

ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR 2012

(As per Article 4, L. 3556/2007)

TABLE OF CONTENTS

- 1. Audited Annual Financial Statements**
 - 1.1 Group Consolidated Financial Statements
 - 1.2 Parent Company Financial Statements

- 2. Board of Directors' Consolidated Financial Report for the fiscal year 2012**

- 3. Statement of the Chairman, Chief Executive Officer and one Director on the true presentation of the data of the Annual Financial Report**

- 4. Independent Auditor's Report on the Annual Financial Statements and the Annual Financial Report**

- 5. Complementary information and data pursuant to decision 7/448/11.10.07 of the Capital Market Commission**
 - 5.1 Information required as per article 10 of L. 3401/2005
 - 5.2 Published Summary Financial Statements
 - 5.3 Website



1. Audited Annual Financial Statements



1.1 Group Consolidated Financial Statements

HELLENIC PETROLEUM S.A.

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



Index to the consolidated financial statements

Company Information	4
Consolidated statement of financial position	7
Consolidated statement of comprehensive income	8
Consolidated statement of changes in equity	9
Consolidated statement of cash flows	10
Notes to the consolidated financial statements	11
1 General information	11
2 Summary of significant accounting policies	11
2.1 Basis of preparation	11
2.2 Consolidation.....	15
2.3 Segment reporting.....	17
2.4 Foreign currency translation	17
2.5 Property, plant and equipment	18
2.6 Borrowing costs	19
2.7 Intangible assets.....	19
2.8 Exploration for and Evaluation of Mineral Resources.....	20
2.9 Impairment of non-financial assets.....	20
2.10 Financial assets	21
2.11 Derivative financial instruments and hedging activities	22
2.12 Government grants.....	23
2.13 Inventories	23
2.14 Trade receivables.....	23
2.15 Cash and cash equivalents	23
2.16 Share capital	23
2.17 Borrowings	24
2.18 Current and deferred income tax	24
2.19 Employee benefits	24
2.20 Trade and other payables	25
2.21 Provisions	26
2.22 Environmental liabilities.....	26
2.23 Revenue recognition	26
2.24 Leases	27
2.25 Dividend distribution	27
2.26 Comparative figures.....	27
3 Financial risk management	27
3.1 Financial risk factors.....	27
3.2 Capital risk management	30
3.3 Fair value estimation.....	31
4 Critical accounting estimates and judgements	32
5 Segment information	34

6	Property, plant and equipment	37
7	Intangible assets	38
8	Investments in associates and joint ventures	39
9	Loans, Advances & Long Term assets.....	42
10	Inventories	42
11	Trade and other receivables	43
12	Cash, cash equivalents and restricted cash	45
13	Share capital	45
14	Reserves	47
15	Trade and other payables.....	48
16	Borrowings.....	48
17	Deferred income tax.....	51
18	Retirement benefit obligations	52
19	Provisions and other long term liabilities.....	53
20	Fair values of derivative financial instruments	54
21	Employee costs.....	55
22	Selling, distribution and administrative expenses	56
23	Exploration and Development expenses.....	56
24	Other operating income / (expenses) and other gains / (losses)	56
25	Finance costs -net	57
26	Currency exchange gains / (losses)	57
27	Income tax expense	57
28	Earnings per share	58
29	Dividends per share.....	59
30	Cash generated from operations	59
31	Contingencies and litigation	59
32	Commitments	61
33	Related-party transactions	61
34	Principal subsidiaries, associates and joint ventures included in the consolidated financial statements	63
35	Other significant events	64
36	Events after the end of the reporting period.....	64

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

Consolidated statement of financial position

	Note	31 December 2012	As at 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

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.

Consolidated statement of changes in equity

	Note	Attributable to owners of the Parent			Non-controlling Interest	Total Equity	
		Share Capital	Reserves	Retained Earnings			Total
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.

Consolidated statement of cash flows

	Note	For the year ended	
		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 (effective for annual periods beginning on or after 1 January 2013).
 - IFRIC 20 ‘Stripping Costs in the Production Phase of a Surface Mine’ (effective for annual periods beginning on or after 1 January 2013), applicable only to costs incurred in surface mining activity.
 - IFRS 1 (Amendment) ‘Government Loans’ (effective for annual periods beginning on or after 1 January 2013). 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

- 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).

Licences 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.

	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.

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.

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

Hellenic Petroleum S.A.
Consolidated Financial Statements in accordance with IFRS
for the year ended 31 December 2012
(All amounts in Euro thousands unless otherwise stated)

	Refining	Marketing & Production	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.

Hellenic Petroleum S.A.
Consolidated Financial Statements in accordance with IFRS
for the year ended 31 December 2012
(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

6 Property, plant and equipment

	Land	Buildings	Plant & Machinery	Motor vehicles	Furniture and fixtures	Assets Under Construction	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).

7 Intangible assets

	Retail Service					Total
	Goodwill	Stations Usage Rights	Computer software	Licences & Rights	Other	
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.

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%):

Elpedison B.V Group	As at	
	31 December 2012	31 December 2011
	<i>(Proforma)</i>	<i>(Audited)</i>
<u>Statement of Financial Position</u>		
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
<u>Statement of Comprehensive Income</u>		
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

The main financial information of DEPA Group is presented below:

	For the year ended	
	31 December 2012 <i>(Proforma)</i>	31 December 2011 <i>(Audited)</i>
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 <i>(Proforma)</i>		
		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 <i>(Audited)</i>		
		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 HRADF 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.

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

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.

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.

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.

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).

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.

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 duly 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 CO2 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

Hellenic Petroleum S.A.
Consolidated Financial Statements in accordance with IFRS
for the year ended 31 December 2012
(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

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)

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.

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 provisions	Provisions for environmen tal 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.

Commodity Derivative type	31 December 2012				31 December 2011			
	Notional Amount		Assets	Liabilities	Notional Amount		Assets	Liabilities
	<u>MT'000</u>	<u>Bbls'000</u>	€	€	<u>MT'000</u>	<u>Bbls'000</u>	€	€
Commodity Swaps	-	-	-	-	300	3.329	-	12.577
	-	-	-	-	300	3.329	-	12.577
Derivatives designated as Cash Flow Hedges								
Commodity Derivative type	31 December 2012				31 December 2011			
	Notional Amount		Assets	Liabilities	Notional Amount		Assets	Liabilities
	<u>MT'000</u>	<u>Bbls'000</u>	€	€	<u>MT'000</u>	<u>Bbls'000</u>	€	€
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
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 voluntary retirement scheme.

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).

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		
	Tax (charge)/ credit		After tax	Tax (charge)/ credit		After tax
Before tax	After tax	Before tax		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.

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

	Note	For the year ended	
		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.

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:

Hellenic Petroleum S.A.
Consolidated Financial Statements in accordance with IFRS
for the year ended 31 December 2012
(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.

- 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 KOKKINOUS 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.



1.2 Parent Company Financial Statements

HELLENIC PETROLEUM S.A.

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 financial statements

Company Information	4
Statement of Financial Position	7
Statement of Comprehensive Income	8
Statement of Changes in Equity	9
Statement of Cash flows	10
Notes to the financial statements	11
1 General information	11
2 Summary of significant accounting policies	12
2.1 Basis of preparation.....	12
2.2 Investments in affiliated companies.....	16
2.3 Segment reporting.....	16
2.4 Foreign currency translation.....	16
2.5 Property, plant and equipment.....	17
2.6 Borrowing costs.....	17
2.7 Intangible assets.....	18
2.8 Exploration for and Evaluation of Mineral Resources.....	18
2.9 Impairment of non-financial assets.....	19
2.10 Financial assets.....	19
2.11 Derivative financial instruments and hedging activities.....	20
2.12 Government grants.....	21
2.13 Inventories.....	21
2.14 Trade receivables.....	21
2.15 Cash and cash equivalents.....	22
2.16 Share capital.....	22
2.17 Borrowings.....	22
2.18 Current and deferred income tax.....	22
2.19 Employee benefits.....	23
2.20 Trade and other payables.....	24
2.21 Provisions.....	24
2.22 Environmental liabilities.....	24
2.23 Revenue recognition.....	24
2.24 Leases.....	25
2.25 Dividend distribution.....	25
2.26 Comparative figures.....	25
3 Financial risk management	25
3.1 Financial risk factors.....	25
3.2 Capital risk management.....	28
3.3 Fair value estimation.....	29
4 Critical accounting estimates and judgements	30
5 Segment information	31

6	Property, plant and equipment	33
7	Intangible assets	34
8	Investment in affiliated companies	35
9	Inventories	35
10	Trade and other receivables	36
11	Cash, cash equivalents and restricted cash	38
12	Share capital	39
13	Reserves	40
14	Trade and other payables	41
15	Borrowings.....	42
16	Deferred income tax.....	44
17	Retirement benefit obligations	45
18	Provisions and other long term liabilities.....	46
19	Fair values of derivative financial instruments	47
20	Employee benefit expenses	48
21	Selling, distribution and administrative expenses	48
22	Exploration and development expenses	48
23	Other operating income / (expenses) and other operating gains / (losses)	49
24	Finance costs - net	49
25	Currency exchange gains / (losses)	50
26	Income tax expense	50
27	Earnings per share	51
28	Dividends per share.....	51
29	Cash generated from operations	51
30	Contingencies and litigation	52
31	Commitments	53
32	Related-party transactions	54
33	Other significant events	55
34	Events after the end of the reporting period.....	56

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 Financial Statements

We have audited the accompanying financial statements of Hellenic Petroleum S.A. (the "Company") set out on pages 7 to 56 which comprise the statement of financial position as of 31 December 2012 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Hellenic Petroleum S.A. 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 financial statements in accordance with the requirements of articles 43a 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

Statement of Financial Position

		As at	
	Note	31 December 2012	31 December 2011
ASSETS			
Non-current assets			
Property, plant and equipment	6	2.859.376	2.471.921
Intangible assets	7	11.113	13.412
Investments in affiliated companies	8	660.389	665.404
Available-for-sale financial assets		41	41
Loans, advances and other receivables		5.384	3.843
		3.536.303	3.154.621
Current assets			
Inventories	9	1.038.763	994.893
Trade and other receivables	10	652.397	868.601
Cash, cash equivalents and restricted cash	11	627.738	563.282
		2.318.898	2.426.776
Total assets		5.855.201	5.581.397
EQUITY			
Share capital	12	1.020.081	1.020.081
Reserves	13	523.400	488.096
Retained Earnings		363.741	408.648
Total equity		1.907.222	1.916.825
LIABILITIES			
Non-current liabilities			
Borrowings	15	410.778	837.603
Deferred income tax liabilities	16	40.923	509
Retirement benefit obligations	17	80.922	86.027
Derivative financial instruments	19	-	50.158
Provisions and other long term liabilities	18	18.248	39.213
		550.871	1.013.510
Current liabilities			
Trade and other payables	14	1.811.750	1.521.886
Derivative financial instruments	19	47.055	46.355
Current income tax liabilities		-	15.140
Borrowings	15	1.536.627	1.065.276
Dividends payable		1.676	2.405
		3.397.108	2.651.062
Total liabilities		3.947.979	3.664.572
Total equity and liabilities		5.855.201	5.581.397

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

These financial statements were approved by the Board of Directors on 28 February 2013.

