HELLENIC PETROLEUM S.A.

Consolidated Financial Statements
in accordance with IFRS for the
year ended 31 December 2012

COMPANY REGISTRATION NUMBER: 2443/06/B/86/23
REGISTERED OFFICE: 8[A] CHIMARRAS STR, 15125 MAROUSSI, GREECE

Index to the consolidated financial statements

(All amounts in Euro thousands unless otherwise stated)

Company Information

Directors	Christos-Alexis Komninos – Chairman of the Board (since 23/12/2011) John Costopoulos – Chief Executive Officer, Executive Member Theodoros-Achilleas Vardas – Executive Member Dimokritos Amallos – Non executive Member Alexios Athanasopoulos – Non executive Member Georgios Kallimopoulos – Non executive Member Alexandros Katsiotis – Non executive Member Gerassimos Lachanas – Non executive Member Dimitrios Lalas – Non executive Member Panagiotis Ofthalmides – Non executive Member Theodoros Pantalakis – Non executive Member Spyridon Pantelias – Non executive Member Ioannis Sergopoulos – Non executive Member (since 31/8/2011)
Other Board Members during the previous period:	Anastasios Giannitsis – Chairman of the Board (02/12/2009 – 11/11/2011) Anastassios Banos – Non executive Member (28/12/2009 – 31/8/2011)
Registered Office:	8A Chimarras Str. 15125 Maroussi, Greece
Registration number:	2443/06/B/86/23
Auditors:	PricewaterhouseCoopers S.A. 268 Kifissias Ave. 152 32 Halandri Greece

Independent Auditor's Report

To the Shareholders of Hellenic Petroleum S.A.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Hellenic Petroleum S.A. (the "Company") and its subsidiaries (together, the Group) set out on pages 7 to 64 which comprise the consolidated statement of financial position as of 31 December 2012 and the consolidated statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Reference on Other Legal and Regulatory Matters

a) Included in the Board of Directors' Report is the corporate governance statement that contains the information that is required by paragraph 3d of article 43a of Codified Law 2190/1920.
b) We verified the conformity and consistency of the information given in the Board of Directors' report with the accompanying consolidated financial statements in accordance with the requirements of articles 43a, 108 and 37 of Codified Law 2190/1920.

Athens, 4 March 2013
The Certified Auditor Accountant

PricewaterhouseCoopers S.A.

SOEL Reg. No. 113

Marios Psaltis
SOEL Reg.No. 38081

(All amounts in Euro thousands unless otherwise stated)

Consolidated statement of financial position

	Note	As at 31 December 2012	31 December 2011
ASSETS			
Non-current assets			
Property, plant and equipment	**6**	3.550.082	3.204.096
Intangible assets	**7**	158.320	177.875
Investments in associates and joint ventures	**8**	645.756	616.095
Deferred income tax assets	**17**	20.437	19.969
Available-for-sale financial assets		1.891	2.062
Loans, advances and other receivables	**9**	115.055	96.235
		4.491.541	**4.116.332**
Current assets			
Inventories	**10**	1.220.122	1.141.191
Trade and other receivables	**11**	791.300	945.818
Cash, cash equivalents and restricted cash	**12**	901.061	985.486
		2.912.483	**3.072.495**
Total assets		**7.404.024**	**7.188.827**
EQUITY			
Share capital	**13**	1.020.081	1.020.081
Reserves	**14**	527.298	493.142
Retained Earnings		826.153	884.374
Capital and reserves attributable to owners of the parent		**2.373.532**	**2.397.597**
Non-controlling interests		121.484	132.393
Total equity		**2.495.016**	**2.529.990**
LIABILITIES			
Non- current liabilities			
Borrowings	**16**	383.274	1.142.296
Deferred income tax liabilities	**17**	83.674	49.134
Retirement benefit obligations	**18**	105.086	113.991
Derivative financial instruments	**20**	-	50.158
Provisions and other long term liabilities	**19**	35.474	59.588
		607.508	**1.415.167**
Current liabilities			
Trade and other payables	**15**	1.872.626	1.640.595
Derivative financial instruments	**20**	47.055	46.355
Current income tax liabilities		5.046	22.403
Borrowings	**16**	2.375.097	1.531.893
Dividends payable		1.676	2.424
		4.301.500	**3.243.670**
Total liabilities		**4.909.008**	**4.658.837**
Total equity and liabilities		**7.404.024**	**7.188.827**

The notes on pages 11 to 64 are an integral part of these consolidated financial statements.

These consolidated financial statements were approved by the board on 28 February 2013.

C. Komninos	J. Costopoulos	A. Shiamishis	S. Papadimitriou
Chairman of the Board	Chief Executive Officer	Chief Financial Officer	Accounting Director

(All amounts in Euro thousands unless otherwise stated)

Consolidated statement of comprehensive income

	Note	For the year ended 31 December 2012	31 December 2011
Sales		**10.468.870**	**9.307.582**
Cost of sales		(9.933.709)	(8.657.489)
Gross profit		**535.161**	**650.093**
Selling, distribution and administrative expenses	**22**	(407.541)	(466.638)
Exploration and development expenses	**23**	(3.543)	(3.556)
Other operating (expenses) / income- net	**24**	31.386	4.920
Other operating gains / (losses)- net	**24**	(35.760)	(9.810)
Operating profit		**119.703**	**175.009**
Finance (expenses) / income- net		(54.201)	(68.371)
Currency exchange gains / (losses)	**26**	10.775	(10.697)
Share of net result of associates	**8**	38.221	67.488
Profit before income tax		**114.498**	**163.429**
Income tax (expense) / credit	**27**	(33.272)	(45.763)
Profit for the year		**81.226**	**117.666**
Other comprehensive income:			
Fair value gains / (losses) on available-for-sale financial assets	**14**	(100)	(72)
Fair value gains / (losses) on cash flow hedges	**14**	3.151	(19.684)
Derecognition of gains/(losses) on hedges through comprehensive income	**14**	27.025	6.776
Currency translation differences on consolidation of subsidiaries		(1.168)	(40)
Other Comprehensive (loss) / income for the year, net of tax		28.908	(13.020)
Total comprehensive income for the year		**110.134**	**104.646**
Profit attributable to:			
Owners of the parent		84.191	114.150
Non-controlling interests		(2.965)	3.516
		81.226	**117.666**
Total comprehensive income attributable to:			
Owners of the parent		113.218	101.286
Non-controlling interests		(3.084)	3.360
		110.134	**104.646**
Basic and diluted earnings per share (expressed in Euro per share)	**28**	**0,28**	**0,37**

The notes on pages 11 to 64 are an integral part of these consolidated financial statements.

(All amounts in Euro thousands unless otherwise stated)

Consolidated statement of changes in equity

		Attributable to owners of the Parent					
	Note	Share Capital	Reserves	Retained Earnings	Total	Non-controlling Interest	Total Equity
Balance at 1 January 2011		**1.020.081**	**500.065**	**866.737**	**2.386.883**	**144.735**	**2.531.618**
Fair value gains / (losses) on available-for-sale financial assets	**14**	-	(72)	-	(72)	-	(72)
Currency translation differences on consolidation of subsidiaries	**14**	-	116	-	116	(156)	(40)
Fair value gains / (losses) on cash flow hedges	**14**	-	(19.684)	-	(19.684)	-	(19.684)
De-recognition of 2012 hedges	**14**	-	6.776	-	6.776	-	6.776
Other comprehensive income / (loss)		**-**	**(12.864)**	**-**	**(12.864)**	**(156)**	**(13.020)**
Profit for the year		-	-	114.150	114.150	3.516	117.666
Total comprehensive income for the year		**-**	**(12.864)**	**114.150**	**101.286**	**3.360**	**104.646**
Share based payments	**13**	-	1.119	-	1.119	-	1.119
Transfers to statutory and tax reserves	**14**	-	4.822	(4.822)	-	-	-
Participation of minority holding in share capital decrease of subsidiary	**34**	-	-	-	-	(12.963)	(12.963)
Dividends to minority shareholders		-	-	-	-	(2.739)	(2.739)
Dividends relating to 2010	**29**	-	-	(91.691)	(91.691)	-	(91.691)
Balance at 31 December 2011		**1.020.081**	**493.142**	**884.374**	**2.397.597**	**132.393**	**2.529.990**
Fair value gains / (losses) on available-for-sale financial assets	**14**	-	(100)	-	(100)	-	(100)
Currency translation differences on consolidation of subsidiaries	**14**	-	(1.048)	-	(1.048)	(120)	(1.168)
Fair value gains / (losses) on cash flow hedges	**14**	-	3.151	-	3.151	-	3.151
Transfers to comprehensive income	**14**	-	27.025	-	27.025	-	27.025
Other comprehensive income / (loss)		**-**	**29.028**	**-**	**29.028**	**(120)**	**28.908**
Profit for the year		-	-	84.191	84.191	(2.965)	81.226
Total comprehensive income for the year		**-**	**29.028**	**84.191**	**113.220**	**(3.085)**	**110.134**
Share based payments	**13**	-	252	-	252	-	252
Transfers to statutory and tax reserves	**14**	-	4.876	(4.876)	-	-	-
Participation of minority holding in share capital decrease of subsidiary	**34**	-	-	-	-	(6.455)	(6.455)
Dividends to minority shareholders		-	-	-	-	(1.369)	(1.369)
Dividends relating to 2011	**29**	-	-	(137.536)	(137.536)	-	(137.536)
Balance at 31 December 2012		**1.020.081**	**527.298**	**826.153**	**2.373.532**	**121.484**	**2.495.016**

The notes on pages 11 to 64 are an integral part of these consolidated financial statements.

(All amounts in Euro thousands unless otherwise stated)

Consolidated statement of cash flows

		For the year ended	
	Note	**31 December 2012**	**31 December 2011**
Cash flows from operating activities			
Cash generated from operations	**30**	557.742	856.439
Income and other taxes paid		(33.826)	(43.182)
Net cash generated from operating activities		**523.916**	**813.257**
Cash flows from investing activities			
Purchase of property, plant and equipment & intangible assets	**6,7**	(518.095)	(674.964)
Proceeds from disposal of property, plant and equipment & intangible assets		4.057	3.108
Proceeds from the sale of subsidiary, net of cash owned	**34**	1.900	6.059
Interest received		12.692	25.777
Dividends received		8.873	5.976
Payments from share capital decrease to non-controlling interests	**34**	(6.455)	(12.963)
Participation in share capital (increase) / decrease of associates		(640)	(775)
Net cash used in investing activities		**(497.668)**	**(647.782)**
Cash flows from financing activities			
Interest paid		(66.585)	(91.323)
Dividends paid to shareholders of the Company		(138.264)	(85.079)
Dividends paid to non-controlling interests		(1.389)	(2.739)
Repayments / (Acquisitions) of held-to-maturity securities		-	167.968
Proceeds from borrowings		682.722	932.551
Repayments of borrowings		(590.857)	(702.158)
Net cash (used in) / generated from financing activities		**(114.373)**	**219.220**
Net (decrease) / increase in cash, cash equivalents and restricted cash		**(88.125)**	**384.695**
Cash,cash equivalents and restricted cash at the beginning of the year	**12**	**985.486**	**595.757**
Exchange gains / (losses) on cash, cash equivalents and restricted cash		3.700	5.034
Net (decrease) / increase in cash, cash equivalents and restricted cash		(88.125)	384.695
Cash, cash equivalents and restricted cash at end of the year	**12**	**901.061**	**985.486**

The notes on pages 11 to 64 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 General information

Hellenic Petroleum (the "Company") and its subsidiaries (together "Hellenic Petroleum" or the "Group") operate in the energy sector predominantly in Greece and the Balkans. The Group's activities include refining and marketing of oil products, the production and marketing of petrochemical products and exploration for hydrocarbons. The Group also provides engineering services. The Group also operates in the sector of natural gas and in the production and trading of electricity power through its investments in DEPA and Elpedison.

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

The financial statements and the consolidated financial statements of Hellenic Petroleum S.A. for the year ended 31 December 2012 were authorised for issue by the Board of Directors on 28 February 2013. The shareholders of the Company have the power to amend the financial statements after issue.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

These consolidated financial statements of Hellenic Petroleum S.A. for the year ended 31 December 2012 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union ("EU").

