
	1.800	**-**	**-**	**63.173**	**960**	**-**	**3.598**	**2.097**
Total			**247**	**94.135**			**11.203**	**3.404**

	31 December 2007		31 December 2006	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Non-current portion				
Commodity swaps (Notes 9, 19)	-	79.494	3.597	2.097
	-	**79.494**	**3.597**	**2.097**
Current portion				
Commodity swaps (Notes 11, 15)	247	14.641	7.605	1.307
	247	**14.641**	**7.605**	**1.307**
Total	**247**	**94.135**	**11.202**	**3.404**

21 Employee benefit expenses

	For the year ended	
	31 December 2007	**31 December 2006**
Wages and salaries	137.775	128.218
Social security costs	24.257	23.582
Pension costs	18.153	15.099
Other employment benefits	28.606	26.710
Total	**208.791**	**193.609**

Included in Other employment benefits are medical insurance, catering, and transportation expenses.

22 Selling, distribution and administrative expenses

	For the year ended	
	31 December 2007	**31 December 2006**
Selling and distribution expenses	99.436	94.905
Administrative expenses	86.442	92.958
	185.878	**187.863**

(All amounts in Euro thousands unless otherwise stated)

23 Exploration and development expenses

The amounts included in the Financial Statements as at 31 December 2006 & 2007 include primarily cash calls remitted in relation to a Joint Venture operation in Libya with Woodside and Repsol where the Company holds a 20% stake. Based on our accounting policy (see note 2.7) and as the activities are still in the exploration phase, we are expensing all such cash calls. Furthermore, included in the 31 December 2007 Exploration and Development expenses is an amount relating to the exploration the company is currently performing as an operator in one block in Eastern Egypt and another block in Southern Egypt in a Joint Venture with Melrose and Oil Search through the Hellenic Petroleum branch in Egypt. As we are still in the exploration phase, all amounts spent are expensed.

24 Other operating income / (expenses)

	For the year ended	
	31 December 2007	**31 December 2006**
Income from grants	3.325	5.213
Gains on derivative financial instruments	13.157	38.610
Losses on derivative financial instruments	(18.824)	(22.987)
Services to third parties	851	1.026
Gain / (loss) on sale of fixed assets	-	1.262
Rental income	535	513
Other income / (expenses)	(8.566)	4.566
Total	**(9.522)**	**28.203**

25 Finance costs - net

	For the year ended	
	31 December 2007	**31 December 2006**
Interest income	9.900	9.913
Interest expense and similar charges	(33.672)	(28.291)
Finance costs -net	**(23.772)**	**(18.378)**

26 Income tax expense

	For the year ended	
	31 December 2007	**31 December 2006**
Current tax	129.235	42.131
Deferred tax (Note 17)	(22.497)	28.011
Total	**106.738**	**70.142**

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

	For the year ended	
	31 December 2007	**31 December 2006**
Profit Before Tax	**388.730**	**281.532**
Tax calculated at tax rates applicable to profits	97.183	81.644
Tax on income not subject to tax	(32.080)	(12.041)
Tax on expenses not deductible for tax purposes	50.188	8.554
Other	(8.553)	(8.015)
Tax Charge	**106.738**	**70.142**

The basic tax rate was 25% for the period ending 31 December 2007 (29% for the year ending 31 December 2006).

27 Earnings per share

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

	For the year ended	
	31 December 2007	**31 December 2006**
Earnings per share attributable to the Company Shareholders (expressed in Euro per share):	**0,92**	**0,69**
Net income attributable to ordinary shares (Euro in thousands)	281.992	211.390
Average number of ordinary shares outstanding	305.635.185	305.622.635

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

28 Dividends per share

The AGM of 31 May 2006 approved a final dividend of €0,28 per share (€ 85.574) bringing the total dividend for 2005 to €0,43 per share (total of €131.401).

At its meeting held on 30 August, 2006, during which the Board of Directors approved the Condensed Interim Financial Statements of the Company for the six month period ended 30 June 2006, the Board proposed and approved an interim dividend for the 2006 financial year of €0,15 per share (amounting to a total of €45.843) The relevant amounts relating to the interim dividend for 2006, and the final dividend of 2005 (totalling €131.417) are included in the interim consolidated financial statements of the Company for the year ended 31 December 2006.

A proposal to the AGM for an additional €0,28 per share (€85.578 in total) as final dividend was approved by the Board of Directors on 21 February 2007. This was approved by the AGM on 17 May 2007 and is included in these Financial Statements.

At its meeting held on 8 August, 2007, during which the Board of Directors approved the Condensed Interim Financial Statements of the Group for the six month period ended 30 June 2007, the Board proposed and approved an interim dividend for the 2007 financial year of €0,15 per share (amounting to a total of €45.845) The relevant amounts relating to the interim dividend for 2007 and the final dividend for 2006 (totaling €131.423) are included in these financial statements.