C. Komninos

J. Costopoulos

A. Shiamishis

S. Papadimitriou

Chairman of the Board

Chief Executive Officer

Chief Financial Officer

Accounting Director

Statement of Comprehensive Income

	Note	For the year ended	
		31 December 2012	31 December 2011
Sales		9.900.533	8.592.359
Cost of sales		(9.606.217)	(8.223.407)
Gross profit		294.316	368.952
Selling, distribution and administrative expenses	21	(149.001)	(172.426)
Exploration and development expenses	22	(3.543)	(3.556)
Other operating income/(expenses) - net	23	24.082	(10.434)
Other operating (losses) / gains - net	23	(35.760)	(9.810)
Dividend income		15.818	15.819
Operating profit		145.912	188.545
Finance income	24	4.685	13.649
Finance expense	24	(25.200)	(39.850)
Finance (expenses)/income -net		(20.515)	(26.201)
Currency exchange gains/(losses)	25	8.067	(5.552)
Profit before income tax		133.464	156.792
Income tax expense	26	(35.959)	(44.028)
Profit for the year		97.505	112.764
Other comprehensive income:			
Fair value gains / (losses) on cash flow hedges	13	3.151	(19.684)
Derecognition of gains/(losses) on hedges through comprehensive income	13	27.025	6.776
Other Comprehensive income / (loss) for the year, net of tax		30.176	(12.908)
Total comprehensive income for the year		127.681	99.856
Basic and diluted earnings per share (expressed in Euro per share)	27	0,32	0,37

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

Statement of Changes in Equity

	Note	Share Capital	Reserves	Retained Earnings	Total Equity
Balance at 1 January 2011		1.020.081	495.063	392.397	1.907.541
Fair value gains / (losses) on cash flow hedges	13	-	(19.684)	-	(19.684)
Derecognition of gains/(losses) on hedges through comprehensive income	13	-	6.776	-	6.776
Other comprehensive income		-	(12.908)	-	(12.908)
Profit for the year		-	-	112.764	112.764
Total comprehensive income for the year		-	(12.908)	112.764	99.856
Share based payments	12	-	1.119	-	1.119
Transfers to statutory and tax reserves	13	-	4.822	(4.822)	-
Dividends relating to 2010	28	-	-	(91.691)	(91.691)
Balance at 31 December 2011		1.020.081	488.096	408.648	1.916.825
Fair value gains / (losses) on cash flow hedges	13	-	3.151	-	3.151
Derecognition of gains/(losses) on hedges through comprehensive income	13	-	27.025	-	27.025
Other comprehensive income / (loss)		-	30.176	-	30.176
Profit for the year		-	-	97.505	97.505
Total comprehensive income for the year		-	30.176	97.505	127.681
Share based payments	12	-	252	-	252
Transfers to statutory and tax reserves	13	-	4.876	(4.876)	-
Dividends relating to 2011	28	-	-	(137.536)	(137.536)
Balance at 31 December 2012		1.020.081	523.400	363.741	1.907.222

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

Statement of Cash flows

	Note	For the year ended	
		31 December 2012	31 December 2011
Cash flows from operating activities			
Cash generated from operations	29	662.918	658.656
Income and other taxes paid		(25.746)	(23.945)
Net cash generated from operating activities		637.172	634.711
Cash flows from investing activities			
Purchase of property, plant and equipment & intangible assets	6,7	(493.543)	(649.983)
Proceeds from disposal of property, plant and equipment & intangible assets		761	142
Dividends received		12.799	14.312
Interest received	24	4.685	13.649
Participation in share capital decrease / (increase) of affiliated companies	8	5.015	13.214
Net cash used in investing activities		(470.283)	(608.666)
Cash flows from financing activities			
Interest paid		(25.329)	(36.612)
Dividends paid		(130.747)	(85.067)
Repayments / (Acquisitions) of held-to-maturity financial assets		-	167.968
Repayments of borrowings		(871.459)	(1.015.999)
Proceeds from borrowings		921.321	1.281.179
Net cash generated from financing activities		(106.214)	311.469
Net increase in cash, cash equivalents and restricted cash		60.675	337.515
Cash, cash equivalents and restricted cash at beginning of the year	11	563.282	220.000
Exchange gains on cash, cash equivalents and restricted cash		3.781	5.767
Net increase in cash, cash equivalents and restricted cash		60.675	337.515
Cash, cash equivalents and restricted cash at end of the year	11	627.738	563.282

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

Notes to the financial statements

1 General information

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

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

The same accounting policies and recognition and measurement principles are followed in these financial statements as compared with the annual consolidated financial statements of the Group for the year ended 31 December 2012. The Company’s functional and presentation currency is the Euro, and the financial information in these financial statements is expressed in thousands of Euro (unless otherwise stated).

The financial statements of Hellenic Petroleum S.A. for year ended 31 December 2012 were approved 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.

Users of these stand-alone financial statements should read them together with the Group's consolidated financial statements for the year ended 31 December 2012 in order to obtain full information on the financial position, results of operations and changes in financial position of the Group as a whole. These are located on the Group’s website: www.helpe.gr.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The financial statements of Hellenic Petroleum S.A. for the year ended 31 December 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”).

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

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

2.1.1 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 Company on a going concern basis. In making their going concern assessment, management has considered the following matters.

Greek Macros: During the year ended 31 December 2012, the Company faced exceptional challenges and increased cost of doing business (higher cost of funding, increased crude 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 the perceived political and economic risk.

Currency: In terms of currency, the Company’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 at 31 December 2012 the Statement of Financial Position shows net current liabilities amounting to €1,1 billion. These include term bank borrowings of €0,3 billion, which are part of the Hellenic Petroleum Group’s term bank borrowings of €0,9 billion, which matured in January 2013. The Group has successfully refinanced with 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” below.

Securing continuous crude oil supplies: Full year 2012 results were impacted by the coincidence of exceptional circumstances affecting the Company’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 Company due to the completion of the Elefsina refinery upgrade.

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

2.1.2 Changes in accounting policies and disclosures

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

- a) The following standards, amendments to standards and interpretations to existing standards are applicable to the Company 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 Company is currently evaluating the impact this amendment will have on its 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 Company is currently evaluating the impact the amendment will have on its 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 Company is currently evaluating the impact the amendment will have on its financial statements.
 - *IFRS 7 (Amendment) "Financial Instruments: Disclosures" (effective for annual periods beginning on or after 1 January 2013).* The IASB has published this amendment to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The Company is currently evaluating the impact the 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 Company is currently investigating the impact of IFRS 9 on its financial statements. The Company cannot currently early adopt IFRS 9 as it has not been endorsed by the EU.
- *IFRS 13 'Fair value measurement' (effective for annual periods beginning on or after 1 January 2013).* IFRS 13 provides new guidance on fair value measurement and disclosure requirements. These requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. IFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. Disclosure requirements are enhanced and apply to all assets and liabilities measured at fair value, not just financial ones. The Company is currently evaluating the impact the amendments will have on its financial statements.
- 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 Company is in the process of assessing the impact of the new standards on its financial statements. The main provisions are as follows:

- *IFRS 10 "Consolidated Financial Statements".* IFRS 10 replaces all of the guidance on control and consolidation in IAS 27 and SIC 12. The new standard changes the definition of control for the purpose of determining which entities should be consolidated. This definition is supported by extensive application guidance that addresses the different ways in which a reporting entity (investor) might control another entity (investee). The revised definition of control focuses on the need to have both power (the current ability to direct the activities that significantly influence returns) and variable returns (can be positive, negative or both) before control is present. The new standard also includes guidance on participating and protective rights, as well as on agency/ principal relationships.
- *IFRS 11 "Joint Arrangements".* IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The types of joint arrangements are reduced to two: joint operations and joint ventures. Proportional consolidation of joint ventures is no longer allowed. Equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations today. The standard also provides guidance for parties that participate in joint arrangements but do not have joint control.
- *IFRS 12 "Disclosure of Interests in Other Entities".* IFRS 12 requires entities to disclose information, including significant judgments and assumptions, which enable users of financial statements to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. An entity can provide any or all of the above disclosures without having to apply IFRS 12 in its entirety, or IFRS 10 or 11, or the amended IAS 27 or 28.
- *IAS 27 (Amendment) "Separate Financial Statements".* This Standard is issued concurrently with IFRS 10 and together, the two IFRSs supersede IAS 27 "Consolidated and Separate Financial Statements". The amended IAS 27 prescribes the accounting and disclosure requirements for investment in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. At the same time, the Board relocated to IAS 27

requirements from IAS 28 “Investments in Associates” and IAS 31 “Interests in Joint Ventures” regarding separate financial statements.

- *IAS 28 (Amendment) “Investments in Associates and Joint Ventures”*. IAS 28 “Investments in Associates and Joint Ventures” replaces IAS 28 “Investments in Associates”. The objective of this Standard is to prescribe the accounting for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures, following the issue of IFRS 11.
 - *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”*. 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 Company’s accounting periods beginning on or after 1 January 2012 or later periods but are not applicable to the Company:
- IAS 12 (Amendment) ‘Income Taxes’ with regard to Investment Property using the fair value model (effective for annual periods beginning on or after 1 January 2012).
 - IFRIC 20 ‘Stripping Costs in the Production Phase of a Surface Mine’(effective for annual periods beginning on or after 1 January 2013), applicable only to costs incurred in surface mining activity.

- IFRS 1 (Amendment) ‘Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters’ (effective for annual periods beginning on or after 1 July 2011).
- IFRS 1 (Amendment) ‘Government Loans’ (effective for annual periods beginning on or after 1 January 2013). 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 Investments in affiliated companies

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

2.3 Segment reporting

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

2.4 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

2.5 Property, plant and equipment

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

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

Repairs and maintenance are charged to the income statement as incurred. Refinery turnaround costs are capitalised and charged against income on a straight line basis until the next scheduled turnaround period (usually every four to five years), 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 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

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

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 useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer to 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 capitalised during the period of time that is required to complete and prepare the asset for its intended use.