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

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

2.1.1 Going Concern

The financial statements as of 31 December 2012 are prepared in accordance with IFRS and present the financial position, results of operations and cash flows of the Group on a going concern basis. In making their going concern assessment, management has considered the following matters:

Greek Macros: During the year to 31 December 2012 the Group faced exceptional challenges and increased cost of doing business (higher cost of funding, increased supply costs) as a result of the economic crisis in Greece and the political instability. This was more apparent during the pre-election period in the second quarter of the year and the last quarter prior to the release of the payment by the three party group comprising the European Commission (EC), the International Monetary Fund (IMF), and the European Central Bank (ECB). While the economic situation in Greece remains difficult, recent developments (e.g. new coalition government with a commitment to improve the competitiveness of the Greek economy, approval of the new austerity package by the Greek parliament, successful buyback of Greek State bonds, disbursement of funds from Greece's international lenders) have impacted positively on perceived political and economic risk.

Currency: In terms of currency, the Group's business is naturally hedged against the risk of having a different functional currency. All petroleum industry transactions are referenced to international benchmark quotes for crude oil and oil products in USD. All international purchases and sales of crude oil and products are done in USD and all sales into local markets are either in USD prices or converted to local currency for accounting and settlement reasons using the USD reference on the date of the transaction.

Refinancing: As of 31 December 2012 the Consolidated Statement of Financial Position shows net current liabilities amounting to €1,4 billion. These include term bank borrowings of €0,9 billion, which matured in January 2013. The Group has successfully refinanced these borrowings with the repayment of the maturing facilities partly out of operating cash flows and available cash reserves and partly through new loans. The refinancing is detailed in Note 3, "Financial risk management" and in Note 16, "Borrowings" to the consolidated financial statements.

Securing continuous crude oil supplies: Full year 2012 results were impacted by the coincidence of exceptional circumstances affecting the Group's trading and working capital credit capacity and consequently its cost of supply. These factors related to (a) the need to switch crude suppliers due to the sanctions on Iran, (b) the adverse economic conditions and risk aversion for Greece which led to very low trading limits extended by international traders, (c) the complete and sudden stop of letter of credit lines for the supply of crude oil and oil products by International banks and (d) the tight liquidity position of the Group due to the completion of the Elefsina refinery upgrade.

Adjusting to these challenges, the Group changed its working capital supply chain and its commercial terms for the supply of crude and product as well as the sale of products internationally. This change took place successfully allowing uninterrupted operations and supply of the Greek market, albeit with an increase in the cost of supply.

However, more recent developments on the main issues mentioned above , are leading to a de-escalation of this impact. Specifically, as a result of both the implementation of the Public sector debt restructuring program and bond buyback, Greek sovereign risk perception is lower than it was during 2012, and the successful completion and start-up of Elefsina resulting in increased trading cash flows provide additional flexibility to the Group. Finally, as crude supplies are readjusted through the Med market, the penalty suffered during the early period of switching to alternative suppliers is now normalized and reflected in market prices.

In conclusion, for the reasons explained above, the Group considers that: (a) the going concern basis of preparation of the accounts is appropriate, (b) all assets and liabilities of the Group are appropriately presented in accordance with the Group's accounting policies and (c) plans are in place to avoid material disruptions in the operations of the Group should these arise as a result of the current uncertain environment.

2.1.2 New standards, amendments to standards and interpretations

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

a) The following standards, amendments to standards and interpretations to existing standards are applicable to the Group for periods on or after 1 January 2012:

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

- *IAS 19 (Amendment) "Employee Benefits"* (effective for annual periods beginning on or after 1 January 2013).This amendment makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits (eliminates the corridor approach) and to the disclosures for all employee benefits. The key changes relate mainly to recognition of actuarial gains and losses, recognition of past service cost / curtailment, measurement of pension expense, disclosure requirements, treatment of expenses and taxes relating to employee benefit plans and distinction between "short-term" and "other long-term" benefits. The Group is currently evaluating the impact the amendment will have on its consolidated financial statements.

- *IAS 32 (Amendment) "Financial Instruments: Presentation"* (effective for annual periods beginning on or after 1 January 2014). This amendment to the application guidance in IAS 32 clarifies some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The Group is currently evaluating the impact the amendment will have on its consolidated financial statements.

- *IFRS 7 (Amendment) "Financial Instruments: Disclosures"* (effective for annual periods beginning on or after 1 January 2013). The IASB has published this amendment to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The Group is currently evaluating the impact the amendment will have on its financial statements.

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

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

- Group of standards on consolidation and joint arrangements (effective for annual periods beginning on or after 1 January 2014):

  The IASB has published five new standards on consolidation and joint arrangements: IFRS 10, IFRS 11, IFRS 12, IAS 27 (amendment) and IAS 28 (amendment). These standards are effective for annual periods beginning on or after 1 January 2014, unless otherwise stated. Earlier application is permitted only if the entire "package" of five standards is adopted at the same time. These standards have not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standards on its consolidated financial statements. The main provisions are as follows:

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

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

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

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

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

- *IFRS* 10, IFRS 11 and IFRS 12 (Amendment) "Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance". *(effective for annual periods beginning on or after 1 January 2013).* The amendment to the transition requirements in IFRSs 10, 11 and 12 clarifies the transition guidance in IFRS 10 and limits the requirements to provide comparative information for IFRS 12 disclosures only to the period that immediately precedes the first annual period of IFRS 12 application. Comparative disclosures are not required for interests in unconsolidated structured entities. These amendments have not yet been endorsed by the EU.

- IFRS 10, IFRS 12 and IAS 27 (Amendment) "Investment entities" (effective for annual periods beginning on or after 1 January 2014). The amendment to IFRS 10 defines an investment entity and introduces an exception from consolidation. Many funds and similar entities that qualify as investment entities will be exempt from consolidating most of their subsidiaries, which will be accounted for at fair value through profit or loss, although controlled. The amendments to IFRS 12 introduce disclosures that an investment entity needs to make. These amendments have not yet been endorsed by the EU.

- Amendments to standards that form part of the IASB's 2011 annual improvements project. The amendments set out below describe the key changes to IFRSs following the publication in May 2012 of the results of the IASB's annual improvements project. These amendments are effective for annual periods beginning on or after 1 January 2013 and have not yet been endorsed by the EU.

  - IAS 1 "Presentation of financial statements". The amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either (a) as required by IAS 8 "Accounting policies, changes in accounting estimates and errors" or (b) voluntarily.

- IAS 16 "Property, plant and equipment". The amendment clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment, i.e. when they are used for more than one period.

- IAS 32 "Financial instruments: Presentation". The amendment clarifies that income tax related to distributions is recognised in the income statement and income tax related to the costs of equity transactions is recognised in equity, in accordance with IAS 12.

- IAS 34, 'Interim financial reporting'. The amendment clarifies the disclosure requirements for segment assets and liabilities in interim financial statements, in line with the requirements of IFRS 8 "Operating segments".

b) The following amendments to standards and interpretations to existing standards are mandatory for the Group's accounting periods beginning on or after 1 January 2013 or later periods but are not applicable to the Group:

- IAS 12 (Amendment) 'Income Taxes' with regard to Investment Property using the fair value model (<u>effective for annual periods beginning on or after 1 January 2013</u>).

- IFRIC 20 'Stripping Costs in the Production Phase of a Surface Mine' (<u>effective for annual periods beginning on or after 1 January 2013</u>), applicable only to costs incurred in surface mining activity.

- IFRS 1 (Amendment) 'Government Loans' (<u>effective for annual periods beginning on or after 1 January 2013</u>). The amendment sets out how a first-time adopter would account for a government loan with a below-market rate of interest when they transition to IFRSs.

2.2 Consolidation

(a) Subsidiaries

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

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

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

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

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss (see Note 2.7).

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

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

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

(c) Disposal of subsidiaries

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

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition (see Note 2.7).

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

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

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

(e) Joint ventures

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

2.3 Segment reporting

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

2.4 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Euro, which is the Company's functional and presentation currency. Given that the Group's primary activities are in oil refining and trading, in line with industry practices, most crude oil and oil product trading transactions are based on the international reference prices of crude oil and oil products in US Dollars. Depending on the country of operation, the Group translates this value to the local currency (Euro in most cases) at the time of any transaction.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income in the financial statement line that is relevant to the specific transaction, 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 separately, and other changes in carrying amount are recognized in other comprehensive income.

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

(c) *Group companies*

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of

(All amounts in Euro thousands unless otherwise stated)

the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognized as a separate component of equity.

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

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

2.5 Property, plant and equipment

Land and buildings comprise mainly plant, the owned retail network and offices. All property, plant and equipment is shown at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the income statement as incurred. Refinery turnaround costs that take place periodically are capitalised and charged against income on a straight line basis until the next scheduled turnaround to the extent that such costs improve either the useful economic life of the equipment or its production capacity.

Land is not depreciated. Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful economic life, as shown on the table below for the main classes of assets:

– Land	Nil
– Buildings	13 – 40 years
– Specialised industrial installations	10 – 25 years
– Machinery, equipment and motor vehicles	5 – 10 years
– Furniture and fixtures	4 – 10 years
– Computer hardware	3 – 5 years
– LPG and white products carrier vessels	25 years
– Other Vessels	20 – 25 years

Included in specialised industrial installations are refinery units, petrochemical plants, tank facilities and petrol stations.

Depreciation on refinery components (included within specialised industrial installations) is charged after the commissioning phase is completed and the new refinery units are ready for start-up and commercial operation. In case of more complex projects such as a new refinery the commissioning process is a lengthier one with a number of activities for each unit separately and then for combination of units as systems. Once all units achieve start-up status with oil-in (i.e. operations with feed stocks) temperature, pressure and catalysts are applied which over a period of time bring the units to their normal state of operation. After that, units need to be tested for proper capacity and yield performance at which stage the unit is made available for proper commercial operation.

The assets' residual values and estimated useful economic lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

If the asset's carrying amount is greater than its estimated recoverable amount then it is written down immediately to its recoverable amount (see Note 2.9).

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

2.6 Borrowing costs

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

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

2.7 Intangible assets

(a) Goodwill

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

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

(b) Retail Service Stations Usage rights

Retail Service Stations Usage rights, represent upfront lump-sum amounts paid upon the signing to owners of such retail sites. Such payments are made to secure branding and future revenues for the Group that were not available in the past and are therefore capitalised in accordance with IAS 38, Intangible Assets. They are amortised over the life of the acquired right.

(c) Licences and rights

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

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

(d) Computer software

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

2.8 Exploration for and Evaluation of Mineral Resources

(a) Exploration and evaluation assets

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

(b) Development of tangible and intangible assets

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

(c) Oil and gas production assets

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

(d) Depreciation/amortization

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

(e) Impairment – exploration and evaluation assets

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

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

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

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and, are tested annually for impairment. Assets that are subject to amortisation or depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (discounted cash flows an asset is expected to generate based upon management's expectations of future economic and operating conditions). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Financial assets

2.10.1 Classification

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

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

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

(b) Loans and receivables

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

(c) Available-for-sale financial assets

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

2.10.2 Recognition and measurement

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

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

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

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

2.10.3 Impairment of financial assets

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

Impairment testing for receivables is described in note 2.14.

2.10.4 Offsetting financial instruments

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

2.11 Derivative financial instruments and hedging activities

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

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

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

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

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

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

The derivatives that are not designated as hedges and do not qualify for hedge accounting are classified as held-for-trading and accounted for at fair value through profit or loss. Changes in the fair value of these derivative instruments that do not qualify for hedge accounting are recognized immediately in the statement of comprehensive income within “Cost of Sales”(if the derivative transactions are matching physical positions and trades or close proxies thereof), or in “Other operating gains / (losses)”(if it is not be possible to achieve a fully matched position) (refer to Note 20).

2.12 Government grants

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

2.13 Inventories

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

Cost of inventories is determined using the monthly weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads.

Under IEA and EU regulations, Greece has a policy of maintaining 90 days of strategic stock reserves (Compulsory Stock Obligations). This responsibility is passed on to all companies who import and sell in the domestic market who have the responsibility to maintain and finance the appropriate stock levels. Such stocks are part of the operating stocks and are valued on the same basis.

2.14 Trade receivables

Trade receivables, which generally have 20-90 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 clear evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

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

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

2.15 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.

2.16 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.

2.17 Borrowings

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

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

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

2.18 Current and deferred income tax

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

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

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

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

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

2.19 Employee benefits

(a) *Pension obligations*

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

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

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

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

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

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

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

The Group will apply the revised IAS 19 from 1 January 2013, where the corridor approach will be eliminated and the provisions of the revised standards will apply in full.