A proposal to the AGM for an additional € 0,35 per share as final dividend was approved by the Board of Directors on 14 February 2008. This amounts to €106.972 and is not included in these accounts as it has not yet been approved by the shareholders' AGM.

(All amounts in Euro thousands unless otherwise stated)

29 Cash generated from operations

	Note	For the year ended 31 December 2007	31 December 2006
Profit before tax		**388.730**	**281.532**
Adjustments for:			
Depreciation and amortisation of tangible and intangible assets	**6,7**	82.643	89.532
Grants amortisation		(3.325)	(5.213)
Financial (income)/ expenses	**25**	23.772	18.378
Provisions		55.334	19.985
Gain on sales of fixed assets		-	(1.262)
Foreign exchange (gains) / losses		(29.024)	(30.792)
Dividend income		(8.662)	(18.164)
		509.468	**353.996**
Changes in working capital			
(Increase) / decrease in inventories		(302.148)	(36.168)
(Increase) / decrease in trade and other receivables		(234.231)	(20.783)
Increase / (decrease) in payables		316.687	(164.348)
		(219.692)	**(221.299)**
Net cash (used in) / generated from operating activities		**289.776**	**132.697**

30 Contingencies

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

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

(ii) During 2004, Hellenic Petroleum S.A. was audited by the Greek tax authorities for the years ended 31 December 1997 to 2001. An amount of €11,9 million of additional taxes, plus fines was assessed by tax authorities for prior year tax audits and was recorded in the financial statements for the year ended 31 December 2004. The Company has not undergone a tax audit for the years ended 31 December 2002 to 31 December 2007. 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) In November 1998, there were four casualties in connection with an accident involving the motor tanker KRITI-GOLD at the Group's mooring installation in Thessaloniki. Claims have been lodged in connection with this accident against the ship owner and the Company. Of the four claims, three have already been settled with the involvement of the insurers. The last one is still pending but its outcome is not likely to have a material effect on the Company's operating results or financial position.

(iv) The Company has given letters of comfort and guarantees of €1.297 million to banks for loans undertaken by subsidiaries and associates of the Company, the outstanding amount of which was €1.122 million as at 31 December 2007. The Company has also issued letters of credit and guarantees in favour of third parties amounting to €419million mainly for the completion of crude purchase contracts.

(v) In October 2002 the Company guaranteed its commitment to the Investment Programme under the share purchase agreement for the acquisition of Jugopetrol AD Kotor, with a performance bond issued by the

National Bank of Greece for €45 million. As at 31 December 2007, the Performance Bond had been reduced to €2 million (31 December, 2006: €17 million).

(vi) In line with similar policy in the past, the Company had set up tax free reserves under the provisions of applicable incentive legislation Law 3220/2004 of the Hellenic Republic in respect to investment plans amounting to €81 million. The EU Commission has subsequently challenged this law as being a government subsidy that is not in accordance with EU policies. The Greek Government, conforming to European Union Directives passed Law 3614/2007 on the 22 November 2007 cancelling the provisions of Law 3220/2004, enabling companies to reallocate investments under other incentive legislation and requesting the payment of any due tax on the remaining amounts. Out of the €81 million, a total of €70 million has been identified as relating to other such incentive legislation bringing the final tax and interest obligation to €3 million. However, adopting the strict interpretation of the Ministry of Finance interpretation decision, a tax filing of €13,5 million has been made with a request for refund of €10,5 million. In line with our policies we have recognised in our financial statements a total tax and interest charge of €13,5 million, thus treating the potential refund as a contingent asset. It should be noted that the filing is subject to a tax audit.

(vii) 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. As payment of this amount has already started, the Group has made a provision against this potential liability, maintaining however its position that the rational of the conclusion has not taken into account critical evidence presented. To this effect an appeal has been filed with the Athens Administrative Court of Appeals, while in parallel a petition to suspend the decision has also been filed and partially accepted; the Court has suspended the corrective measures imposed by the Greek Competition Committee until 31 August 2007 (since then all necessary changes have been implemented), but did not suspend the payment of the fine. Management believes that the final outcome of this case will not have any material impact on the Group's financial statements. The court date for the appeal, initially set for the 27 September 2007 and postponed to take place on 17 January 2008, was further postponed to take place on 25 September 2008.