Borrowing costs are capitalised to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. To the extent that funds are borrowed generally and used for the purpose of obtaining a

qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. All other borrowing costs are expensed.

2.7 Intangible assets

(a) Licences and rights

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

Licences and rights include Upstream Exploration rights which are amortised over the exploration period as per the terms of the relevant licenses.

(b) Computer software

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

2.8 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 the development phase.

(c) Oil and gas production assets

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

(d) Depreciation/amortization

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

(e) Impairment – exploration and evaluation assets

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

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

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

2.9 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

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

2.10.1 Classification

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

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

(b) Loans and receivables

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

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

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

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

2.10.3 Impairment of financial assets

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

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

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

- (a) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- (b) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or

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

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

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

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 (losses) / gains - net" (if it is not possible to achieve a fully matched position) (refer to Note 19).

2.12 Government grants

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

2.13 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 objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

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

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

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

2.18 Current and deferred income tax

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

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

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

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

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

2.19 Employee benefits

(a) Pension obligations

The Company has both defined benefit and defined contribution plans.

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

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

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

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

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

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

(b) Termination benefits

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

(c) Share-based compensation

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

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

2.20 Trade and other payables

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

2.21 Provisions

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

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

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

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

2.23 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 Company and the revenue can be reliably measured. Revenue is recognised as follows:

(a) Sales of goods – wholesale

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

(b) Sales of services

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

(c) Interest income

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

(d) Dividend income

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

2.24 Leases

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

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

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

2.25 Dividend distribution

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

2.26 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 Company'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 Company is exposed to a variety of financial and commodity markets risks including foreign exchange and commodity price risk, credit risk, liquidity risk, cash flow risk and fair value interest-rate risk. In line with international best practices and within the context of local markets and legislative framework, the Company's overall risk management policies aim at reducing possible exposure to market volatility and / or mitigating its adverse effects on the financial position of the Company to the extent possible.

Commodity price risk management is supervised by a Risk Management Committee which includes Finance and Trading departments' Senior Management. Non-commodity price risk management is carried out by the Finance

Department under policies approved by the Board of Directors. The Finance Department identifies and evaluates financial risks in close co-operation with the Company's operating units.

(a) *Market risk*

(i) Foreign exchange risk

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

Foreign currency exchange risk arises on three types of exposure:

- **Balance sheet translation risk:** Most of the inventory held by the Company is reported in Euro while its underlying value is determined in USD. Thus, a possible devaluation of the USD against the Euro leads to a reduction in the realisable value of inventory included in the balance sheet. In order to manage this risk, significant part of the Company's funding is denominated in USD providing an opposite effect to the one described above. It should be noted however, that while in the case of USD devaluation the impact on the statement of financial position is mitigated, in cases of USD appreciation the mark to market valuation of such loans leads to a reported loss under foreign exchange differences with no compensating benefit as stocks continue to be included in the balance sheet at cost. The exposure at any point in time is clearly given by the amounts shown in the statement of financial position and the related disclosures. It is estimated, that at 31 December 2012 if the Euro had weakened against the US dollar by 5% with all other variables held constant, pre-tax profits would have been €29 million lower.
- **Gross Margin transactions and translation risk:** The fact that most of the transactions in crude oil and oil products are based on international Platt's USD prices leads to exposure in terms of the Gross Margin translated in Euro. Recent market volatility has impacted adversely on the cost of mitigating this exposure; as a result the Company did not actively hedge material amounts of the Gross margin exposure. This exposure is linearly related to the Gross margin of the Company in that the appreciation of Euro vs. USD leads to a respective translation loss on the period results.
- **Local subsidiaries exposure:** Where the Company operates in non-Euro markets there is an additional exposure in terms of cross currency translation between USD (price base), Euro reporting currency and local currency. Where possible the Company seeks to manage this exposure by either transferring the exposure for pooling at Group levels or by taking protection in local currency. Although material for local subsidiaries operations, the overall exposure is not considered material for the Company.

(ii) Commodity price risk

The Company's primary activity as a refiner 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 Company policy is to report its inventory at the lower of historical cost and net realisable value, results are affected by the reduction in the carrying value of the inventory. The extent of the exposure relates directly to the level of stocks and rate of price decrease. This exposure is partly hedged with paper derivatives to the extent that the cost of such instruments is considered positive, from a risk – return point of view 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 Company financial results, a change in the refinery margins has a proportionate impact on the Company's profitability. Where possible, the Company aims to hedge 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. This figure does not include any corresponding economic impact that would arise from the natural business exposure, which would be expected to largely offset the gain or the loss on the derivatives.

(iii) Cash flow and fair value interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, while borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's borrowings are substantially all of 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 Company 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 €1,4 million lower. At 31 December 2012, if interest rates on Euro denominated borrowings had been 0,5% higher with all other variables held constant, post-tax profit for the year would have been €8,4 million lower.

(b) Credit risk

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

Due to market conditions, the approval of credit risk is subject to a more strict process involving all levels of senior management. A Group credit committee has been formed which meets and discusses material credit exposures on a Group wide basis. See note 10 "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 an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Company aims to maintain flexibility in its funding through the use of committed credit facilities.

Given market developments during 2011 and 2012, the Company has focused more on liquidity risk and cash flow management. Due to the material amounts of debt that became due during the year and in January 2013, the Company and its subsidiaries (together 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 (equal to €905 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 15, “Borrowings”.

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
31 December 2012				
Borrowings	1.536.627	44.444	133.332	233.002
Derivative financial instruments	47.055	-	-	-
Trade and other payables	1.811.750	-	-	-
31 December 2011				
Borrowings	1.065.276	426.825	133.332	277.446
Derivative financial instruments	46.355	50.158	-	-
Trade and other payables	1.521.886	-	-	-

3.2 Capital risk management

The Company’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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings (including “current and non-current borrowings” as shown in the statement of financial position) less “Cash & Cash equivalents” 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 Company managed its gearing ratio to 40 – 45% as planned.

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

	As at	
	31 December 2012	31 December 2011
Total Borrowings (Note 15)	1.947.405	1.902.879
Less: Cash, Cash Equivalents and restricted cash (Note 11)	(627.738)	(563.282)
Less: Available for sale financial assets	(41)	(41)
Net debt	1.319.626	1.339.556
Total Equity	1.907.222	1.916.825
Total Capital Employed	3.226.848	3.256.381
Gearing ratio	41%	41%

The gearing ratio remained high also during 2012 mainly due to the continuing need for liquid funds required to finance the construction phase of the Elefsina refinery’s upgrade project. Following the successful commercial start-up of the refinery, debt levels and gearing ratio are expected to decline.

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

4 Critical accounting estimates and judgements

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

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

(a) Income taxes

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

(b) Provision for environmental restoration

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

(c) Fair value of derivatives and other financial instruments

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

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

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

(e) Pension benefits

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

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

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 17.

(f) Provisions for legal claims

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

5 Segment information

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

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

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

Hellenic Petroleum S.A.
Financial Statements in accordance with IFRS
for the year ended 31 December 2012
(All amounts in Euro thousands unless otherwise stated)

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

Year ended 31 December 2012	Refining	Petro-chemicals	Exploration & Production	Other	Total
Sales	9.556.629	343.665	-	239	9.900.533
Other operating income / (expense) - net	21.564	2.600	(82)	-	24.082
Operating profit / (loss)	115.302	21.887	(6.291)	15.014	145.912
Currency exchange gains / (losses)	8.067	-	-	-	8.067
Profit / (loss) before tax & finance costs	123.369	21.887	(6.291)	15.014	153.979
Finance costs - net					(20.515)
Profit before income tax					133.464
Income tax (expense)/credit					(35.959)
Profit for the year					97.505

Year ended 31 December 2011	Refining	Petro-chemicals	Exploration & Production	Other	Total
Sales	8.276.480	315.879	-	-	8.592.359
Other operating income / (expense) - net	(10.569)	2.696	(2.561)	-	(10.434)
Operating profit / (loss)	169.490	14.472	(10.413)	14.996	188.545
Currency exchange gains / (losses)	(5.552)	-	-	-	(5.552)
Profit / (loss) before tax & finance costs	163.938	14.472	(10.413)	14.996	182.993
Finance costs - net					(26.201)
Loss before income tax					156.792
Income tax credit/(expense)					(44.028)
Profit for the year					112.764

Further segmental information as at 31 December 2012 is as follows:

	Refining	Petro-chemicals	Exploration & Production	Other	Total
Total Assets	5.682.345	158.727	12.559	1.570	5.855.201
Total Liabilities	3.827.979	109.227	7.613	3.160	3.947.979
Net Assets	1.854.366	49.500	4.946	(1.590)	1.907.222
Capital Expenditure	492.165	147	-	1.231	493.543
Depreciation & Amortisation	93.106	12.580	932	42	106.660

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

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

6 Property, plant and equipment

	Land	Buildings	Plant & Machinery	Motor vehicles	Furniture and fixtures	Assets Under Construction	Total
Cost							
As at 1 January 2011	109.904	188.899	1.410.466	10.525	66.799	1.306.981	3.093.574
Additions	100	160	352	88	3.821	644.376	648.897
Capitalised projects	-	33.473	282.377	68	4.033	(319.951)	-
Disposals	-	-	(474)	-	(25)	(139)	(638)
Assets from Merged Company	5.392	-	22	-	-	-	5.414
Transfers & other movements	-	-	-	-	-	(5.722)	(5.722)
As at 31 December 2011	115.396	222.532	1.692.743	10.681	74.628	1.625.544	3.741.524
Accumulated Depreciation							
As at 1 January 2011	-	108.545	1.028.570	8.767	46.126	-	1.192.008
Charge for the year	-	8.378	61.986	342	7.195	-	77.901
Disposals	-	-	(288)	-	(18)	-	(306)
As at 31 December 2011	-	116.923	1.090.268	9.109	53.303	-	1.269.603
Net Book Value at 31 December 2011	115.396	105.609	602.475	1.572	21.325	1.625.544	2.471.921
Cost							
As at 1 January 2012	115.396	222.532	1.692.743	10.681	74.628	1.625.544	3.741.524
Additions	-	200	282	7	2.164	490.153	492.806
Capitalised projects	-	270.117	1.690.188	4.121	621	(1.965.047)	-
Disposals	-	(185)	(3.455)	(181)	(69)	(972)	(4.862)
Transfers & other movements	-	57	(57)	-	-	(2.392)	(2.392)
As at 31 December 2012	115.396	492.721	3.379.701	14.628	77.344	147.286	4.227.076
Accumulated Depreciation							
As at 1 January 2012	-	116.923	1.090.268	9.109	53.303	-	1.269.603
Charge for the period	-	12.090	81.619	403	7.120	-	101.232
Disposals	-	(185)	(2.702)	(180)	(68)	-	(3.135)
As at 31 December 2012	-	128.828	1.169.185	9.332	60.355	-	1.367.700
Net Book Value at 31 December 2012	115.396	363.893	2.210.516	5.296	16.989	147.286	2.859.376

- (1) The Company 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 prove that an item of mechanical equipment or control system functions correctly. 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 capitalized 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' in assets under construction relate to completed IT software projects capitalised during the respective years 2012 and 2011 and thus transferred to intangible assets under 'Computer software'(Note 7).