(b) Termination benefits

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

(c) Share-based compensation

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

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

2.20 Trade and other payables

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

2.21 Provisions

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

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

2.22 Environmental liabilities

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

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

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

2.23 Revenue recognition

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

(a) Sales of goods – wholesale

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

(b) Sales of goods – retail

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

(c) Sales of services

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

(d) Interest income

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

(e) Dividend income

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

2.24 Leases

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

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

2.25 Dividend distribution

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

2.26 Comparative figures

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

3 Financial risk management

3.1 Financial risk factors

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

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

(a) Market risk

(i) Foreign exchange risk

As explained in note 2.4 “Foreign currency translation”, the functional and presentation currency of the Group is the Euro. However, in line with industry practice in all international crude oil and oil trading transactions, underlying commodity prices are based on international reference prices quoted in US dollars.

Foreign currency exchange risk arises on three types of exposure:

- **Financial position translation risk:** Most of the inventory held by the Group is reported in Euro while its underlying value is determined in USD. Thus, a possible devaluation of the USD against the Euro leads to a reduction in the realisable value of inventory included in the statement of financial position. In order to manage this risk, a significant part of the Group’s payables (sourcing of crude oil on credit) is denominated in USD providing an opposite effect to the one described above. It should be noted however, that while in the case of USD devaluation the impact on the statement of financial position is mitigated, in cases of USD appreciation the mark-to-market valuation of such payables leads to a reported loss under foreign exchange differences with no compensating benefit as stocks continue to be included in the statement of financial position at cost. The exposure at any point in time is clearly given by the amounts shown in the statement of financial position and the related disclosures. It is estimated, that at 31 December 2012 if the Euro had weakened against the US dollar by 5% with all other variables held constant, pre-tax profits would have been €28.6 million lower, as a result of foreign exchange losses on translation of US dollar-denominated receivables, payables, cash and borrowings.

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

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

(ii) Commodity price risk

The Group’s primary activity as a refiner involves exposure to commodity prices. Changes in current or forward absolute price levels vs acquisition costs affect the value of inventory while exposure to refining margins (combination of crude oil and product prices) affect the future cash flows of the business.

In the case of price risk, the level of exposure is determined by the amount of priced inventory carried at the end of the reporting period. In periods of sharp price decline, as Group policy is to report its inventory at the lower of historical cost and net realisable value, results are affected by the reduction in the carrying value of the inventory. The extent of the exposure relates directly to the level of stocks and rate of price decrease. This exposure is partly hedged with paper derivatives to the extent that the cost of such instruments is considered positive from a risk-return point of view and subject to the structure of the market (contango vs. backwardation) as well as credit capacity for long dated transactions.

Refining margin exposure relates to the absolute level of margin generated by the operation of the refineries. This is determined by Platt’s prices and varies on a daily basis; as an indication of the impact to the Group financial results, a change in the refinery margins has a proportionate impact on the Group’s profitability. Where possible, the Group aims to hedge the part of its production which will be sold in the future and hence will be exposed to forward pricing, thus generating higher price risk upon completion of the sale. This, however, is not possible to do in all market conditions, such as a backwardated market structure, where future prices are below their spot levels, or when there is no credit capacity for derivatives transactions. The sensitivity of the fair value of the open derivative contracts affecting profits to an immediate 10% increase or decrease in all reference prices, would have been €0,5 million at 31 December 2012. (31 December 2011: €1,2 million). This figure does not include any corresponding economic impact that would arise from the natural business exposure, which would be expected to largely offset the gain or loss on the derivatives.

(iii) Cash flow and fair value interest rate risk

The Group's operating income and cash flows are not significantly affected by changes in market interest rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, while borrowings issued at fixed rates expose the Group to fair value interest rate risk. Substantially all of the Group's borrowings are at variable rates of interest. Depending on the levels of net debt at any given period of time, any change in the base interest rates (EURIBOR or LIBOR), has a proportionate impact on the Groups results. At 31 December 2012, if interest rates on US dollar denominated borrowings had been 0.5% higher with all other variables held constant, pre-tax profit for the year would have been €2,7 million lower. At 31 December 2012, if interest rates on Euro denominated borrowings had been 0,5% higher with all other variables held constant, pre-tax profit for the year would have been Euro €11 million lower.

(b) Credit risk

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

Due to market conditions, the approval of credit risk is subject to a more strict process involving all levels of senior management. A Group credit committee meets and discusses material credit exposures on a Group wide basis. See note 11 "Trade and other receivables" for further disclosure on credit risk.

(c) Liquidity risk

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

Given market developments during 2011 and 2012, the Group has focused more on liquidity risk and cash flow management. Due to the material amounts of debt that became due in January 2013, the Group worked on an overall refinancing plan to ensure that the required amounts are available to ensure uninterrupted operations. This included inter alia the following:

(a) All short term committed or uncommitted facilities that matured in 2012 were renewed or replaced by similar credit lines most of them provided by Greek systemic banks.
(b) A term loan of €350 million which matured in December 2012, was repaid through a new credit facility of €225 million and cash reserves available as at the repayment date.
(c) A term loan of $1,160 million which matured after the balance sheet date in January 2013, was refinanced by new committed credit facilities totaling €605 million. The balance of c. €300 million was repaid using existing Group cash reserves leading to a reduction of Group gross debt in January 2013.

Further details of the relevant loans and refinancing plans are provided in note 16 "Borrowings".

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

(All amounts in Euro thousands unless otherwise stated)

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
31 December 2012				
Borrowings	2.375.097	44.444	133.332	205.498
Derivative financial instruments	47.055	-	-	-
Trade and other payables	1.872.626	-	-	-
31 December 2011				
Borrowings	1.531.893	760.685	133.332	248.279
Derivative financial instruments	46.355	50.158	-	-
Trade and other payables	1.640.595	-	-	-

3.2 Capital risk management

The Group's objective with respect to capital structure, which includes both equity and debt funding, is to safeguard its ability to continue as a going concern and to have in place an optimal capital structure from a cost perspective.

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

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

During 2012 the Group managed its gearing ratio to 40-45%.

The gearing ratios at 31 December 2012 and 2011 were as follows:

	As at	
	31 December 2012	**31 December 2011**
Total Borrowings (Note 16)	2.758.371	2.674.189
Less: Cash, Cash Equivalents and restricted cash (Note 12)	(901.061)	(985.486)
Less: Available for sale financial assets	(1.891)	(2.062)
Net debt	**1.855.419**	**1.686.641**
Total Equity	2.495.016	2.529.990
Total Capital Employed	**4.350.435**	**4.216.631**
Gearing ratio	**43%**	**40%**

The gearing ratio was higher than the previous year mainly due to a funding peak required for the completion of the investment in the Group's refinery upgrade project in Elefsina. Following the successful commercial start-up of the refinery, debt levels and gearing ratio are expected to decline.

(All amounts in Euro thousands unless otherwise stated)

3.3 Fair value estimation

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

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

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2012:

	Level 1	Level 2	Level 3	Total balance
Assets				
Derivatives held for trading	-	-	-	-
Derivatives used for hedging	-	840	-	840
	-	**840**	**-**	**840**
Liabilities				
Derivatives held for trading	-	-	-	-
Derivatives used for hedging	-	47.055	-	47.055
	-	**47.055**	**-**	**47.055**

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2011:

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

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

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

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

Specific valuation techniques used to value financial instruments include:

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

4 Critical accounting estimates and judgements

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

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

(a) Income taxes

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

(b) Provision for environmental restoration

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

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

The Group tests annually whether goodwill and non-financial assets have suffered any impairment, in accordance with its accounting policies (see Note 2.9). The recoverable amounts of cash generating units are determined based on value-in-use calculations. Significant judgement is involved in management's determination of these estimates.

(d) Fair value of derivatives and other financial instruments

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

(e) Pension benefits

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

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

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

(f) Provisions for legal claims

The Group has a number of legal claims pending against it. Management assesses the likely outcome of these claims and if it is more likely than not that the Group will lose a claim, then a provision is made. Provisions for legal claims, if required, are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. This requires judgement.

(All amounts in Euro thousands unless otherwise stated)

5 Segment information

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

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

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

	Refining	Marketing	Exploration & Production	Petro-chemicals	Gas & Power	Other	Inter-Segment	Total
Year ended 31 December 2012								
Sales	10.154.445	3.867.557	-	370.511	318	18.391	(3.942.352)	10.468.870
Other operating income / (expense) - net	21.450	12.237	(82)	3.913	(320)	(5.812)	-	31.386
Operating profit / (loss)	**106.119**	**(12.111)**	**(6.291)**	**29.228**	**(146)**	**2.904**	**-**	**119.703**
Currency exchange gains/ (losses)	7.882	549	-	(4)	-	2.348	-	10.775
Profit before tax, share of net result of associates & finance costs	**114.001**	**(11.562)**	**(6.291)**	**29.224**	**(146)**	**5.252**	**-**	**130.478**
Share of net result of associates and dividend income	4.326	115	-	(2.357)	36.137	-	-	38.221
Profit after associates	**118.327**	**(11.447)**	**(6.291)**	**26.867**	**35.991**	**5.252**	**-**	**168.699**
Finance (expense)/income - net								(54.201)
Profit before income tax								**114.498**
Income tax expense								(33.272)
Income applicable to non-controlling interests								2.965
Profit for the year attributable to the owners of the parent								**84.191**

(All amounts in Euro thousands unless otherwise stated)

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

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

(All amounts in Euro thousands unless otherwise stated)

The segment assets and liabilities at 31 December 2012 and 2011 are as follows:

Year ended 31 December 2012	**Refining**	**Marketing**	**Exploration & Production**	**Petro-chemicals**	**Gas & Power**	**Other**	**Inter-Segment**	**Total**
Total assets	5.341.011	1.443.774	12.559	245.059	640.844	1.234.260	(1.513.484)	7.404.024
Investments in associates	9.736	759	-	(451)	635.712	-	-	645.756
Total liabilities	3.310.364	854.673	7.613	118.560	2.383	900.076	(284.661)	4.909.008
Net assets	2.030.648	589.101	4.946	126.498	638.462	334.184	(1.228.823)	2.495.016
Capital expenditure	493.876	20.655	-	712	2.838	14	-	518.095
Depreciation & Amortisation	101.138	58.652	932	17.384	54	420	-	178.580

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

(All amounts in Euro thousands unless otherwise stated)

6 Property, plant and equipment

	Land	Buildings	Plant & Machinery	Motor vehicles	Furniture and fixtures	Assets Under Con-struction	Total
Cost							
As at 1 January 2011	**275.471**	**547.341**	**2.141.285**	**82.090**	**127.893**	**1.320.044**	**4.494.124**
Additions	1.464	2.324	8.764	956	5.467	654.636	673.611
Capitalised projects	-	35.044	286.629	73	4.153	(325.899)	-
Disposals	(285)	(3.686)	(9.069)	(557)	(1.411)	(2.168)	(17.176)
Currency translation effects	52	228	28	20	(4)	(10)	314
Transfers and other movements	13.551	(1.447)	3.300	(26)	(8)	(13.538)	1.832
As at 31 December 2011	**290.253**	**579.804**	**2.430.937**	**82.556**	**136.090**	**1.633.065**	**5.152.705**
Accumulated Depreciation							
As at 1 January 2011	**-**	**282.388**	**1.406.454**	**37.644**	**99.143**	**-**	**1.825.629**
Charge for the year	-	23.277	100.352	4.665	10.767	-	139.061
Disposals	-	(3.885)	(8.483)	(557)	(1.400)	-	(14.325)
Currency translation effects	-	18	13	-	(3)	-	28
Transfers and other movements	-	(769)	(803)	(109)	(103)	-	(1.784)
As at 31 December 2011	**-**	**301.029**	**1.497.533**	**41.643**	**108.404**	**-**	**1.948.609**
Net Book Value at 31 December 2011	**290.253**	**278.775**	**933.404**	**40.913**	**27.686**	**1.633.065**	**3.204.096**
Cost							
As at 1 January 2012	**290.253**	**579.804**	**2.430.937**	**82.556**	**136.090**	**1.633.065**	**5.152.705**
Additions	1.980	2.284	7.713	859	3.720	499.820	516.376
Capitalised projects	177	271.974	1.695.343	4.638	701	(1.972.833)	-
Disposals	(451)	(1.043)	(7.205)	(691)	(872)	(1.062)	(11.324)
Currency translation effects	(1.911)	(2.918)	(635)	1	(4)	(130)	(5.597)
Transfers and other movements	(1.657)	(2.289)	(677)	(42)	(244)	(2.542)	(7.451)
As at 31 December 2012	**288.391**	**847.812**	**4.125.476**	**87.321**	**139.391**	**156.318**	**5.644.709**
Accumulated Depreciation							
As at 1 January 2012	**-**	**301.029**	**1.497.533**	**41.643**	**108.404**	**-**	**1.948.609**
Charge for the year	-	25.012	116.055	5.050	10.008	-	156.125
Disposals	-	(515)	(5.894)	(629)	(849)	-	(7.887)
Currency translation effects	-	(578)	(456)	-	(17)	-	(1.051)
Transfers and other movements	-	(643)	(326)	(48)	(152)	-	(1.169)
As at 31 December 2012	**-**	**324.305**	**1.606.912**	**46.016**	**117.394**	**-**	**2.094.627**
Net Book Value at 31 December 2012	**288.391**	**523.507**	**2.518.564**	**41.305**	**21.997**	**156.318**	**3.550.082**