(viii) Pursuant to Law 3587 of July 10, 2007, clause 20, all exploration and development rights on Greek onshore and offshore blocks, awarded through a number of Presidential Decrees to DEP in the years 1976 to 1984 and DEP EKY in the years 1988 to 1995, as well as through Cabinet Decision 417/1995, ipso jure return to the State without any further action. Under the same clause, the Company is obliged, within 3 months from the publication of the above Law, to deliver to the Ministry of Development all documentation, studies, maps and any other papers in its possession that relate to exploration and development in the blocks where such rights had been awarded. As part of its accounting policy no exploration and production rights in Greece were capitalized by the Company as assets in its Financial Statements. All exploration and production relating expenditure has been expensed in the periods when the related works have taken place. In this respect, there is no material impact on the results of the Company's annual financial statements as at 31 December 2007, resulting from law 3587/2007. The Company is assessing the new legislation and the resulting framework in order to determine its next steps and strategy with respect to exploration and production rights in Greece.

31 Commitments

Significant contractual commitments of the Company are as follows:

- Capital investment in upgrading Hellenic Petroleum refinery installations of €138 million (31 December 2006: €52 million), of which €80 million relate to the Hydrocracker project.
- Upstream exploration and development costs of €17 million (31 December 2006:18 million) have been committed as part of the Joint Operating Agreements (JOA) in place. These commitments will depend on the progress of exploration activities.

(All amounts in Euro thousands unless otherwise stated)

32 Related-party transactions

i) Sales of goods and services	**For the year ended**	
	31 December 2007	**31 December 2006**
Sales of goods		
Group Entities	2.616.353	2.393.451
Other related parties	703.876	799.790
Sales of services		
Group Entities	8.893	9.250
	3.329.122	**3.202.491**

ii) Purchases of goods and services		
Purchases of goods		
Group Entities	29.952	30.409
Other related parties	66.652	24.102
Purchases of services		
Group Entities	13.238	11.695
	109.842	**66.206**

iii) Balances arising from sales / purchases of goods / services	**As at**	
	31 December 2007	**31 December 2006**
Receivables from related parties		
Group Entities		
- Receivables	218.599	153.290
Other related parties		
- Receivables	111.658	128.544
	330.257	**281.834**
Payables to related parties		
Group Entities		
- Payables	12.142	12.460
Other related parties		
- Payables	1.549	3.614
	13.691	**16.074**
Net balances from related parties	**316.566**	**265.760**

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

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

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

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

a) Hellenic Petroleum Group companies.

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

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

c) Financial institutions which are under common control with the Company due to the shareholding and control rights of the Hellenic State. The Company did not have outstanding loans as at 31 December 2007 (31 December 2006: equivalent of €138 million) due to the following related financial institutions:

- National Bank of Greece
- Agricultural Bank of Greece
- Commercial Bank of Greece ceased to be a related party since the takeover by Calyon in June 2006

d) Joint ventures with other third parties:

- OMV Aktiengesellschaft ceased to be a joint venture since January 2007
- Woodside – Repsol – Helpe
- Oil Search, Melrose

e) Associates of the Company:

- Athens Airport Fuel Pipeline Company S.A. (EAKAA)
- Public Gas Corporation of Greece S.A. (DEPA)
- Volos Pet Industries A.E.
- Spata Aviation Fuel Company S.A. (SAFCO)

f) Financial institutions in which substantial interest is owned by parties which hold significant participation in the share capital of the Company. The Company as at 31 December 2007 had outstanding loan amounting to €3 million (31 December 2006: €83 million) with the following related financial institutions:

- EFG Eurobank Ergasias S.A.

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

- Private Sea Marine Services (ex Lamda Shipyards)

33 Other significant events

(ι) On 24 July, 2007, Hellenic Petroleum has signed a Memorandum of Agreement (MOA) with EDISON SpA, Italy's second largest electricity producer and gas distributor, creating a strategic alliance in power generation and trading. The transaction will take the form of a joint venture and will be equally owned and managed by Hellenic Petroleum and Edison SpA.

Under the terms of the MOA, Hellenic Petroleum will contribute into the JV all its power generation assets, including Energiaki Thesalonikis S.A., a company that owns a 390MW CCGT power plant in Thesaloniki, Greece. Edison SpA will contribute its 65% participation in Thisvi Power Generation Plant SA, a company which is in the process of implementing a 420MW CCGT power plant project in Thisvi.

In accordance with IFRS 5, an entity should classify a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than though continuing use. Given that the Company's intention is not to recover the carrying amount of Energiaki Thesalonikis through sale, but rather spin-off its 50% interest and expand its operations in the power generation and trading activities, such transaction does not meet the definition of an "asset held for sale" and should not be treated as discontinued operations. In this respect, Energiaki Thesalonikis has been included in the interim annual financial statements of the Company as at 31 December 2007 within "Investments in subsidiaries" and is not classified as a "Non-current asset held for sale".

The transaction is subject to due diligence covering inter alia financial, legal and technical aspects as well as finalisation of all the terms and the corporate structure for the new operations. As a result, the Group will be able to calculate and disclose the full impact on the financial statements of the Group and the holding Company after the completion of the transaction.

As of 31 December 2007, this transaction has no impact on the interim financial statements of the Company.