7 Intangible assets

	Computer software	Licences & Rights	Total
Cost			
As at 1 January 2011	59.452	23.909	83.361
Additions	1.086	-	1.086
Transfers, acquisitions & other movements	5.722	-	5.722
As at 31 December 2011	66.261	23.909	90.170
Accumulated Amortisation			
As at 1 January 2011	56.767	16.623	73.390
Charge for the year	2.082	1.285	3.368
As at 31 December 2011	58.849	17.908	76.757
Net Book Value 31 December 2011	7.411	6.001	13.412
Cost			
As at 1 January 2012	66.261	23.909	90.170
Additions	737	-	737
Transfers, acquisitions & other movements	2.392	-	2.392
As at 31 December 2012	69.390	23.909	93.299
Accumulated Amortisation			
As at 1 January 2012	58.849	17.908	76.757
Charge for the year	4.225	1.203	5.428
As at 31 December 2012	63.074	19.111	82.185
Net Book Value 31 December 2012	6.315	4.798	11.113

- (1) Licenses and rights include Upstream Exploration rights which are amortised over the period of the exploration period as per the terms of the relevant licences. Details of the accounting policy are given in Notes 2.7 & 2.8.
- (2) 'Transfers and other movements' relate to completed IT software projects capitalised during 2012 and 2011 and thus transferred from in assets under construction (Note 6).

8 Investment in affiliated companies

	As at	
	31 December 2012	31 December 2011
Beginning of the year	665.404	689.718
(Decrease) / Increase in share capital of subsidiaries	(5.015)	(13.214)
Impairment of investments	-	(5.600)
Finalisation of Petrola A.E. absorption	-	(5.500)
End of the year	660.389	665.404

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

Decrease in share capital of subsidiaries during 2012 and 2011 relate to ELPET Valkaniki. During 2011, the Company also took an impairment charge against its investment in Thraki SA.

9 Inventories

	As at	
	31 December 2012	31 December 2011
Crude oil	339.241	311.774
Refined products and semi-finished products	596.468	581.079
Petrochemicals	31.799	34.982
Consumable materials and other	76.993	76.332
- Less: Provision for Consumables and spare parts	(5.738)	(9.274)
Total	1.038.763	994.893

The cost of goods sold included in “Cost of sales” for 2012 is equal to €9,2 billion (2011: €7,8 billion).

The amount of the write-down of inventories (stock devaluation) recognized as an expense in 2012 and included in “Cost of sales” is equal to €5,7 million (2011: €3,9 million).

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

The Company keeps crude oil and refined products stocks in excess of its normal operating stock levels in order to fulfill the EU requirement for compulsory Stock obligations (90 days stock directive), as legislated by Greek Law 3054/2002. At the end of 2011, the Company participated in a structure commonly used in other 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 has a 48% investment in OTSM through DMEP HoldCo.

During the refinancing process, 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 Group facilities maturing in December 2012 and January 2013. As a result, the Company 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 Group’s refinancing on 31 January 2013, the pledge on the Company’s inventory was subsequently lifted.

10 Trade and other receivables

	As at	
	31 December 2012	31 December 2011
Trade receivables	589.393	658.712
- Less: Provision for impairment of receivables	(92.515)	(84.907)
Trade receivables net	496.878	573.805
Other receivables	152.582	299.141
- Less: Provision for impairment of receivables	(10.283)	(10.283)
Other receivables net	142.299	288.858
Derivatives held for trading (Note 19)	840	-
Deferred charges and prepayments	12.380	5.938
Total	652.397	868.601

As part of its working capital management the Company 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 Company 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 Company 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 30 (iv) on litigation). Against this action the Company 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.

The table below shows the segregation of trade receivables:

	As at	
	31 December 2012	31 December 2011
Total trade receivables	589.393	658.712
of which:		
Past due, not impaired receivables balance	104.776	79.558
Past due, doubtful & impaired receivables balance	87.976	88.182
	192.752	167.740
Allowance for bad debts	92.515	84.907

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

Trade receivables also include past due but not impaired balances of € 105 million as at 31 December 2012 (31 December 2011 €80 million) relating to a number of independent customers from whom there is no recent history of default. Out of these balances €77 million were past due up to 30 days (2011:€52 million), €7 million were past due up to 90 days (2011: €3 million) and €21 million were past due over 90 days (2011: €25 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 and 2011, the overdue days of doubtful receivables are as follows:

	As at	
	31 December 2012	31 December 2011
Up to 30 days	-	-
30 - 90 days	-	-
Over 90 days	87.976	88.182
Total	87.976	88.182

It was assessed that a portion of the 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	84.907	80.527
Charged / (credited) to the income statement:		
- Additional provisions	7.608	5.880
- Unused amounts reversed	-	(1.500)
Balance at 31 December	92.515	84.907

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

11 Cash, cash equivalents and restricted cash

	As at	
	31 December 2012	31 December 2011
Cash at Bank and in Hand	412.638	82.592
Short term bank deposits	15.100	480.690
Cash and cash equivalents	427.738	563.282
Restricted Cash	200.000	-
Total cash, cash equivalents and restricted cash	627.738	563.282

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

Restricted cash relate to a credit enhancement 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 the structure, the Company has obtained a €200m loan from Bank of Cyprus which is offset by a deposit of an equal amount that has been placed with the same bank. 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 15. 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 Company. 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	1,24%	1,11%
USD	0,68%	0,63%

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

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

The AGM of Hellenic Petroleum S.A. of 28 June 2012 approved the completion of the scheme and granted the remaining stock options of 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 2012, 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 during 2012 in the statement of comprehensive income for share based compensation is €0.3 million (2011: €1.1 million).

13 Reserves

	Statutory reserve	Special reserves	Hedging reserve	Share-based payment reserve	Tax reserves	Total
Balance at 1 January 2011	108.970	86.495	(54.242)	2.518	351.322	495.063
Cash flow hedges (Note 19):						
- 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 12)	-	-	-	1.119	-	1.119
Transfer to statutory reserves	4.822	-	-	-	-	4.822
Balance at 31 December 2011	113.792	86.495	(67.150)	3.637	351.322	488.096
Cash flow hedges (Note 19):						
- Fair value gains / (losses) on cash flow hedges	-	-	3.151	-	-	3.151
- Transfer statement of comprehensive income	-	-	27.025	-	-	27.025
Share-based payments (Note 12)	-	-	-	252	-	252
Transfer to statutory reserves	4.876	-	-	-	-	4.876
Balance at 31 December 2012	118.668	86.495	(36.974)	3.889	351.322	523.400

The movement in the year-end hedging reserve is shown net of tax of €7.544 (2011: €1.866).

Statutory reserves

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

Special reserves

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

Tax free reserves

Tax free reserves include:

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

Distributions to shareholders and conversions to share capital are not normally anticipated to be made through these reserves.

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

14 Trade and other payables

	As at	
	31 December 2012	31 December 2011
Trade payables	1.751.006	1.428.020
Accrued Expenses	26.816	50.400
Provision for environmental costs (Note 18)	3.500	-
Other payables	30.428	43.466
Total	1.811.750	1.521.886

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 duly 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.

The provision for environmental costs as of 31 December 2012 relates to the estimated cost of the CO2 emission rights required under the corresponding environmental legislation.

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

15 Borrowings

	As at	
	31 December 2012	31 December 2011
Non-current borrowings		
Bank borrowings	410.778	837.603
Non-current borrowings	410.778	837.603
Current borrowings		
Short term bank borrowings	1.514.405	1.065.276
Current portion of long-term bank borrowings	22.222	-
Total current borrowings	1.536.627	1.065.276
Total borrowings	1.947.405	1.902.879

The maturity of non-current borrowings is as follows:

	As at	
	31 December 2012	31 December 2011
Between 1 and 2 years	44.444	426.825
Between 2 and 5 years	133.332	133.332
Over 5 years	233.002	277.446
	410.778	837.603

Gross borrowings of the Company by maturity as at 31 December 2012 are summarised on the table below:

	Maturity	Balance as at 31 December 2012 (millions)
1. HPF Short-Term Loan Facility	Apr 2013	276
2. EIB Term loan	Jun 2022	400
3. Bond loan €400 million	Jun 2013	225
4. Bond loan €225 million	Dec 2013	222
5. Bilateral lines	Various	824
Total		1.947

In April 2006, the Company concluded a €400 million multi-currency loan agreement with Hellenic Petroleum Finance Plc (“HPF”), a subsidiary of the Group in order to refinance existing financial indebtedness and for general corporate purposes. The loan facility amount was increased to €600 million on 18 October 2006 and to €1 billion on 18 October 2007. In April 2010 the loan facility amount was increased to €1.5 billion. As at 31 December 2012, the outstanding loan balance with HPF amounted to the equivalent of €276 million (US\$ 364 million). This facility will be refinanced by the Company under the refinancing plan described in Note 3 “Financial risk management”.

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.

On 5 April 2012, Hellenic Petroleum S.A. concluded a € 400 million syndicated bond loan agreement maturing on 30 June 2013. The aim of the loan was to finance general corporate purposes. As at 31 December 2012, the outstanding loan balance amounted to €225 million.

On 6 December 2012 Hellenic Petroleum S.A. concluded a €225 million syndicated bond loan agreement maturing on Dec 2013, to facilitate the repayment of the syndicated credit facility of US\$ 1,18 billion undertaken by the Group, which matures on 31 January 2013. As at 31 December 2012, the outstanding loan balance amounted to €222 million

Loans with various banks are also utilised to cover the Company's ongoing financing needs. As at 31 December 2012, the outstanding balance of such loans amounted to €824 million (31 December 2011: €585 million).

Certain debt agreements that the Company enters into, include financial covenants, the most significant of which are the maintenance of certain ratios at Group level 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.