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

(2) Capitalised projects mainly include amounts relating to the cost of new units of the Elefsina refinery. In line with the policy of the Group, part of the costs incurred with respect to the testing and commissioning of the new units in Elefsina refinery have been capitalized as part of the Upgrade project costs, in accordance with IAS 16. The commissioning activities commence with inerting operations and consist of activities associated with running or operating the plant including operating adjustments necessary for the plant to become ready to operate in accordance with the intended specification. Also included are "Operations Tests" which are methods used to prepare an item of mechanical equipment or control system to operate as intended. Most of this process was completed in the last quarter and the upgraded Elefsina refinery was moved from commissioning to commercial operation within December. While all units have been tested and operated at capacity, full capacity utilization will be achieved over the next few months as is the case for all such projects.

(3) During 2012 an amount of €83 million (2011: €68 million) in respect of interest has been capitalised in relation to Assets Under Construction relating to the refining segment, at an average borrowing rate of 5,1% (2011: 4,5%).

(4) Transfers and other movements include assets of €4 million that were part of Eko Petroleum Albania that was disposed of during the year (see Note 34).

(All amounts in Euro thousands unless otherwise stated)

7 Intangible assets

	Goodwill	Retail Service Stations Usage Rights	Computer software	Licences & Rights	Other	Total
Cost						
As at 1 January 2011	**139.005**	**48.771**	**72.004**	**32.536**	**93.256**	**385.572**
Additions	-	-	1.239	-	114	1.353
Disposals	(22)	(1.396)	-	-	-	(1.418)
Other movements & Currency translation effects	-	2.304	5.939	-	(13.350)	(5.107)
As at 31 December 2011	**138.983**	**49.679**	**79.182**	**32.536**	**80.020**	**380.400**
Accumulated Amortisation						
As at 1 January 2011	**71.829**	**8.911**	**66.737**	**17.367**	**15.720**	**180.564**
Charge for the year	-	4.753	2.688	1.669	11.426	20.536
Disposals	-	(846)	-	-	-	(846)
Other movements & Currency translation effects	-	2.296	(56)	-	31	2.271
As at 31 December 2011	**71.829**	**15.114**	**69.369**	**19.036**	**27.177**	**202.525**
Net Book Value at 31 December 2011	**67.154**	**34.565**	**9.813**	**13.500**	**52.843**	**177.875**
Cost						
As at 1 January 2012	**138.983**	**49.679**	**79.182**	**32.536**	**80.020**	**380.400**
Additions	500	9	947	87	176	1.719
Disposals	-	(2.207)	(52)	-	-	(2.259)
Other movements & Currency translation effects	(112)	-	2.372	-	(336)	1.924
As at 31 December 2012	**139.371**	**47.481**	**82.449**	**32.623**	**79.860**	**381.784**
Accumulated Amortisation						
As at 1 January 2012	**71.829**	**15.114**	**69.369**	**19.036**	**27.177**	**202.525**
Charge for the year	-	4.669	4.840	1.583	11.363	22.455
Disposals	-	(1.489)	(2)	-	-	(1.491)
Other movements & Currency translation effects	-	-	(13)	-	(12)	(25)
As at 31 December 2012	**71.829**	**18.294**	**74.194**	**20.619**	**38.528**	**223.464**
Net Book Value at 31 December 2012	**67.542**	**29.187**	**8.255**	**12.004**	**41.332**	**158.320**

(1) The majority of the remaining amount of goodwill as at 31 December 2012 relates to the unamortised goodwill arising on the acquisition of Hellenic Petroleum Cyprus Ltd from BP plc in 2003 which is treated in line with the accounting policy in note 2.7. This has been tested for impairment as at 31 December 2012 using the value-in-use model. The results of the model show that there is more than adequate valuation headroom to cover the carrying amount of the goodwill, amounting to €70 as of 31 December 2012, even after significant variations of the assumptions used.

(2) Retail Service Stations Usage Rights relates to upfront lump-sum payments, aimed at securing the use and control of the service stations.. Details of the accounting policy are given in note 2.7

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

(4) Other intangible assets category includes rights of use of land in Serbia and Montenegro. Furthermore, included therein is the fair value of the contractual customer relationships from the subsidiary acquired in December 2009 (ex BP Hellas) which is amortized over the life of the contracts.

(All amounts in Euro thousands unless otherwise stated)

8 Investments in associates and joint ventures

	As at	
	31 December 2012	**31 December 2011**
Beginning of the Year	**616.095**	**560.783**
Dividend income	(11.657)	(7.423)
Share of results of associates & joint ventures	38.221	67.488
Share capital increase / (decrease)	640	775
Impairment of investment	-	(5.528)
Unrealised profit in stock	2.457	-
End of the year	**645.756**	**616.095**

During 2011, the Group took an impairment charge against its investment in Thraki SA (€5.6m). Unrealised profit in stock arises from the sale of goods to an associate of the Group which is not consolidated, and is calculated on the basis of the share of profits of the Group included as Income from Associates to the extent that such stock is still held at year end.

a) Jointly Controlled Group Entities

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

Given the materiality of this activity for the Group, the table below summarises the proforma key financials of Elpedison B.V. group which includes Elpedison Power (75,78%) and Elpedison Energy (formerly Elpedison Trading - 100%):

(All amounts in Euro thousands unless otherwise stated)

	As at	
Elpedison B.V Group	**31 December 2012** *(Proforma)*	**31 December 2011** *(Audited)*
Statement of Financial Position		
Non-Current Assets	413.595	447.100
Cash and Cash Equivalents	20.823	6.287
Other Current Assets	244.044	173.641
Total Assets	**678.462**	**627.028**
Equity	**160.153**	**163.212**
Long Term Borrowings	-	325.747
Other Non-Current Liabilities	7.539	3.799
Short Term Borrowings	309.523	14.266
Other Current Liabilities	201.247	120.004
Total Liabilities	**518.309**	**463.816**
Total Liabilities and Equity	**678.462**	**627.028**
Statement of Comprehensive Income		
Revenue	457.866	433.213
EBITDA	**57.223**	**60.654**
Depreciation & Amortisation	28.875	29.981
EBIT	**28.348**	**30.673**
Interest Income/(Expense) - net	(24.740)	(24.300)
Income Tax	(6.069)	(1.989)
Profit / (Loss) after Tax	**(2.462)**	**4.385**
Profit / (Loss) After Tax and Minorities	**(1.866)**	**3.156**
Income / (Loss) accounted in Helpe Group	**(1.020)**	**1.838**

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

b) Associates

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

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

	For the year ended	
	31 December 2012	**31 December 2011**
Public Natural Gas Corporation of Greece (DEPA)	37.205	66.825
Other associates	2.036	(1.175)
Total	**39.241**	**65.650**

(All amounts in Euro thousands unless otherwise stated)

The main financial information of DEPA Group is presented below:

	For the year ended	
	31 December 2012 *(Proforma)*	**31 December 2011** *(Audited)*
EBITDA	173.176	275.038
Income before Tax	136.574	244.739
Income Tax	(30.273)	(53.810)
Net income	**106.301**	**190.929**
Income accounted in Helpe Group	**37.205**	**66.825**

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

	% interest held	**As at 31 December 2012** *(Proforma)*		
		Assets	**Liabilities**	**Revenues**
DEPA	35%	3.265.514	1.687.424	1.932.682
DMEP Holdco (ultimate parent of OTSM)	48%	222.557	221.464	559

		As at 31 December 2011 *(Audited)*		
		Assets	**Liabilities**	**Revenues**
DEPA	35%	2.955.515	1.452.299	1.761.093
DMEP Holdco (ultimate parent of OTSM)	48%	210.899	210.415	564

Privatisation process for DEPA

As part of the Greek government privatisation process, the Group participates with the Hellenic Republic Asset Development Fund (HRADF) in a joint sales process for their respective shareholding in DEPA Group. This decision was approved by a Hellenic Petroleum SA Extraordinary General Meeting (EGM) which was held on 31 January 2012. The final decision to sell will be subject to an EGM to be held in the future once final binding bids are available.

Following this agreement, the process for the sale of DEPA was launched, and on 5 November 2012 five non-binding offers were received. The BoD of HRDAF approved and sent the process letter for the binding offers stage to all five bidders who qualified for second round; Virtual Due Diligence room opened on 6 February 2013 and final offer date is expected to be announced soon with aim to complete the process in the second quarter of 2013.

Based on the above, and until a final decision to sell is approved by shareholders, the Group presents its investment in DEPA as an Investment In Associated companies and consolidates its financial position and results on an equity basis. As at 31 December 2012 DEPA Group's carrying value in the Group's accounts is €551 million (2011: €525m).

Exceptional Items included in DEPA's financial position and results

On 4 October 2012 DEPA and PPC EGMs approved the settlement plan for a number of ongoing disputes between the two companies, which includes, amongst others, the settlement on retroactive pricing of gas supply contract with BOTAS, provisions for settlement of arbitrations and disputes with PPC on gas supply contracts and profit participation of PPC in DEPA Group results. In addition, due to the privatization process, DEPA has proceeded to include provisions for a number of material long outstanding cases which remained unresolved.

(All amounts in Euro thousands unless otherwise stated)

These charges were recorded in DEPA's financial statements during the last two years. The Group's share of the negative impact of these matters on the net asset position of DEPA as at 31 December 2012 is €76 million.

DMEP HoldCo Ltd

In 2011, the Group participated with 48% holding through its subsidiary company Hellenic Petroleum International A.G. in the setting-up of a new company DMEP HoldCo Ltd, a company incorporated in UK, which in turn owns 100% of "OTSM S.A. of Maintenance Compulsory Stocks and Trading of Crude Oil and Petroleum Products" (OTSM). OTSM is established under Greek law and is fully permitted to provide crude oil and petroleum products stock keeping and management services. The Group has delegated part of its compulsory stock keeping obligations to OTSM, reducing its stock holding by approximately 300.000 MT, at a fee calculated in line with the legal framework (see Note 10).

9 Loans, Advances & Long Term assets

	As at	
	31 December 2012	**31 December 2011**
Loans and advances	75.954	63.371
Other long term assets	39.101	32.864
Total	**115.055**	**96.235**

Loans and advances relate primarily to merchandise credit extended to third parties as part of the retail network expansion and is non-interest bearing. This also includes trade receivables due in more than one year as a result of settlement arrangements.

Other long term assets include non-interest bearing payments made to secure long term retail network and are amortised over the remaining life of the relating contracts of the petrol stations locations. In addition they include other non-interest bearing prepayments of long term nature.

The balances included in the above categories as of 31 December 2012 are. discounted at a rate of 5% (2011: 5%).

10 Inventories

	As at	
	31 December 2012	**31 December 2011**
Crude oil	349.802	324.736
Refined products and semi-finished products	757.803	705.032
Petrochemicals	31.799	34.982
Consumable materials and other spare parts	86.534	85.813
- Less: Provision for consumables and spare parts	(5.816)	(9.372)
Total	**1.220.122**	**1.141.191**

The cost of goods sold included in "Cost of sales" for 2012 is equal to €7,7 billion (2011: €6,5 billion).

During 2012, the parent company utilized part of its provision for obsolete inventories of consumable materials and spare parts, amounting to €3,6 million, in order to dispose of such inventories.

Hellenic Petroleum SA keeps crude oil and refined products stocks in excess of its normal operating stock levels in order to fulfil the EU requirement for compulsory Stock obligations (90 days stock directive), as legislated by Greek Law 3054/2002. At the end of 2011, the Group participated in a structure commonly used in other

(All amounts in Euro thousands unless otherwise stated)

European markets whereby part of the stock obligations are delegated to other companies most commonly established as dedicated finance vehicles. Under this structure, Hellenic Petroleum SA has delegated part of this obligation to OTSM SA reducing its stock holding by approximately 300.000 MT. The Group retains an interest of 48% in OTSM SA, which is classified in Investments in Associates.

During the refinancing process (refer to note 16), certain banks were requested to provide a material increase to their credit lines on a temporary basis in order to create enough headroom to complete the cash transfers required for the repayment of €1,250 million facilities maturing in December 2012 and January 2013. As a result, the Group agreed to provide a temporary pledge on inventories, during the refinancing period and provided that the banks' additional credit lines were €225 million, for a maximum amount of €200 million as at 31 December 2012 (31 December 2011: € nil). Upon successful completion of the refinancing on 31 January 2013, the pledge was lifted.

11 Trade and other receivables

	As at	
	31 December 2012	**31 December 2011**
Trade receivables	670.765	704.184
- Less: Provision for impairment of receivables	(162.374)	(153.664)
Trade receivables net	**508.391**	**550.520**
Other receivables	281.772	401.644
- Less: Provision for impairment of receivables	(28.230)	(25.778)
Other receivables net	**253.542**	**375.866**
Derivatives held for trading (Note 21)	840	-
Deferred charges and prepayments	28.527	19.432
Total	**791.300**	**945.818**

As part of its working capital management the Group utilises factoring facilities to accelerate the collection of cash from its customers in Greece. Non-recourse factoring, is excluded from balances shown above.

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

The Group carries receivable balances from the Greek state as part of its normal course of business, such as prepaid income taxes or trade receivables. A significant mitigant to the risk of delayed collection of these receivables is legislation which allows companies to offset overdue receivables with their financial obligations to the state. Due to its business model and the relevant tax framework, the Group generates on a monthly basis significant financial obligations towards the State, such as VAT, oil products consumption tax and income tax as part of its business; which can be used to net the amounts receivable. The amounts of prepaid VAT as at 31 December 2012 amount to €17 million as a significant portion of the outstanding amount was collected during the year (31 December 2011: €190m).

Other receivables also include a balance of €54m (2011: nil) of VAT approved refunds which has been withheld by the customs office in respect of a dispute about stock shortages (see note 31 "Contingencies and litigation"). Against this action the Group has filed a specific legal objection and claim and expects to fully recover this amount following the conclusion of the relevant legal proceedings.

The fair values of trade and other receivables approximate their carrying amount.

(All amounts in Euro thousands unless otherwise stated)

The table below shows the segregation of trade receivables:

	As at	
	31 December 2012	**31 December 2011**
Total trade receivables	670.765	704.184
Amounts included above which are past due, doubtful and impaired:		
Gross amount	171.932	163.743
Less: Allowance for Bad Debts	(162.374)	(153.664)
Net amount included in Receivables	**9.558**	**10.079**

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. Provision is made for receivables that are doubtful of collection and have been assessed that they will result in a loss, net of any respective securities or collaterals obtained.

Trade receivables also include past due but not impaired balances of € 176 million as at 31 December 2012 (31 December 2011 €169 million) relating to a number of independent customers from whom there is no recent history of default. Out of these balances €102 million were past due up to 30 days (2011:€80 million), €21 million were past due up to 90 days (2011: €36million) and €53 million were past due over 90 days (2011: €53 million). As part of the active management of trade receivables the Group has negotiated new credit terms for the majority of these balances, thus does not consider them as past due on the basis of the aforementioned terms.

The doubtful receivables mainly relate to wholesalers, which are in unexpectedly difficult economic situations. As of 31 December 2012, the overdue days of trade receivables that were doubtful and impaired is as follows:

	As at	
	31 December 2012	**31 December 2011**
Up to 30 days	5.504	2.356
30 - 90 days	240	446
Over 90 days	166.188	160.941
Total	**171.932**	**163.743**

It was assessed that a portion of the doubtful receivables is expected to be recovered through settlements, legal actions and securing of additional collaterals.

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

	As at	
	31 December 2012	**31 December 2011**
Balance at 1 January	153.664	135.947
Charged / (credited) to the income statement:		
- Additional provisions	22.603	23.112
- Unused amounts reversed	(3.325)	(1.094)
- Receivables written off during the year as uncollectible	(10.736)	(4.326)
Other movements	168	25
Balance at 31 December	**162.374**	**153.664**

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

(All amounts in Euro thousands unless otherwise stated)

12 Cash, cash equivalents and restricted cash

	As at	
	31 December 2012	**31 December 2011**
Cash at Bank and in Hand	679.519	501.744
Short term bank deposits	21.542	483.742
Cash and Cash Equivalents	**701.061**	**985.486**
Restricted Cash	200.000	-
Total Cash, Cash Equivalents and Restricted Cash	**901.061**	**985.486**

Cash balances were kept at that level in view of the refinancing requirements in January 2013.

Restricted cash relate to a structure which was put in place by the Company and Bank of Cyprus as a way of supporting Facility B of the EIB due to the downgrade of Greek and Cypriot banks. Under this structure the Company agreed to a €200m loan from Bank of Cyprus which is then placed as deposit with the same bank.

This deposit is on-placed with Clearstream in order to temporarily enhance Bank of Cyprus guarantee to EIB in respect of facility B of the EIB loan referred to in note 16. The effect of the loan and the deposit is a grossing up of the balance sheet but with no effect to the Net Debt position of the Group. This structure was put in place during the last quarter of 2012 and will be re-examined in 2013.

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

	As at	
	31 December 2012	**31 December 2011**
Euro	0,75%	0,62%
USD	0,61%	0,56%

13 Share capital

	Number of Shares (authorised and issued)	**Share Capital**	**Share premium**	**Total**
As at 1 January & 31 December 2011	**305.635.185**	**666.285**	**353.796**	**1.020.081**
As at 31 December 2012	**305.635.185**	**666.285**	**353.796**	**1.020.081**

All ordinary shares were authorised, issued and fully paid. The nominal value of each ordinary share is €2,18 (31 December 2011: €2,18).

Share options

During the Annual General Meeting (AGM) of Hellenic Petroleum S.A. held on 25 May 2005, a share option scheme was approved, based on years 2005 – 2007, with the intention to link the number of share options granted to employees with the results and performance of the Company and its management. The AGM of Hellenic Petroleum S.A of 31 May 2006 has approved and granted stock options for the year 2005 of 272.100 shares. The AGM of 17 May 2007 has approved and granted stock options for the year 2006 of 408.015 shares. The AGM of 14 May 2008 has approved and granted stock options for the year 2007 of 385.236 shares and extended the scheme for an additional base year, namely 2008. The AGM of 3 June 2009 has approved and granted stock options for the year 2008 of 1.704.716 shares and extended the scheme for 2009. The vesting period is 1 November to 5 December of the years 2008 – 2012, 2009 – 2013, 2010 – 2014 and 2011 – 2015 for each of the base years 2005, 2006, 2007 and 2008 respectively.

(All amounts in Euro thousands unless otherwise stated)

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

The Annual General Meeting of Hellenic Petroleum S.A. of 28 June 2012 approved the completion of the scheme and granted the remaining stock options for 1.479.933 shares for the year 2011. The vesting period is 1 November to 5 December of the years 2014 – 2018.

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

The movement in share options during the year were:

	As at			
	31 December 2012		**31 December 2011**	
	Average Exercise Price in € per share	Options	Average Exercise Price in € per share	Options
At 1 January	**8,74**	**2.720.950**	**8,74**	**2.720.950**
Granted	4,52	1.479.933	-	-
Exercised	-	-	-	-
Lapsed	9,69	(268.658)	-	-
At 31 December	**7,08**	**3.932.225**	**8,74**	**2.720.950**

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

Expiry Date	**Exercise Price in € per share**	**No. of share options as at**	
		31 December 2012	**31 December 2011**
5 December 2012	9,69	-	268.658
5 December 2013	10,88	397.815	397.815
5 December 2014	11,01	349.761	349.761
5 December 2015	7,62	1.704.716	1.704.716
5 December 2018	4,52	1.479.933	-
	Total	**3.932.225**	**2.720.950**

The average remaining contractual life of stock options outstanding at 31 December 2012 was 4 years (2011: 3 years)

The total expense recognised in the statement of comprehensive income for the year ended 31 December 2012 for share based compensation is €0,3m (2011: €1,1m).

(All amounts in Euro thousands unless otherwise stated)

14 Reserves

	Statutory reserve	Special reserves	Hedging reserve	Share-based payment reserve	Tax reserves	Other reserves	Total
Balance at 1 January 2011	**108.970**	**98.420**	**(54.242)**	**2.518**	**351.322**	**(6.922)**	**500.066**
Cash flow hedges (Note 20):							
- Fair value gains / (losses) on cash flow hedges	-	-	(19.684)	-	-	-	(19.684)
- De-recognition of 2012 hedges	-	-	6.776	-	-	-	6.776
Share-based payments (Note 13)	-	-	-	1.119	-	-	1.119
Transfer to statutory reserves	4.822	-	-	-	-	-	4.822
Fair value losses on available-for-sale financial assets	-	-	-	-	-	(72)	(72)
Translation exchange differences	-	-	-	-	-	115	115
Balance at 31 December 2011	**113.792**	**98.420**	**(67.150)**	**3.637**	**351.322**	**(6.879)**	**493.142**
Cash flow hedges (Note 20):							
- Fair value gains / (losses) on cash flow hedges	-	-	3.151	-	-	-	3.151
- Transfers to comprehensive income	-	-	27.025	-	-	-	27.025
Share-based payments (Note 13)	-	-	-	252	-	-	252
Transfer to statutory reserves	4.876	-	-	-	-	-	4.876
Fair value losses on available-for-sale financial assets	-	-	-	-	-	(100)	(100)
Translation exchange differences	-	-	-	-	-	(1.048)	(1.048)
Balance at 31 December 2012	**118.668**	**98.420**	**(36.974)**	**3.889**	**351.322**	**(8.027)**	**527.298**

The movement in the hedging reserve is shown net of tax gain of €7.544 (2011: €1.866 loss) – refer to Note 27.

Statutory reserves

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

Special reserves

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

Tax free reserves

Tax free reserves include:

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

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

(All amounts in Euro thousands unless otherwise stated)

15 Trade and other payables

	As at	
	31 December 2012	**31 December 2011**
Trade payables	1.769.908	1.498.886
Accrued Expenses	36.283	58.222
Other payables	66.435	83.488
Total	**1.872.626**	**1.640.596**

Trade creditors include overdue amounts in respect of crude oil imports from Iran which were received during the period between December 2011 and March 2012 as part of a long term contract with NIOC. Despite repeated attempts to settle the payment for these cargoes during the early part of the year, through the international banking system, it was not possible to do so. This is due to the fact that payments to Iranian banks and state entities are not accepted for processing by the International banking system due to EU sanctions (Council Regulation (EU) No. 267/2012 of 23 March 2012). The Company has dully notified its supplier of this restriction on payments and the inability to accept further crude oil cargoes under the contract, which is due to the EU sanctions posing legal constraints outside of its control. As a result no deliveries of Iranian crude oil or payments have taken place post June 30th which was the EU imposed deadline.

Other payables include amounts in respect of payroll and other staff related costs, social security obligations and sundry taxes. Also included therein are provisions for the CO_2 emission rights that fall due within the next 12 months (refer to Note 19).