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

	As at 31 December 2012	
	€	US\$
Bank Borrowings (short-term)		
- Floating Euribor + margin	6,76%	-
- Floating Libor + margin	-	1,74%
Bank Borrowings (long-term)		
- Floating Euribor + margin	1,79%	-
- Floating Libor + margin	-	-
	As at 31 December 2011	
	€	US\$
Bank Borrowings (short-term)		
- Floating Euribor + margin	7,00%	-
- Floating Libor + margin	-	2,61%
Bank Borrowings (long-term)		
- Floating Euribor + margin	2,24%	-
- Floating Libor + margin	-	2,61%

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

	As at	
	31 December 2012	31 December 2011
Euro	1.671.598	1.303.915
US dollar	275.807	598.964
Total borrowings	1.947.405	1.902.879

16 Deferred income tax

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

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

	As at	
	31 December 2012	31 December 2011
Beginning of the year	(509)	21.701
Income statement recovery / (charge)	(32.871)	(22.076)
Charged / (released) to equity & other movements	(7.543)	(134)
End of year	(40.923)	(509)

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

	As at	
	31 December 2012	31 December 2011
Intangible and tangible fixed assets	(74.796)	(44.499)
Inventory valuation	1.148	1.855
Environmental provision	700	3.220
Unrealised exchange gains	(1.094)	-
Employee benefits provision	16.196	17.277
Derivative financial instruments at fair value	10.210	19.310
Net operating losses carried forward	15.362	-
Other temporary differences	(8.649)	2.328
Net deferred income tax asset/(liability)	(40.923)	(509)
Deferred income tax liabilities	(93.465)	(57.768)
Deferred income tax assets	52.542	57.259

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 Company 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 €13 million.

17 Retirement benefit obligations

	As at	
	31 December 2012	31 December 2011
Statement of Financial Position obligations for:		
Pension benefits	80.922	86.027
Total as per Statement of Financial Position	80.922	86.027
	Year ended	
	31 December 2012	31 December 2011
Statement of Comprehensive Income charge for:		
Pension benefits	16.948	39.659
Total as per Statement of Comprehensive Income	16.948	39.659

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

	As at	
	31 December 2012	31 December 2011
Present value of unfunded benefit obligations	81.123	104.289
Unrecognised actuarial gains / (losses)	2.452	(15.315)
Unrecognised prior service cost	(2.653)	(2.947)
Liability in the Statement of Financial Position	80.922	86.027

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

	Year ended	
	31 December 2012	31 December 2011
Current service cost	5.292	6.210
Interest cost	4.286	5.578
Net actuarial (gains) / losses recognised in the year	345	567
Past service cost	295	294
Regular profit & loss charge	10.218	12.649
Additional cost of extra benefits	6.730	27.010
Total included in employee benefit expense	16.948	39.659

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

	31 December	
	2012	2011
Beginning of the year	86.027	107.917
Total expense included in employee benefit expense	16.948	39.659
Payments	(22.053)	(61.549)
Total	80.922	86.027

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	15,7	14,1

Included in Pension payments for 2012 are the additional costs incurred regarding the retirement scheme, amounting to €6,730 (2011: 27,010).

The impact of revisions on pension costs as a result of the recent changes on employment law have not been reflected in this year's financial statements.

18 Provisions and other long term liabilities

	As at	
	31 December 2012	31 December 2011
Government grants	14.727	17.607
Litigation & tax provisions	3.000	5.000
Provisions for environmental costs	-	16.100
Other provisions	521	506
Total	18.248	39.213

The movement for provisions and other long term liabilities for 2012 and 2011 are as follows:

	Govern- ment advances and grants	Litigation & tax povisions	Provisions for environmen tal costs	Other provisions and LT liabilities	Total
At 1 January 2011	20.595	3.000	-	134	23.729
Charged / (credited) to the income statement:					
- Additional provisions / grants	-	2.000	16.100	372	18.472
- Amortisation of grants	(2.988)	-	-	-	(2.988)
At 31 December 2011	17.607	5.000	16.100	506	39.213
Charged / (credited) to the income statement:					
- Additional provisions / grants	-	-	-	15	15
- Unused amounts reversed	-	(2.000)	(12.600)	-	(14.600)
- Amortisation of grants	(2.880)	-	-	-	(2.880)
Reclassifications	-	-	(3.500)	-	(3.500)
At 31 December 2012	14.727	3.000	-	521	18.248

Government grants

Government (Hellenic State) grants received in connection with investments in property, plant and equipment are accounted for in accordance with our accounting policies (Note 2.12).

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 14) since the Company'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 Company has a policy of immediately addressing identified environmental issues (Note 2.22).

Other provisions

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

19 Fair values of derivative financial instruments

Derivatives held for Trading

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

Derivatives designated as Cash Flow Hedges

Commodity Derivative type	31 December 2012				31 December 2011			
	Notional Amount		Assets	Liabilities	Notional Amount		Assets	Liabilities
	<u>MT'000</u>	<u>Bbls'000</u>	€	€	<u>MT'000</u>	<u>Bbls'000</u>	€	€
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

Derivatives held for trading

In the context of managing risk resulting from the volatility in the inventory values of products and crude oil, the Company enters into derivative contracts. To the extent that these contracts are not designated as hedges, they are categorized as derivatives held-for-trading. The fair value of derivatives held-for-trading is recognized on the 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 operating gains / (losses)" 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 Company engages in derivative transactions with 3rd parties with the intention of matching physical positions and trades or close proxies thereof and are therefore considered an integral part of "Cost of Sales". 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 operating gains / (losses)". The result from such derivative positions for year ended 31 December 2012 was nil (31 December 2011: €510 gain). "Other operating 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 Company uses derivative financial instruments to manage certain exposures to fluctuations in commodity prices. In this framework, the Company has entered into a number of commodity price swaps which have been designated by the Company as cash flow hedges, have been evaluated and proven to be highly effective, and in this respect, any changes in their fair value are recorded within Equity. The fair value of the Commodity swaps at the

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 operating gains / (losses)”. 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 13).

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

20 Employee benefit expenses

	For the year ended	
	31 December 2012	31 December 2011
Wages and salaries	136.318	152.011
Social security costs	25.620	27.246
Pension costs	14.165	14.369
Other employment benefits	18.091	32.227
Total	194.194	225.853

Included in Other employment benefits are medical insurance, catering, and transportation expenses. The value of share – based compensation of €252 (2011: €1.119) is included therein (see Note 12). Additionally, included in Other operating income/(expense) (Note 23), are €6,7 million that were paid to employees as part of the voluntary retirement schemes (VRS).

21 Selling, distribution and administrative expenses

	For the year ended	
	31 December 2012	31 December 2011
Selling and distribution expenses	82.335	83.388
Administrative expenses	66.666	89.038
	149.001	172.426

22 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 (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 merge with Melrose Resources Plc) for the Patraikos Gulf and Ioannina area which are still in the evaluation process by the Greek authorities.

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

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

	For the year ended	
	31 December 2012	31 December 2011
Income from grants' amortisation	2.880	2.988
Services to third parties	1.600	523
Rental income	2.559	2.480
Income from sale of CO2 emission rights	-	8.220
Voluntary retirement scheme cost	(6.730)	(27.010)
Reversal of unused provisions	18.934	4.137
To write-off unmoved creditors' balances	3.576	-
Impairment losses from associates	-	(5.600)
Other income / (expense)	1.263	3.828
Other operating income / (expenses) - net	24.082	(10.434)

Other operating income / (expenses) – net, include items which do not arise as a result of the trading activities of the Company (e.g. rental income and sales of personnel services to subsidiaries), as well as additional costs incurred in respect of the voluntary retirement schemes (VRS) effected during 2012.

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
Losses on derivative financial instruments de-designated for hedging	(35.760)	(10.320)
Other operating (losses) / gains - net	(35.760)	(9.810)

Other operating gains / (losses) include gains / (losses) from derivative positions not directly associated with operating activities (refer to Note 19).

24 Finance costs - net

	For the year ended	
	31 December 2012	31 December 2011
Finance Income:		
Interest income	4.685	13.649
Total Finance Income	4.685	13.649
Finance Expense:		
Interest expense and similar charges	(21.456)	(35.977)
Accrued interest	(3.744)	(3.873)
Total Finance Expense	(25.200)	(39.850)
Finance costs - net	(20.515)	(26.201)

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.

25 Currency exchange gains / (losses)

Currency exchange gains of €8 million for the year ended 31 December 2012 are driven by marked-to-market gains on US\$ denominated loans of €5 million and deposits of 3 million, due to the fluctuations of the US\$ against the Euro taking place during 2012.

26 Income tax expense

	For the year ended	
	31 December 2012	31 December 2011
Current tax	3.088	21.952
Deferred tax (Note 16)	32.871	22.076
Total	35.959	44.028

The basic tax rate was 20% for the period ending 31 December 2012 and 2011.

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 31/12/2011, 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 company to treat its tax position as fully compliant and final. The Company has undergone this tax audit in 2011 and the auditors have issued an unqualified Tax Certificate.

The Company has not undergone a full tax audit for the financial year 2010.

In February 2013 the tax audits for the financial years 2006 to 2009 were finalized, the outcome of which resulted in disallowable expenses of €29 million, upon 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 provision already exist in the accounts. Amounts which are not accepted will be challenged through legal channels.

In addition, provisional VAT audits have been concluded up until October 2012, resulting in the aggregate recovery of VAT receivable of €241 million, which the Company utilized to net off current tax liabilities.

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

27 Earnings per share

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

	For the year ended	
	31 December 2012	31 December 2011
Earnings per share attributable to the Company		
Shareholders (expressed in Euro per share):	0,32	0,37
Net income attributable to ordinary shares (Euro in thousands)	97.505	112.764
Average number of ordinary shares outstanding	305.635.185	305.635.185

Diluted earnings per share were not materially different from basic earnings per share.

28 Dividends per share

A proposal to the AGM for an additional €0,30 per share as final dividend for 2010 (amounting to a total of €91.691) was approved by the Board of Directors on 24 February 2011 and the final approval was given by the shareholders at the AGM held on 29 June 2011. A proposal to the AGM for € 0,45 per share as dividend for 2011 was approved by the Board of Directors 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 statement of changes in equity.

The Board of Directors approved the 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.

29 Cash generated from operations

	Note	For the year ended	
		31 December 2012	31 December 2011
Profit before tax		133.464	156.792
Adjustments for:			
Depreciation and amortisation of property, plant & equipment and intangible assets	6,7	106.660	81.269
Grants amortisation	18	(2.880)	(2.988)
Finance costs - net	24	20.515	26.201
Provisions for expenses and valuation charges		1.644	27.972
Losses from disposal of PPE		979	190
Foreign exchange (gains) / losses		(8.067)	5.552
Dividend income		(15.818)	(15.819)
		236.497	279.169
Changes in working capital			
(Increase) / decrease in inventories		(43.871)	434.938
(Increase) / decrease in trade and other receivables		213.864	(105.319)
Increase / (decrease) in payables		256.428	49.868
		426.421	379.487
Net cash generated from operating activities		662.918	658.656

30 Contingencies and litigation

The Company has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business. Provisions are set up by the Company against such matters whenever deemed necessary, in accordance with its accounting policies and included in other provisions (Note 18). These are as follows:

(a) Business Issues

- (i) *Unresolved legal claims:* The Company is involved in a number of legal proceedings and has various unresolved claims pending arising in the ordinary course of business. Based on currently available information, management believes the outcome will not have a significant effect on the company's operating results or financial position, over and above provisions already reflected (Note 18).
- (ii) *Guarantees:* The 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). The Company has also issued letters of credit and guarantees in favour of third parties, which as at 31 December 2012 amounted to the equivalent of €12 million (31 December 2011: €257 million).

(b) Taxation and Customs

- (iii) *Tax matters:* 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.

The Company has not undergone a tax audit for the financial year 2010.

In February 2013 the tax audits for the financial years 2006 to 2009 were finalized, the outcome of which resulted in disallowable expenses of €29 million, upon 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 is in the process of planning its further actions; however it believes that no additional liabilities will arise over and above the respective provisions recognized in the financial statements.

In addition, provisional VAT audits have been concluded up until October 2012, resulting in the aggregate recovery of VAT receivable of €241 million.

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

- (iv) *Deeds 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.

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 Company.

31 Commitments

(a) Capital commitments

Total capital commitments for the Company as of 31 December 2012 amount to €70 million (31 December 2011: €316 million), of which €38 million relate to the Elefsina refinery upgrade.

(b) Operating lease commitments – Company as a lessee

The Company leases offices 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	4.523	4.376
Later than 1 year and no later than 5 years	19.621	18.995
Later than 5 years	17.813	22.962
Total	41.957	46.333

32 Related-party transactions

i) Sales of goods and services

	For the year ended	
	31 December 2012	31 December 2011
Sales of goods		
Group Entities	3.866.787	3.867.658
Other related parties	709.379	403.162
Sales of services		
Group Entities	6.832	12.891
	4.582.998	4.283.711

ii) Purchases of goods and services

Purchases of goods		
Group Entities	6.617	-
Other related parties	626.628	46.428
Purchases of services		
Group Entities	58.512	56.495
	691.757	102.923

iii) Balances arising from sales / purchases of goods / services

	As at	
	31 December 2012	31 December 2011
Receivables from related parties		
<u>Group Entities</u>		
- Receivables	268.119	274.322
<u>Other related parties</u>		
- Receivables	47.726	41.941
	315.845	316.263
Payables to related parties		
<u>Group Entities</u>		
- Payables	53.913	38.463
<u>Other related parties</u>		
- Payables	26.912	10.568
	80.825	49.031
Net balances from related parties	235.020	267.232

	For the year ended	
	31 December 2012	31 December 2011
Charges for directors remuneration	1.175	1.065

Included in the statement of financial position are balances which derive from sales/purchases of goods and services in the ordinary course of business.

Sales and Purchases of goods and services are higher during 2012 than last year due to the transactions conducted with OTSM (Note 9). All transactions with related parties are effected under normal trading and commercial terms.

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

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

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

- a) Hellenic Petroleum Group companies.
- b) Parties which are under common control with the Company due to the shareholding and control rights of the Hellenic State:
 - Public Power Corporation Hellas S.A.
 - Hellenic Armed Forces
- c) Financial institutions which are under common control with the Company due to the shareholding and control rights of the Hellenic State. The Company had loans due to the National Bank of Greece S.A. amounting to the equivalent of €40 million, as at 31 December 2012 (31 December 2011: loans due to National Bank of Greece S.A. equal to zero. Loans due the Agricultural Bank of Greece S.A, then also a related party, equal to €150 million)
- d) Joint ventures with other third parties relating to the exploration and production of hydrocarbons in Greece and abroad:
 - STPC Sea of Thrace (Greece, sea of Thrace)
 - Petroceltic International Plc (former Melrose) – Kuwait Energy – Beach Petroleum (Egypt, Mesaha)
 - VEGAS Oil & Gas (Egypt, West Obayed)
 - Medusa (Montenegro)
 - Edison (Montenegro, Ulcinj)
- e) Associates of the Hellenic Petroleum Group:
 - Athens Airport Fuel Pipeline Company S.A. (EAKAA)
 - Public Gas Corporation of Greece S.A. (DEPA)
 - Artenius S.A.
 - Elpedison B.V.
 - Spata Aviation Fuel Company S.A. (SAFCO)
 - HELPE Thraki
 - Biodiesel
 - D.M.E.P. / OTSM
- f) Enterprises in which substantial interest is owned by parties which hold significant participation in the share capital of the Company.
 - Private Sea Marine Services (ex Lamda Shipyards)

33 Other significant events

- a) *DEPA privatisation:* As part of the Greek government privatisation process, the Company 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 an Extraordinary General Meeting (EGM) held on 31 January 2012. 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. The final decision to sell will be subject to an EGM to be held in the future once final binding bids are available. Given that no final commitments for this disposal have been made, management considers that DEPA should continue to be presented under 'Investments in affiliated companies'. As at 31 December 2012, DEPA Group's carrying value in the Company's books is €237 million.

- b) *Payables to Iran:* 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 Company 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 Company has notified its supplier of this restriction which is due to legal constraints outside of its control.
- c) *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.

34 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 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.

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.



2. Annual Report of the Board of Directors

Index

A. Introduction to the Company and the Group	6
A.1 Hellenic Petroleum SA (Parent Company).....	7
A.2 Main Group Activities.....	7
B. FY 2010 Major Events.....	11
B.1 Business Environment.....	11
B.2 Business Review.....	12
C. Review per Segment – Performance and Financial Position.....	14
D. Corporate Governance Statement.....	18
D.1 Corporate Governance Code	18
D.2 Deviations from the Corporate Governance Code.....	19
D.3 Corporate Governance Practices Exceeding Legal Requirements.....	20
D.4 Main Features of the System of Internal Controls and Risk Management in relation to the Financial Reporting Process	21
D.5 Information Required by Article 10, Paragraph 1 of the EU Directive 2004/25/EC on Public Takeover Bids.....	23
D.6 General Meeting of Shareholders and Shareholders’ Rights	23
D.7 Composition & Operation of the Board of Directors, its Committees and other Administrative Bodies.....	24
E. Basic Strategic Goals and Prospects	27
F. Main Risks and Uncertainties for the Next Fiscal year.....	29
F.1 Financial Risk Management.....	29
F.2 Management of Capital Risk.....	31
G. Related Parties Transactions	31
H. Information about Financial Instruments.....	32
I. Significant Events after the end of the Reporting Period	33
J. Explanatory Report of the BoD required by par.7 art. 4 of Law 3556/2007 (As per par.8 art.4 of Law 3556/2007).....	33
Appendix	37

Annual Report of the Board of Directors of Hellenic Petroleum SA on the Consolidated and Company Financial Statements for the Financial Year from January 1st to December 31st, 2012

Introduction

Dear Shareholders,

This Board of Directors' report covers the twelve-month period ending 31.12.2012. The report has been prepared in accordance with the relevant provisions of Codified Law 2190/1920, Law 3556/2007, article 4, and decision 7/448/11.10.2007 of the Hellenic Capital Markets Commission. The Consolidated and Company Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union.

This report includes summary financial information and commentary on the financial position and results of the Group (Hellenic Petroleum) and the parent company Hellenic Petroleum SA, description of significant events that took place during the current financial year, description of anticipated significant risks and uncertainties for the following financial year, disclosure of material transactions that took place between the Company and Group and their related parties as well as presentation of data and estimates of qualitative nature for the development of operations of the Company and the Group for the following financial year.

A. The Company and the Group

The Group comprises of 49 companies, including the Parent Company, which is listed on the Athens Exchange (ATHEX). The list of subsidiaries, the nature of their business, the percentage of ownership and consolidation method for each one of them, are included in an Appendix to this report. The present legal form of the Group is the result of the initial merger that took place during the 1998 privatisation, as well as subsequent corporate transactions (acquisitions).

Of particular importance for the management of the Group and for the better monitoring of its activities is the business structure applied to it which also defines the organizational structure. Specifically, all Group activities are categorized in the main segments (Strategic Business Units) as below:

- Refining, Supply and Trading (Domestic and International)
- Marketing (Domestic and International)
- Petrochemicals
- Exploration and Production of Hydrocarbons
- Electricity Generation and Trading and Natural Gas

The Group is also active in additional segments, which, despite their strategic importance (Technical Services, Renewable Energy Sources), do not yet form a significant part of the Group's financial position.

A.1 Hellenic Petroleum SA (Parent Company)

The Parent Company is listed on the Athens Exchange, while its shares are also traded in the form of GDRs on the London Stock Exchange. Its shareholder structure on 31.12.2012 was:

- Greek State 35,48%
- Paneuropean Oil and Industrial Holdings SA 42,57%
- Institutional and private investors 21,95%

A.2 Main Group Activities

The main activities of the Group cover a wide spectrum of the energy sector, making Hellenic Petroleum one of the most important energy groups in South-Eastern Europe.

Key points per activity are summarized below:

a) Refining, Supply and Trading segment

Refining

The refining, supply and trading segment is the Group's core business and main source of income and profitability.

Domestic Activities

Activities in Greece are focused on the operation of the Group's three refineries located in Aspropyrgos, Thessaloniki and Elefsina, which account for approximately 65% of the country's total refining capacity. The three refineries in total account for storage capacity of 6.65 million m³ of crude oil and petroleum products.

Each refinery has distinct technical characteristics which are described in the table below and which determine its financial return.

Refinery	Daily Refining Capacity (in 000s of barrels - Kbpd)	Annual Refining Capacity (in million metric tons)	Configuration	Nelson Complexity Index
Aspropyrgos	148	7.5	Cracking (FCC)	11.0
Thessaloniki	93	4.5	Hydroskimming	7.3
Elefsina	100	5.0	Hydrocracking	8.1

During the second half of 2012, significant upgrade works were completed at Elefsina refinery. The addition of conversion units (vacuum, hydrocracker and flexicoker) rendered Elefsina refinery one of the most modern and profitable in the Mediterranean region, with its Nelson Complexity Index increasing to 8.1. In addition, the completion of the project enhanced safety and minimised the environmental footprint of the refinery operations. The upgraded Elefsina refinery, after a smooth and safe commissioning and start-up process, entered full commercial operations. The completion of this significant upgrade project contributes to the security of supply of oil products.