16 Borrowings

	As at	
	31 December 2012	**31 December 2011**
Non-current borrowings		
Bank borrowings	377.778	1.136.283
Finance leases	5.496	6.013
Total non-current borrowings	**383.274**	**1.142.296**
Current borrowings		
Short term bank borrowings	2.352.051	1.531.418
Current portion of long-term bank borrowings	22.529	-
Finance leases - current portion	517	475
Total current borrowings	**2.375.097**	**1.531.893**
Total borrowings	**2.758.371**	**2.674.189**

The maturity of non-current borrowings is the following:

	As at	
	31 December 2012	**31 December 2011**
Between 1 and 2 years	44.444	760.685
Between 2 and 5 years	133.332	133.332
Over 5 years	205.498	248.279
	383.274	**1.142.296**

(All amounts in Euro thousands unless otherwise stated)

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

		As at 31 December 2012	
	€	**US$**	**RSD**
Bank Borrowings (short-term)			
- Floating Euribor + margin	5,21%	-	-
- Floating Libor + margin	-	0,60%	-
Bank Borrowings (long-term)			
- Floating Euribor + margin	1,79%	-	-
- Floating Libor + margin	-	0,00%	-
- NBS 2wk repo + margin	-	-	14,42%

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

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

	As at	
	31 December 2012	**31 December 2011**
Euro	2.142.449	2.009.590
US dollar	543.212	599.737
Other	72.710	64.862
Total borrowings	**2.758.371**	**2.674.189**

The Group manages its treasury functions in a centralised manner with coordination and control of all subsidiaries' funding and cash management activities by a central Treasury. To this extent, Hellenic Petroleum Finance plc (HPF) was established in November 2005 in the U.K. as a wholly-owned subsidiary of Hellenic Petroleum S.A. to act as the central treasury vehicle of the Hellenic Petroleum Group.

On 18 April 2006 HPF concluded a €300 million syndicated 364-day multi-currency revolving credit facility agreement with the guarantee of the Parent Company. During the last years, the facility had been increased to €400 million and renewed until 10 April 2012. On 10 April 2012 HPF repaid this facility and a similar type of facility was instead granted to the Parent Company until July 2013. The Euro equivalent of the total amount outstanding under the facility at 31 December 2012 was €225 million (31 December 2011: €225 million).

On 2 February 2007 HPF signed a syndicated credit facility agreement of US$ 1,18 billion with a maturity of five years and extension options exercisable prior to the first and the second anniversary of the facility. A total of fifteen Greek and international financial institutions have participated in the facility. The facility is guaranteed by the Parent Company and comprises of fixed term borrowings and revolving credit. In 2007 the Company exercised the first extension option of the facility to mature on 31 January 2013 to which all participating financial institutions have consented, except for one bank whose participation amounted to US$ 20 million (hence reducing the facility to US$ 1,16 billion). The facility could be drawn partly in US$ and partly in EURO. The Euro equivalent of the total amount outstanding under the facility at 31 December 2012 was €884 million (31 December 2011: €901 million), of which short term revolving loans amounted to €508 million (31 December 2011: €517 million). The US$ component of the facility as at 31 December 2012 was €540 million (31 December 2011: €543 million). In order to repay this facility upon its maturity a combination of new short term and medium term loan facilities was put in place and the syndication process was launched in November 2012 and finalized in January 2013. The refinancing plan was organized by a group of Greek and International banks acting as Coordinators and Mandated Lead Arrangers. The new loan transactions attracted a participation of €0,8 billion as initially targeted. The new loans, together with available cash and credit headroom, were used to repay the facility upon its maturity on 31 January 2013.

On 9 December 2009, HPF concluded a syndicated €250 million credit facility agreement with a maturity of three years and the possibility to increase the amount up to €350 million after syndication of the facility in the secondary market. On 11 February 2010 following successful syndication in the secondary market the credit facility amount was increased to €350 million. This facility was fully repaid on 9 December 2012 when it matured. The outstanding balance of the facility amounted to €350 million as at 31 December 2011.

The total balance of HPF's bank borrowings as at 31 December 2012 amounted to the equivalent of €0,9 billion (31 December 2011: €1,5 billion). The proceeds of the aforementioned facilities have been used to provide loans to other Group companies.

On 26 May 2010, Hellenic Petroleum S.A. signed two loan agreements (Facilities A and B) with the European Investment Bank for a total amount of €400 million (€200 million each). Both loans have a maturity of 12 years with amortization beginning in 2013 and similar terms and conditions with the main difference being that Facility B is credit enhanced by a commercial bank guarantee, a practice which is normal for EIB lending particularly during the construction phase of large projects. The purpose of the loans was to finance part of the investment programme relating to the upgrade of Elefsina Refinery. As at 31 December 2012, the outstanding loan balance amounted to €400 million.

The Group subsidiaries also have loans with various banks to cover their local financing needs. As at 31 December 2012, the outstanding balance of such loans amounted to approximately €1 billion (31 December 2011: approximately €0,8 billion). Out of these approximately €0,8 billion relate to short-term loans of the parent company Hellenic Petroleum S.A. with various banks that are used to cover its financing needs.

Certain of the Group's bank loans which are under Greek law, including part of the syndicated debt renegotiated as part of the refinancing, allow banks to place these loans for refinancing and liquidity purposes under the ELA provisions.

Certain debt agreements that the Group enters into, include financial covenants, the most significant of which are the maintenance of certain ratios as follows: "Net Debt/EBITDA", "EBITDA/Net Interest" and "Net Debt/Net Worth". Management monitors the performance of the Group to ensure compliance with the above covenants as required. The Group was in compliance with its loan covenants as of 31 December 2012.

Gross borrowings of the Group in € million by company, facility and maturity as at 31 December 2012 are summarised in the table below:

	Company	**Maturity**	**Balance as at 31 December 2012**
1. Syndicated Loan $1.180 million (drawn partly in US$ and partly in Euro)	HPF plc	Feb 2013	884
2. Bond loan €400 million	HP SA	Jun 2013	225
3. Bond loan €225 million	HP SA	Dec 2013	222
4. European Investment Bank ("EIB")Term loan	HP SA	Jun 2022	400
5. Bilateral lines	Various	Various	1.021
6. Finance leases	Various	Various	6
Total			**2.758**

The loan analysis is as follows:

	As at 31 December 2012	**31 December 2011**
Revolving credit facilities	1.530.460	1.533.908
Term loans	1.221.899	1.133.793
Finance lease	6.012	6.488
Total borrowings	**2.758.371**	**2.674.189**

(All amounts in Euro thousands unless otherwise stated)

Finance leases are analysed as follows:

	As at	
	31 December 2012	**31 December 2011**
Obligations under finance leases		
Within 1 year	1.069	1.067
Between 1 and 5 years	3.882	4.059
After 5 years	3.938	4.847
Total lease payments	**8.889**	**9.973**
less: Interest	(2.876)	(3.485)
Total	**6.013**	**6.488**

17 Deferred income tax

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

	As at	
	31 December 2012	**31 December 2011**
Deferred tax assets:		
Deferred tax assets to be recovered after more than 12 months	20.437	19.969
	20.437	**19.969**
Deferred tax liabilities:		
Deferred tax liabilities to be incurred after more than 12 months	(83.674)	(49.134)
	(83.674)	**(49.134)**
	(63.237)	**(29.165)**

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

	As at	
	31 December 2012	**31 December 2011**
Beginning of the year	(29.165)	(11.969)
Income statement recovery / (charge)	(26.393)	(15.221)
Charged / (released) to equity	(6.007)	1.866
Other movements	(1.672)	(3.841)
End of year	**(63.237)**	**(29.165)**

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

Intangible and tangible fixed assets	(82.479)	(55.625)
Inventory valuation	(1.467)	(365)
Unrealised exchange gains	(1.094)	-
Employee benefits provision	18.599	22.929
Derivative financial instruments at fair value	10.210	19.310
Net tax losses carried forward	20.598	-
Environmental provisions (Note 19)	700	3.220
Other temporary differences	(28.304)	(18.634)
End of year	**(63.237)**	**(29.165)**

(All amounts in Euro thousands unless otherwise stated)

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

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

A change in corporate income tax rates will be applied for the years ending 31 December 2013 and onwards in accordance with legislation enacted in January 2013. Accordingly, deferred tax assets / liabilities will be realised at a tax rate of 26% vs 20% which is the applicable rate for 2012. The impact from the difference in tax rates for 2012 would have resulted in increased net deferred tax liability of approximately €11 million.

18 Retirement benefit obligations

	As at	
	31 December 2012	**31 December 2011**
Statement of Financial Position obligations for:		
Pension benefits	105.086	113.991
Total as per Statement of Financial Position	**105.086**	**113.991**

	For the year ended	
	31 December 2012	**31 December 2011**
Statement of Comprehensive Income charge for:		
Pension benefits	24.885	54.649
Total as per Statement of Comprehensive Income	**24.885**	**54.649**

The amounts recognised in the Statement of Financial Position are as follows:

	As at	
	31 December 2012	**31 December 2011**
Present value of funded obligations	10.317	10.538
Fair value of planned assets	(7.837)	(7.801)
Present value of unfunded obligations	102.824	132.660
Unrecognised actuarial gains / (losses)	2.495	(18.392)
Unrecognised prior service cost	(2.713)	(3.014)
Liability in the Statement of Financial Position	**105.086**	**113.991**

The amounts recognised in the Statement of Comprehensive Income are as follows:

	For the year ended	
	31 December 2012	**31 December 2011**
Current service cost	7.237	8.759
Interest cost	5.135	6.603
Net actuarial (gains) / losses recognised in the year	231	720
Past service cost	304	288
Regular Statement of Comprehensive income charge	**12.907**	**16.370**
Additional cost of extra benefits	11.978	38.279
Total included in employee benefit expense	**24.885**	**54.649**

Additional cost of extra benefits, relate primarily to the voluntary retirement scheme costs (see also Note 24). The impact of revisions on pension costs as a result of the recent changes on employment law have not been reflected in this years' financial statements.

(All amounts in Euro thousands unless otherwise stated)

The movement in liability recognised in the Statement of Financial Position is as follows:

	As at	
	31 December 2012	**31 December 2011**
Beginning of the year	113.991	143.414
Total expense included in employee benefit expense	24.885	54.649
Payments made	(34.840)	(83.875)
Other adjustments	1.050	(197)
At year end	**105.086**	**113.991**

The principal actuarial assumptions used were as follows:

	As at	
	31 December 2012	**31 December 2011**
Discount Rate	4,00%	4,50%
Future Salary Increases	0,50%	2,00%
Average future working life in years	15,9	14,1

19 Provisions and other long term liabilities

	As at	
	31 December 2012	**31 December 2011**
Government grants	16.758	20.367
Litigation provisions	8.073	11.135
Provisions for environmental costs	-	16.100
Other provisions & Long Term Liabilities	10.643	11.986
Total	**35.474**	**59.588**

The movement for provisions and other long term liabilities for 2012 is as follows:

	Government advances and grants	**Litigation & tax povisions**	**Provisions for environmental costs**	**Other Provisions & Long term liabilities**	**Total**
At 1 January 2011	**24.084**	**5.761**	**-**	**17.649**	**47.494**
Charged / (credited) to the income statement:					
- Additional provisions	-	2.000	16.100	1.337	19.437
- Unused amounts reversed	-	-	-	(1.162)	(1.162)
- Amortisation of grants	(3.717)	-	-	-	(3.717)
- Utilized during year	-	(1.070)	-	418	(652)
Other movements / Reclassifications	-	4.444	-	(6.256)	(1.811)
At 31 December 2011	**20.367**	**11.135**	**16.100**	**11.986**	**59.588**
Charged / (credited) to the income statement:					
- Unused amounts reversed	-	(2.177)	(12.600)	-	(14.777)
- Amortisation of grants	(3.609)	-	-	-	(3.609)
- Utilized during year	-	(885)	-	(422)	(1.307)
Transfers to short-term liabilities	-	-	(3.500)	-	(3.500)
Other movements / Reclassifications	-	-	-	(921)	(921)
At 31 December 2012	**16.758**	**8.073**	**-**	**10.643**	**35.474**

Government grants

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

Environmental costs

The respective provision relates to the estimated cost of the CO2 emission rights required under the corresponding environmental legislation. The relevant provision, significantly reduced compared to 2011 due to the respective drop in CO2 emission rights prices, amounting to €3.5 million as of 31 December 2012 is shown in short-term payables (Note 19) since the Group's obligation to deliver the relevant emission rights falls due within the next 12 months. No material provision for environmental restitution is included in the accounts as the Group has a policy of immediately addressing identified environmental issues.

Other provisions and other long-term liabilities

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

20 Fair values of derivative financial instruments

Derivatives held for trading

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

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

As part of managing operating and price risk, the Group engages in derivative transactions with 3rd parties with the intention of matching physical positions and trades or close proxies thereof and are therefore considered an integral part of "Cost of Sales". For 2012 the amounts attributable to such derivatives were €3.039 gain (2011: €51.854 loss) included in "Cost of Sales".