Crude Oil Supplies

Crude oil supplies are centrally coordinated and carried out through both term contracts and spot transactions. EU sanctions against Iran, which were adopted in January 2012 and implemented in July, forced the Group to change the oil feedstock to alternative suppliers to replace the considerable volumes obtained from the specific area. As a result, Russia became the largest crude oil supplier for 2012 (43,7%), whilst significant quantities were supplied also from Libya (17,5%), Kazakhstan (14,4%), Iran (9.21% - accounting only for the first half of 2012 in line with the EU embargo) and Saudi Arabia (6,1%).

Refinery Sales (Wholesale Trading)

HELLENIC PETROLEUM SA is engaged in ex-refinery sales of petroleum products to marketing companies, including its two subsidiaries, EKO and Hellenic Fuels, as well as other specialty customers, such as the country's armed forces. A percentage of the production is exported, while heating gasoil is imported for seasonal needs that cannot be covered by domestic production. All of the Group's refinery products comply with European standards (Euro V).

International Activities

OKTA hydroskimming refinery in Skopje, with nominal capacity of 2.5 million tons per annum, accounts for the Group's international refining activities, Crude oil is supplied through a pipeline that connects OKTA with the Thessaloniki refinery, while its products are distributed to the local market through marketing companies as well as exported to neighbouring Balkan markets.

b) Marketing

Marketing activities are split into Domestic, through Greek subsidiaries EKO and Hellenic Fuels, and International.

Domestic Activities

EKO has a network of 982 fuel stations, while Hellenic Fuels operates 949 fuel stations under the BP brand (the total Greek market amounts to approximately 6,200 stations). The two companies have 15 bulk storage and supply terminals, 23 aircraft refuelling stations in the country's main airports, 2 LPG bottling plants and one lubricant production and packaging unit. The market share of the two subsidiaries, including industrial clients, amounts to around 30%.

Hellenic Fuels, under licence from BP Plc, maintains the right to use the BP brand in Greece for ground fuels, for a period of 3 years until end of 2015, with an extension option for 2 additional years.

International Activities

Internationally, the Group is active through subsidiary companies in Cyprus, Bulgaria, Serbia, Montenegro, F.Y.R.O.M., and Bosnia. The international network comprises of 283 fuel stations, while relevant market position varies from country to country. Cyprus and Montenegro subsidiaries, resulting from acquisitions, maintain a leading position in their respective markets. Bulgaria and Serbia, are greenfield developments where the Group recorded rapid growth since 2005, and now rank among the top five companies in the sector. In F.Y.R.O.M., the network of 28 fuel stations is

operating under the local refinery subsidiary trademark. The presence of Hellenic Petroleum in Bosnia is small, while in the second half of 2012 the Group's subsidiary in Albania was sold, in line with the Group's strategy to withdraw from non-strategic investments.

c) Petrochemicals

Petrochemical activities focus mainly on further processing of refinery products, such as propylene, polypropylene, solvents and inorganics, as well as trading in the local market. Part of the production takes place at Aspropyrgos, where propylene is produced, while the majority of chemical facilities are located at the Thessaloniki refinery. Basel Technology, considered globally as one of the best, is used in the production of polypropylene.

Based on their contribution to financial results, propylene and polypropylene supply chain comprise the major part of petrochemicals activities. Petrochemicals activities are particularly export oriented as 50-60% of sales are directed to the markets of Turkey, Italy and the Iberian peninsula, where they are used as raw materials by local industries.

d) Exploration and Production of Hydrocarbons

The Group is active in exploration and production of hydrocarbons in Greece and Internationally via the Hydrocarbon Exploration and Production business unit. The main activities of E&P are:

Greece

- Participation with 25% in the exploration of the Thrace Sea Concession in the Northern Aegean, covering an area of approximately 1,600 sq. km.
- The group participated in the international open door tender for granting concessions launched by the Greek State for the exploration of hydrocarbons in three areas in western Greece through a consortium of Hellenic Petroleum, Edison International SpA and Petroceltic International Plc (following its merger with Melrose Resources Plc).

Egypt

The Group is active in exploration and production in Egypt through two Concession Contracts:

- Concession Contract in West Obayed area of the Western Desert, totalling 1.380 sq. km. The contract was signed on June 5, 2007 with the Company as exclusive concessionaire and administrator. At the end of 2010, the Company agreed to farm-out 70% of the concession to Vegas Oil and Gas, and will continue exploration activities in the area through this consortium. On October 12, 2011, the Egyptian Authorities approved the transfer of the concession rights to Vegas. During 2012, the joint venture continued the exploration surveys with conducting relevant studies and carrying out two drillings, thus fulfilling its contractual obligations arising from the Concession Agreement.
- Concession Contract in the Mesaha area of the Western Desert in Upper Egypt, totalling 43,000 sq. km. The contract was signed on October 9, 2007 and the companies participating in the consortium are Petroceltic at 40% (Consortium administrator), HELLENIC PETROLEUM at 30% and Kuwait Energy at 15% and Beach petroleum at 15%. Exploration activities in the area are in progress.

Montenegro

The Group has been present in Montenegro since 2002, when it acquired 54.35% of the state oil company, JUGOPETROL A.D. KOTOR (JPK). JPK owns the hydrocarbon exploration and production rights in two offshore areas in Montenegro. In accordance with the Concession Contract, the exploration and production activities in these areas are conducted through JPK's consortia with foreign companies. The Consortium structure was as follows:

- Blocks 1&2 (1.130 sq. km & 3.710 sq. km respectively): MEDUSA (Montenegro) 40%, HELLENIC PETROLEUM INTERNATIONAL AG 11%, JPK 49%.

In August 2006, the Government of Montenegro unilaterally decided to terminate the Concession Contract of Block 3 to JPK. Both JPK and the Group have not accepted this decision.

In August 2012, the government on Montenegro announced its intention to include parts of JPK's 1&2 blocks in the next round of concessions for which the tender is expected. The Group has requested for a court injunction against the Government's decision, but no judgment has been issued yet.

Hellenic Petroleum in consortium with Edison participates in government tendering procedures for acquiring concession rights for the exploration and exploitation of hydrocarbons in Ulcinj area.

e) Electric Power and Natural Gas

Electric Power

The Group's power activities focus mainly on generation through ELPEDISON POWER and trading both cross-border, as well as in the Greek market through ELPEDISON ENERGY. Both companies are controlled by ELPEDISON BV, which holds 75.8% of the former's and 100% of the latter's share capital. The Group owns 50% of the share capital of ELPEDISON BV, the other 50% being held by the Italian EDISON.

ELPEDISON Power is the second largest independent electricity producer in Greece, with its combined cycle natural gas technology (CCGT) plants accounting for a total installed capacity of 810 MW through a 390MW plant in Thessaloniki since 2005 and a 420MW in Thisvi since 2010.

Natural Gas

The Group is active in the natural gas sector through its 35% participation in its associate company DEPA SA, while the remaining 65% is owned by the Greek State. DEPA's operations comprise the natural gas supply in Greece as well as the trading of natural gas to large end-users (annual consumption >100GWh). Through its wholly-owned subsidiary DESFA, DEPA manages and develops the National System of Transmission for Natural Gas as well as the Revithoussa LNG terminal. DEPA also holds a 51% interest in the local supply companies (EPAs), which supply through the low pressure gas network clients with annual consumption <100GWh). Finally it participates in trans-national natural gas transportation projects.

The Group and the Greek State have jointly decided to sell their respective stake in DEPA Group. Privatisation process is in progress as the pre-qualification stage for non-binding expression of interest in the DEPA sale was completed with 5 first round bidders being qualified for the final round of submission of binding offers.

B. Financial Year 2012 Major Events

2012 characterized by adverse economic developments and increased uncertainty over the state of the Greek economy and the Eurozone in general.

B.1 Business Environment

a) Global Economy

In 2012 the global economy continued to recover, albeit at a slower pace, due to the continuing Eurozone crisis. According to the latest estimates, the global GDP grew by 3.3% in 2012, against a 3.8% in 2011. The rate of growth varied significantly across regions and economies, as the GDP of developing countries grew by 5.3%, with China's growth rate in particular reaching 7.8%, while Eurozone and USA displayed a negative or low growth rate at -0.4% and 2.2% respectively. (IMF, World Economic Outlook Update, Oct 2012).

b) Petroleum Industry

Crude oil remained at high levels in 2012, due to increased demand in developing countries and supply disruptions, with crude oil prices peaking over \$125 pbl with an average of \$112 pbl (2011: \$111 pbl). In particular, imposed US sanctions and the subsequent agreed EU sanctions against Iranian crude oil along with the turmoil in MENA region fueled uncertainty in the global market with upward price pressure.

The demand for light and middle distillates remained flat in 2012. However, refining margins exhibited seasonally fluctuation in 2012. A number of factors including closures of refineries due to planned maintenance or unexpected shutdowns, accidents and a seasonal demand increase in the North Hemisphere led to the improvement of international refining margins in the second and third quarter of the year. However, the trend was reversed in the fourth quarter, as margins declined to considerably low levels, highlighting the increased volatility of the refining industry.

More specifically, Med FCC refining benchmark margins increased considerably to \$4.7/barrel in 2012 vs \$2.9/bbl in 2011, reaching the highest levels on record in the last four years. However, they deteriorated significantly in the last quarter (\$2.2/barrel), moving even into negative territory for a long period of time, resulting in lower capacity utilization and temporary refinery closures.

c) Financial indicators

The Euro/USD exchange rate experience significant volatility during 2012, reaching a high of €1=\$1.36 and a low of €1=\$1.21. The average exchange rate was €1=\$1.29 (2011: €1=\$1.39), with positive effects on Group's financial results.

However, the most significant adverse factor impacting Group's results was the increased funding costs which affected all Greek corporates, as a result of the continued Greek financial crisis.

d) Greek Market

Greek economy has remained in deep recession throughout 2012, while GDP kept contracting for the fifth consecutive year and unemployment figures surged to a new historical high.

During the first half of the year, political instability peaked due to the consecutive election rounds; the reduced credibility, both domestically and internationally, as well the inability to implement structural measures exacerbated the recessionary impact of the economic program agreed with the country's lenders.

Another negative factor was the inability of the Greek banking sector to respond to the funding needs of the economy due to the losses of the banks, following the implementation of the Private Sector Involvement (PSI) in the Greek debt restructuring along with the significant increase in non-performing loans.