In certain cases it may not be possible to achieve a fully matched position, in which case the impact cannot be considered as a "Cost of Sales" component and is shown under 'Other gains / (losses) – net'. The result from such derivative positions for year ended 31 December 2012 was nil (31 December 2011: €510 gain). 'Other gains / (losses)' also includes losses of €35.760 for settlement of cash flow hedges related to the Elefsina Refinery Upgrade as explained below.

Derivatives designated as cash flow hedges

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

When certain of the forecasted transactions cease to be highly probable, they are de-designated from cash flow hedges at which time amounts charged to reserves are transferred to the statement of comprehensive income within 'Other gains / (losses) – net'. During the year ended 31 December 2012 amounts transferred to the statement of comprehensive income for de-designated hedges were losses of €27.025 net of tax which relate to commodity price swaps for the Elefsina refinery upgrade that were settled during the period. The remaining cash flow hedges are highly effective and the movement in the fair value of these derivatives, amounting to a gain of €3.151 net of tax (31 December 2011: €19.684 loss, net of tax), was transferred to the "Hedging Reserve" (see Note 14).

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

	31 December 2012				31 December 2011			
Commodity Derivative type	**Notional Amount**		**Assets**	**Liabilities**	**Notional Amount**		**Assets**	**Liabilities**
	MT'000	**Bbls'000**	**€**	**€**	**MT'000**	**Bbls'000**	**€**	**€**
Commodity Swaps	-	-	-	-	300	3.329	-	12.577
	-	**-**	**-**	**-**	**300**	**3.329**	**-**	**12.577**

Derivatives designated as Cash Flow Hedges

	31 December 2012				31 December 2011			
Commodity Derivative type	**Notional Amount**		**Assets**	**Liabilities**	**Notional Amount**		**Assets**	**Liabilities**
	MT'000	**Bbls'000**	**€**	**€**	**MT'000**	**Bbls'000**	**€**	**€**
Commodity Swaps	600	2.377	840	47.055	1.050	-	-	83.936
	600	**2.377**	**840**	**47.055**	**1.050**	**-**	**-**	**83.936**
Total			**840**	**47.055**	**-**	**-**	**-**	**96.513**

	31 December 2012		31 December 2011	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Non-current portion				
Commodity swaps	-	-	-	50.158
	-	**-**	**-**	**50.158**
Current portion				
Commodity swaps (Notes 10, 14)	840	47.055	-	46.355
	840	**47.055**	**-**	**46.355**
Total	**840**	**47.055**	**-**	**96.513**

21 Employee costs

	For the year ended	
	31 December 2012	**31 December 2011**
Wages and salaries	187.623	224.024
Social security costs	38.245	43.242
Pension costs	21.585	21.206
Other employment benefits	22.926	38.804
Total	**270.379**	**327.276**

Other employment benefits include medical insurance, catering, and transportation expenses. The value of shared – based compensation of €252 (2011: €1.119) is also included therein (see Note 13). Included in "Other operating income/(expenses)" (see Note 24) are approximately €15 million that were paid to employees as part of the voluptuary retirement scheme.

(All amounts in Euro thousands unless otherwise stated)

22 Selling, distribution and administrative expenses

	For the year ended	
	31 December 2012	**31 December 2011**
Selling and distribution expenses	292.555	330.165
Administrative expenses	114.986	136.473
	407.541	**466.638**

23 Exploration and Development expenses

Exploration and development expenses comprise expenditure associated with the Group's exploration activities in one block in western Egypt in a joint venture with VEGAS Oil & Gas and in another block in southern Egypt in a joint venture with Petroceltic International Plc (following its merger with Melrose), Beach Petroleum and Kuwait Energy. As these projects are still in the exploration phase, all amounts spent are expensed (2012: €3.543 and 2011: € 3.556). Exploration and development expenses also include expenditure related to the offers submitted by the joint venture between Hellenic Petroleum, Edison International SpA and Petroceltic International Plc (following its merger with Melrose Resources Plc) for the Patraikos Gulf and Ioannina area of Greece which are still in the evaluation process by the Greek authorities.

24 Other operating income / (expenses) and other gains / (losses)

Other operating income/(expenses) – net is analysed as follows:

	For the year ended	
	31 December 2012	**31 December 2011**
Income from grants	3.609	3.717
Services to third parties	9.222	4.323
Rental income	18.784	17.909
Voluntary retirement scheme cost	(15.027)	(40.870)
(Loss) / Gain from the sale of subsidiary (Note 35)	(1.166)	1.178
Impairment losses from associates	-	(5.528)
Reversal of provisions & gains on sale of CO2 emission rights	12.600	8.220
Reversal of provisions for obsolete inventories	-	4.623
Other income / (expenses)	3.364	11.348
Total	**31.386**	**4.920**

Other operating income / (expenses) include amongst other items income or expenses which do not represent trading activities of the Group.

Other operating gains/(losses) – net is analysed as follows:

	For the year ended	
	31 December 2012	**31 December 2011**
(Losses) / Gains on derivative financial instruments	-	510
De-designation of cash flow hedges	(35.760)	(10.320)
Total	**(35.760)**	**(9.810)**

Other operating gains / (losses) include gains / (losses) from derivative positions not directly associated with operating activities (refer to Note 20).

(All amounts in Euro thousands unless otherwise stated)

25 Finance costs -net

	For the year ended	
	31 December 2012	**31 December 2011**
Finance Income:		
Interest income	12.692	25.777
Total Finance Income	**12.692**	**25.777**
Finance Expense:		
Interest expense and similar charges	(62.605)	(90.168)
Accrued Interest	(4.288)	(3.980)
Total Finance Expense	**(66.893)**	**(94.148)**
Finance costs -net	**(54.201)**	**(68.371)**

In addition to the finance cost shown above, an amount of €83,4 million of finance costs (2011: €67,5 million) have been capitalised in the cost of the Elefsina refinery upgrade project for the year ended 31 December 2012, as explained in Note 6.

26 Currency exchange gains / (losses)

Currency exchange gains of €11 million for the year ended 31 December 2012 are mostly driven by marked-to-market gains of €7,7 million on US$ denominated loans and of €3,8 million on US$ denominated deposits, due to the fluctuations of the US$ against the Euro taking place during 2012.

27 Income tax expense

	For the year ended	
	31 December 2012	**31 December 2011**
Current tax	6.879	30.542
Deferred tax (Note 18)	26.393	15.221
Total	**33.272**	**45.763**

The basic tax rate used for Hellenic Petroleum S.A. was 20% for the year ending 31 December 2012 and 2011. For the purposes of the consolidated financial information, the tax rate used is the relevant applicable rate for the respective period. No provision for special contribution has been included in the results for the year ended 31 December 2012, as a relevant tax law has not been enacted.

In accordance with a new taxation law, beginning for the year ended 31 December 2011, all Greek companies have to be audited on an annual basis by their statutory auditor in respect of compliance with tax law, correct submission of tax returns and identification of any unrecorded tax liabilities in the accounts. This audit leads to the issuance of a Tax Certificate which under certain conditions, substitutes the full tax audit by the tax authorities and allows the Group to treat its tax position as fully compliant and final. All of the Group's Greek subsidiaries falling under this law have undergone this tax audit for the year ended 31 December 2011 and the auditors have issued an unqualified Tax Certificate.

The parent Company has not undergone a full tax audit for the financial year ended 31 December 2010.

In February 2013 the tax audits for the financial years 2006 to 2009 of Hellenic Petroleum S.A. were finalized, the outcome of which resulted in disallowable expenses of €29 million, against which €14,5 million approximately of additional taxes and surcharges were assessed. Moreover the aforementioned tax audits also resulted in additional property taxes of a total amount of €4 million. The Company intends to accept only a part of the assessed amounts and for that adequate provisions already exist in the accounts. Amounts which are not accepted will be challenged through legal channels.

A full tax audit was also completed for EKO Kalypso for the years 2005-2009 with no major findings.

Furthermore provisional VAT audits have been completed for

- Hellenic Petroleum S.A. for the period up to and including October 2012,
- EKO S.A. for the years 2008-2011.

In total, amounts of €260 million were audited and confirmed, which were netted off with each Company's tax liabilities.

The following tax audits for material Group subsidiaries are currently in progress:

-Hellenic Fuels S.A. (ex BP Hellas) for the years 2005-2009 (any amounts assessed are recoverable from the Seller)

-EL.PET. Balkaniki S.A for the years 2005-2009

Management believes that no additional material liability will arise as a result of open tax years over and above the tax liabilities and provisions recognised in the consolidated financial information for the year ended 31 December 2012.

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

	For the year ended					
	31 December 2012			31 December 2011		
	Before tax	Tax (charge)/ credit	After tax	Before tax	Tax (charge)/ credit	After tax
Available-for-sale financial assets	(100)	-	(100)	(72)	-	(72)
Cash flow hedges	37.720	(7.544)	30.176	(14.774)	1.866	(12.908)
Currency translation differences	(1.168)	-	(1.168)	(40)	-	(40)
Other comprehensive income	**36.452**	**(7.544)**	**28.908**	**(14.886)**	**1.866**	**(13.020)**

28 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 2012	31 December 2011
Earnings per share attributable to the Company Shareholders (expressed in Euro per share):	**0,28**	**0,37**
Net income attributable to ordinary shares (Euro in thousands)	84.191	114.150
Average number of ordinary shares outstanding	305.635.185	305.635.185

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

(All amounts in Euro thousands unless otherwise stated)

29 Dividends per share

A proposal to the Annual General Meeting of shareholders (AGM) for an additional €0,30 per share as final dividend for 2010 (amounting to a total of €91.691) was approved by the Board of Directors (BOD) on 24 February 2011 and the final approval was given by the shareholders at the AGM held on 29 June 2011.

A proposal to the AGM for € 0,45 per share as dividend for 2011 was approved by the BOD on 23 February 2012 and the final approval was given by the shareholders at the AGM held on 28 June 2012. The dividend payable amounts to €137.536 and is shown within the consolidated statement of equity.

The BOD approved a proposal to the AGM for the distribution of a dividend out of 2012 results of €0,15 per share. The Board did not approve a change in dividend policy overall, and will re-evaluate the payment of an additional dividend, special dividends or interim dividends for 2013 during 2013.

30 Cash generated from operations

		For the year ended	
	Note	**31 December 2012**	**31 December 2011**
Profit before tax		**114.498**	**163.429**
Adjustments for:			
Depreciation and amortisation of property, plant & equipment and intangible assets	**6,7**	178.580	159.597
Amortisation of grants		(3.609)	(3.717)
Finance costs - net	**25**	54.201	68.371
Share of operating profit of associates and dividends	**8**	(38.221)	(67.488)
(Gain)/Loss from disposal subsidiary	**34**	1.166	(1.178)
Provisions for expenses & valuation charges		4.622	37.989
Foreign exchange (gains) / losses		(10.775)	10.697
Loss / (gain) on sale of property, plant and equipment		48	315
		300.510	**368.015**
Changes in working capital			
Decrease / (increase) in inventories		(78.751)	461.969
(Increase)/ decrease in trade and other receivables		130.949	(19.332)
Increase/ (decrease) in payables		205.034	45.787
		257.232	**488.424**
Net cash generated from operating activities		**557.742**	**856.439**

31 Contingencies and litigation

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

(a) Business issues

(i) Unresolved legal claims

The Group is involved in a number of legal proceedings and has various unresolved claims pending arising in the ordinary course of business. Based on currently available information and the opinion of legal counsel, management believes the final outcome will not have a significant effect on the Group's operating results or financial position, over and above provision already reflected in the consolidated financial statements (Note 19).

(ii) Guarantees

The parent Company has provided letters of comfort and guarantees in favour of banks as security for loans granted by them to subsidiaries and associates of the Group, the outstanding amount of which as at 31 December 2012 was the equivalent of €1.152 million (31 December 2011: €1.747 million). Out of these, €1.033 million (31 December 2011: €1.615 million) are included in consolidated borrowings of the Group and presented as such in these financial statements. The Group has also issued letters of credit and guarantees in favour of third parties, mainly for the procurement of crude oil, which as at 31 December 2012 amounted to the equivalent of €12 million (31 December 2011: €257 million).

(iii) International operations

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

(b) Taxation and customs

(iv) Open tax years

The Group has a number of open tax years in most of its subsidiaries, details of which are given in the respective tax note (refer to Note 27 above). Management believes that no additional material liability will arise as a result of open tax years over and above the tax liabilities and provisions recognised in the consolidated financial statements.

In June 2011 the tax audits for the financial years 2002 - 2005 of Hellenic Petroleum S.A. were finalized with disallowable expenses of €64 million in total for four years. The Company agreed to disallowable expenses of €32 million, resulting in €18 million of additional taxes and surcharges, all of which were included in Income Tax for the year ended 31 December 2011. The remaining €32 million of disallowable expenses assessed includes, amongst others, the assessment by a customs audit for alleged inventory "shortages" (see note iv below) despite the fact that their tax audit did not reveal such stock differences. The Company has appealed against this assessment on the ground that it has evidence to demonstrate the lack of merit and the inaccuracy of the calculations. The appeal was heard before the Administrative Appellate Court of Piraeus in January 2013 and the decision is still pending. Moreover the aforementioned tax audit also resulted in additional property taxes of a total amount of €2,2 million, against which the Company has appealed to the relevant authorities. No provision has been made in the consolidated financial statements as of 31 December 2012 with respect to the above, as the Company believes that both cases will be finally assessed in its favor.

(v) Assessments of customs and fines

In 2008, Customs issued customs and fines assessments amounting at approximately €40 million for alleged "stock shortages" in the bonded warehouses of Aspropyrgos and Elefsina refineries for certain periods during 2001-2005. The report has been challenged by the Company as the alleged "stock shortages" relate to accounting reconciliation differences caused as a result of early problems during the implementation of the new customs authorities' electronic monitoring system (ICIS) in 2001, and not because of physical shortage of products. Both through the Company's workings, as well as by the work performed by independent auditors, it is confirmed beyond any reasonable doubt that there are no stock shortages and the books of the Company are in complete agreement with official stock counts. Furthermore, all tax audits relating to the same periods come to the same conclusion that no stock deficits were identified. In relation with the above, the Company has dully filed contestations before the Administrative Court of First Instance of Piraeus, for which no dates of hearing have been assigned to date. Given that the management and the legal advisors position is that the case will have a positive outcome when the court hearings take place, no provisions are made for such liabilities.

(All amounts in Euro thousands unless otherwise stated)

However, contrary to a specific temporary court order, the Customs office withheld an amount of €54 million (full payment plus surcharges) from VAT that was due for refund to the Company, an action against which has also been contested through the filing of a specific objection and claim.

The Company considers that both of the above contestations will be sustained by the Court in light of the pertinent substantial reasons including amongst others, the fact that that subsequent customs audits for the same installations have concluded that no stock shortages exist, as well as serious procedural arguments in the second case where Customs abused their authority to withhold refunds to the Group.

32 Commitments

(a) Capital commitments

Significant contractual commitments of the Group amount to €78 million (31 December 2011: €324 million), of which €38 million relate to the Elefsina refinery upgrade. The remaining amount is mainly attributed to various other refinery capital projects.

(b) Operating lease commitments

The Group leases offices and petrol stations (buildings and plant) under non-cancellable operating lease agreements.

The future aggregate minimum lease payments under these non-cancellable operating leases are as follows:

	For the year ended	
	31 December 2012	**31 December 2011**
No later than 1 year	20.240	23.122
Later than 1 year and no later than 5 years	70.368	74.134
Later than 5 years	70.354	84.735
Total	**160.962**	**181.991**

33 Related-party transactions

Included in the statement of comprehensive income are proceeds, costs and expenses, which arise from transactions between the Group and related parties. Such transactions mainly comprise of sales and purchases of goods and services in the ordinary course of business and in total amounted to:

(All amounts in Euro thousands unless otherwise stated)

	For the year ended	
	31 December 2012	**31 December 2011**
Sales of goods and services to related parties (within Sales)	874.723	574.892
Purchases of goods and services from related parties (within Cost of sales)	630.362	64.207
	1.505.085	**639.099**

	As at	
	31 December 2012	**31 December 2011**
Balances due to related parties (within Trade and other payables)	27.526	278.849
Balances due from related parties (within Trade and other receivables)	58.657	52.961
	86.183	**331.810**

	For the year ended	
	31 December 2012	**31 December 2011**
Charges for directors remuneration	2.663	3.613

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

Sales and Purchases of goods and services are higher during 2012 than last year due to the transactions conducted with OTSM (Note 10).

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

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

b) Financial institutions which are under common control with the Group due to the shareholding and control rights of the Hellenic State. The Group had loans due to the National Bank of Greece S.A. amounting to the equivalent of €347 million as at 31 December 2012 (31 December 2011: equivalent of €387 million and another €249 million due to the Agricultural Bank of Greece S.A., then also a related party).

c) Joint ventures with other third parties relating to exploration and production of hydrocarbons in Greece and abroad:
- STPC Sea of Thrace (Greece, sea of Thrace)
- Petroceltic International Plc (former Melrose) – Kuwait Energy – Beach Petroleum (Egypt, Mesaha)
- VEGAS Oil & Gas (Egypt, West Obayed)
- Medusa (Montenegro)
- Edison (Montenegro, Ulcinj)
- Edison International SpA - Petroceltic (Patraikos Gulf and Ioannina area)

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

(All amounts in Euro thousands unless otherwise stated)

- Biodiesel S.A.
- D.M.E.P. / OTSM

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

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

COMPANY NAME	ACTIVITY	COUNTRY OF REGISTRATION	EFFECTIVE PARTICIPATION PERCENTAGE	METHOD OF CONSOLIDATION
EKO S.A	Marketing	GREECE	100,00%	FULL
HELLENIC FUELS S.A.	Marketing	GREECE	100,00%	FULL
EKOTA KO S.A.	Marketing	GREECE	49,00%	FULL
EKO KALYPSO M.E.P.E.	Marketing	GREECE	100,00%	FULL
EKO ATHINA MARITIME COMPANY	Vessel owning	GREECE	100,00%	FULL
EKO ARTEMIS MARITIME COMPANY	Vessel owning	GREECE	100,00%	FULL
EKO DIMITRA MARITIME COMPANY	Vessel owning	GREECE	100,00%	FULL
EKO IRA MARITIME COMPANY	Vessel owning	GREECE	100,00%	FULL
EKO AFRODITI MARITIME COMPANY	Vessel owning	GREECE	100,00%	FULL
ELPET BALKANIKI S.A.	Holding	GREECE	63,00%	FULL
VARDAX S.A	Pipeline	GREECE	80,00%	FULL
ASPROFOS S.A	Engineering	GREECE	100,00%	FULL
DIAXON S.A.	Petrochemicals	GREECE	100,00%	FULL
POSEIDON MARITIME COMPANY	Vessel owning	GREECE	100,00%	FULL
APOLLON MARITIME COMPANY	Vessel owning	GREECE	100,00%	FULL
HELLENIC PETROLEUM CONSULTING S.A.	Consulting services	GREECE	100,00%	FULL
HELLENIC PETROLEUM RENEWABLE ENERGY SOURCES S.A.	Energy	GREECE	100,00%	FULL
HELPE-LARCO ENERGIAKI SERVION S.A.	Energy	GREECE	51,00%	FULL
HELPE-LARCO ENERGIAKI KOKKINOU S.A.	Energy	GREECE	51,00%	FULL
GLOBAL ALBANIA S.A	Marketing	ALBANIA	99,96%	FULL
EKO PETROLEUM ALBANIA SHPK (*)	Marketing	ALBANIA	99,96%	FULL
HELPE INT'L	Holding	AUSTRIA	100,00%	FULL
EKO BULGARIA EAD	Marketing	BULGARIA	100,00%	FULL
RAMOIL LTD	Marketing	CYPRUS	100,00%	FULL
HELLENIC PETROLEUM BULGARIA (HOLDINGS) LTD	Marketing	CYPRUS	100,00%	FULL
HELLENIC PETROLEUM BULGARIA PROPERTIES LTD	Marketing	CYPRUS	100,00%	FULL
HELLENIC PETROLEUM SERBIA (HOLDINGS) LTD	Marketing	CYPRUS	100,00%	FULL
OKTA CRUDE OIL REFINERY A.D	Refining	FYROM	81,51%	FULL
JUGOPETROL AD KOTOR	Marketing	MONTENEGRO	54,35%	FULL
EKO SERBIA AD	Marketing	SERBIA	100,00%	FULL
HELPE CYPRUS LTD	Marketing	U.K	100,00%	FULL
HELLENIC PETROLEUM FINANCE PLC	Treasury services	U.K	100,00%	FULL
ELPEDISON B.V.	Power Generation	NETHERLANDS	50,00%	EQUITY
SAFCO S.A.	Airplane Fuelling	GREECE	50,00%	EQUITY
DEPA S.A.	Natural Gas	GREECE	35,00%	EQUITY
ARTENIUS HELLAS S.A.	Petrochemicals	GREECE	35,00%	EQUITY
E.A.K.A.A S.A.	Pipeline	GREECE	50,00%	EQUITY
HELPE THRAKI S.A	Pipeline	GREECE	25,00%	EQUITY
BIODIESEL S.A.	Energy	GREECE	25,00%	EQUITY
DMEP HOLDCO LTD	Holding	U.K	48,00%	EQUITY
DMEP (UK) LTD	Trade of crude/products	U.K	48,00%	EQUITY
OTSM S.A.	Trade of crude/products	GREECE	48,00%	EQUITY

During 2012 ELPET Valkaniki (a 63% subsidiary of the Group) as well as Vardax (its 80% owned subsidiary) decreased their share capital by €10,5 million and €13 million respectively. The impact for the non-controlling interests amounting to €6,5 million is reflected in the statement of Changes in Equity.

In November 2012 the Group exited from the Albanian retail market through the transfer of 100% of the shares of its subsidiary EKO PETROLEUM ALBANIA SHPK, - which operates in the Albanian retail and wholesale fuel market through a network of 6 petrol stations – to A & M SHPK., a limited liability company which is active in the petroleum market of Albania. The consideration received was €1.9 million, while the transaction resulted in €1.2 million loss for the Group.

35 Other significant events

a. By virtue of Council Regulation (EU) No. 267/2012 of 23 March 2012, the derogation from sanctions on Iran crude oil imports has expired on 1 July 2012. This is a material development for the Group as its refineries crude feedstock historically included a large percentage (15-30% depending on commercial terms and production scheduling) of Iranian crude oil. As a result, all transactions with Iran's NIOC are suspended in line with the official EU position and the Group has changed the source of its crude oil feedstock to alternative suppliers. This, combined with the impact of Greek crisis, has led to an exceptional situation and an increase in the cost of crude oil and product supplies during the respective period. Also amounts in respect of crude oil imports from IRAN received during 2011 and early 2012, at this stage are not possible to be settled as payments are not accepted for processing by the International banking system due to EU sanctions. The Group has notified its supplier of this restriction which is due to legal constraints outside of its control.
b. *Completion of Elefsina refinery upgrade:* The new refinery units that were built under the Elefsina upgrade project, have been successfully completed. The units achieved mechanical completion during the third quarter and started up for trial runs and commissioning in September. During this process all units were tested and adjusted so as to achieve the required safety standards and performance to design and intended specifications levels with the help of specialist teams from licensors. The trial and commissioning period has ended in December 2012 and the refinery entered commercial operation. In line with normal practice for these types of refinery units, their operation is closely monitored, adjusted and optimized for a period of up to four months after the initial start-up to ensure that the units operate and perform in line with their design.

36 Events after the end of the reporting period

In an Extraordinary General meeting held on 29 January 2012 it was voted to abolish article 8 of the Parent company's articles of association. The said article stipulated that the shareholding of the Greek State in the company cannot be below 35% and the EGM was called in order to comply with legislation L. 4092/2012.

The Group has successfully refinanced term bank borrowings of €0,9 billion, which matured in January 2013. These facilities were repaid partly out of operating cash flows and available cash reserves and partly through new loans. The refinancing is detailed in Note 3, "Financial risk management" and in Note 16, "Borrowings" to the consolidated financial statements

On 11 February 2013 the Board of Directors approved the transfer of 100% of the shares of Hellenic Fuels S.A. from Hellenic Petroleum International AG to Hellenic Petroleum SA at book value. The transaction will be implemented during 2013. This will not have an impact on the consolidated financial statements of the Group.