During the second half of the year the first signs of stabilization in the domestic and international economic climate were witnessed; furthermore both fiscal and current account deficit improved due to increasing exports and declining imports along with improved international cost competitiveness.

GDP fell by 7.1% in 2012, with the depth of the recession remaining at 2011 levels. Based on plausible assumptions about the implementation of the adjustment programme, the Bank of Greece projects that GDP will decrease by 4-4.5% in 2012, with growth expected in 2014. The unemployment rate has increased similarly from 7.6% in 2008 to 17.7% in 2011 and to slightly above 23.5% in 2012 (annually averages); it is estimated that it may rise further and exceed 26% in 2013 and 2014 (Source: Bank of Greece report "Monetary Policy Interim Report"; December 2012). The economic crisis of the Greek market had an adverse impact on Group results, as the decrease of economic activity, the significant increase in excise duties and VAT, policies restrictive incomes and the banking sector crisis have created a new landscape in the market. Oil products demand recorded further decline which is estimated at 13% compared to the previous year.

B.2 Business Review

a) Financial highlights

Tables below present the main financial and operational Group indicators for 2012:

Operational Data	2012	2011
Refinery sales (in million metric tons)	14.34	12.53
Marketing sales (in million metric tons)	4.43	5.13
Refinery production (in million metric tons)	12.83	9.65
Employees in Greece	2.970	3.287
Group employees	4.075	4.380

Financial Data (in million €)	2012	2011
Net sales	10.469	9.308
Reported EBITDA	298	335

Adjusted EBITDA ¹	444	363
Reported net income (attributable to the owners of the Parent Company)	84	114
Adjusted net income ¹	232	137
EPS (€)	0,28	0.37
Adjusted EPS (€)	0.76	0.45

External factors, such as the increase in the prices of crude oil and weak refinery margins in the 1st and 4th quarter, as well as the decline in domestic demand and low retail margins had a negative effect on financial results.

Transformation projects and improving competitiveness (e.g. procurement – BEST 80, refinery competitiveness – DIAS), as well as cost control, contributed to the reduction of Group operating expenses, recording an additional benefit of €62 million in 2012.

Balance Sheet / Cash Flow	2012	2011
Total Assets	7.404	7.189
Total Equity	2.495	2.530
Capital Employed	4.350	4.217
Net Debt	1.855	1.687
Net Cash Flows	26	165
Capital Investments	518	675
% of debt on capital employed - Debt Gearing	43%	41%
% Return on capital employed - ROACE	2,9%	4,7%
% Return on Equity - ROE	3,5%	4,5%

Working capital management contributed to the reduction of the Group's net debt and gearing ratio, despite increased upgrade investments and rising crude oil and product prices.

b) Share performance

The Athens Stock Exchange staged a strong recovery in the second half of the year reversing the sharp decline in 2011 and the first half of 2012. For 2012, the ASE posted a 33% gain rendering ASE Europe's best performer, while FTSE/XA Large Cap 25 rose 16.9%. HELLENIC PETROLEUM sustained for a second year, closing on 31.12.2012 at €7.40, a 16.2% increase compared to 2011.

¹ Adjusted for the impact of crude oil prices and other non-operating items (e.g. special taxation)

The BOD proposed to the AGM the distribution of a dividend of €0,15 per share for FY12 results. The Board will consider additional distribution during 2013 subject to the impact of the new tax law on the Group's capital structure and developments on DEPA sale process. The above stated dividend amount includes withholding tax in accordance with the applicable tax law provisions.

c) Key Developments

The key business developments during the year were:

- Smooth and safe commissioning and start-up process of the Elefsina refinery upgrade, commencing commercial operation at the end of 2012
- Successful refinancing of €1.2 bn facilities maturing in December 2012 and January 2013 with over €900m of new credit lines, supported by Greek and International banks despite the Greek crisis and the adverse liquidity conditions
- Emphasis on performance improvement programmes with additional contribution to profitability of €62 million for 2012.
- Operating costs reduction of 8% through a series of cost control and transformation initiatives despite the significant increase in refineries production.

C. Review per Segment – Performance and Financial Position

The key developments and financial indicators for each of the Group main activities are:

a) Refining, Supply and Trading

Financial results and operational indicators:

	2012	2011
Financial Results (€ million)		
Sales	10.154	8.937
EBITDA	210	251
Adjusted EBITDA	345	259
Operational Indicators		
Sales Volume (000s of metric tons) – Total	14.342	12.528
Sales Volume (000s of metric tons) – Domestic refineries	13.584	12.543
FCC refining margin	\$4,7/ bbl	\$2,9 / bbl
Refinery performance (% of nominal capacity)	66,7%	49,8%
Safety Index – AIF	3,8	4,6

Key points for 2012:

- Crude oil prices remained at historical highs in 2012 while refining margins for complex refineries improved. The average price of Brent crude oil (Platts Dated) for 2012 was \$112/Bbl, compared to \$111/Bbl in 2011. Med FCC benchmark refining margin in 2012 averaged \$4.7/Bbl, compared to \$2.9/Bbl in 2011.
- Full commercial operation of the upgraded Elefsina refinery, with positive contribution to Group's fourth quarter financial results.
- Uninterrupted operation of the Aspropyrgos refinery, which benefited from a favorable refining environment in the second and third quarter of 2012
- Significant increase in production and exports due to the increased utilization of the refineries offsetting a domestic market drop of 17% due to the continued economic crisis
- Operating costs reduction of 5%

b) Marketing

Financial data and operational indicators:

	2012	2011
Financial Results (€ million)		
Sales	3.868	3,953
EBITDA	44	54
Adjusted EBITDA	53	66
Operational Indicators		
Sales Volume (000s of metric tons) – Total	4.434	5,126
Sales Volume (000s of metric tons) – Greece	3.362	4,070
Fuel stations – Greece	1.931	2,075
Fuel stations – International	283	294
Average daily throughput (ATP) – Greece	3,4	3.8
Average daily throughput (ATP) – International	8.4	8.4

Key points for the Domestic Marketing Business in 2012:

- Weak demand conditions in all fuel categories in the domestic retail and wholesale market along with depressed margins due to economic crisis
- Increased consumer price elasticity as price is major consideration for company/petrol station choice
- Lack of liquidity and deleveraging result in increased credit risk and bad debts
- Lower heating oil sales due to the equalization of the excise duty on heating gas oil
- Higher demand for liquefied petroleum gas (LPG) following an increasing of private vehicles engine conversion to LPG due to the price differential comparing to gasoline
- Increased petrol stations closures due to lower fuel consumption and declining margins as a result of the financial crisis. During the last three years, four marketing companies and 2.000 stations ceased operations.

- Progress in the realization of synergies between the two Group retail networks in Greece in the areas of distribution, technical support and services.
- Increase of EKO and BP market shares in all main products
- Successful application of an automated system of credit control has led to a decline in bad debt provisions
- In 2012, EKO improved its product portfolio with the introduction of two new types of diesel and heating gasoil with new generation additives called “DIESEL EKONOMY” and “Heating Gasoil ECONOMY” and managed to improve its market position.
- BP also introduced a new gasoline called “ULTIMATE 95” aiming to offer differentiated products incorporating the latest technology to its customers

Key points for the In International Marketing Business in 2012:

- Weaker demand in our markets, due to adverse financial conditions in the countries where we operate
- Market share gains in Montenegro and Bulgaria as a result of targeted promotion activities and the launch of new diversified products.
- Pressure on margins in Montenegro and Cyprus due to increased competition and unfavourable macroeconomic outlook. Stronger margins in Bulgaria, which remain, nevertheless, at a relatively low level.
- Increase of downstream integration with Group refineries in Serbia
- Cost and capex control in all countries

c) Petrochemicals

Financial Data and basic operational indicators:

	2012	2011
Financial Results (€ million)		
Sales	371	340
EBITDA	47	37
Operational Indicators		
Sales Volume (000s of metric tons) – Total	348	314
Polypropylene margin (\$/ton)	413	496

Key points for 2012:

- The improved market conditions in terms of demand/prices for petrochemicals in the second half of 2012 offset slow recovery of polypropylene margins in the first quarter of the year. In the Greek market the economic and credit crisis continued with adverse effects on the consumption of chemicals and overall commercial activity.

- An improved global environment and higher propylene production in Aspropyrgos as well as higher utilization of Thessaloniki petrochemicals complex and a fixed costs reduction enhanced sector profitability.

d) Exploration and Production of Hydrocarbons

In 2012, activities focused on Egypt via participations in international consortia for the concessions of West Obayed in Western Desert and Mesaha in Upper Egypt. The group also participated in the international open door tender for granting concessions launched by the Greek State for the exploration of hydrocarbons over certain areas in western Greece.

Following an international tender in December 2010 HELLENIC PETROLEUM SA sold a 70% stake in the West Obayed Concession to VEGAS West Obayed limited, which also took over the management of the consortium in accordance with the terms of the Management Agreement. This way, the Group continues participating in the exploration activities and potential upside, with reduced exploration risk and costs. In 12th October 2011, the Egyptian Authorities approved the 70% farm-out agreement to Vegas. During 2012, the joint venture continued the exploration activities through conducting studies and carrying out two drillings, thus fulfilling its contractual obligations arising from the Concession Agreement.

While its contractual obligations provide for only one drilling, the joint venture evaluates existing research data in order to select the location for new potential drillings to be carried out in the area within 2013.

Given the handover of project management to Vegas, Hellenic Petroleum significantly reduced infrastructure and personnel expenses of the Cairo office to the minimum possible.

In Mesaha area, exploration activities continued with the evaluation of the conducted geological surveys (namely magnetic, gravitational and seismic) while a wildcat drilling commenced in November 2012.

On January 27, 2012 the Greek State issued an international tender for granting concessions for the exploration and exploitation of hydrocarbons for three blocks in Western Greece (Ioannina, West Patraikos Gulf and Katakolo). Hellenic Petroleum formed a joint venture with Edison International SpA and Petroceltic International Plc (following its merger with Melrose Resources Plc) to evaluate a tender submission. Each company holds a 33.3% interest in the venture while ELPE act as Operator. On July 2, 2012, the joint venture submitted bids for the West Patraikos Gulf areas as well as the Ioannina region. The tender procedure is in progress and the offer for West Patraikos Gulf is under evaluation by the Greek State.

The Group continues to monitor the developments in the Exploration and Production area in Greece and evaluates all available data in order to assess every business opportunity.

The Montenegrin Government had announced in 2010 its intention to proceed with offshore concessions and requested oil companies to express their interest. Hellenic Petroleum participated in this process and was accepted by the Montenegrin Government as a potential bidder in a future concession round. In this framework Hellenic Petroleum has reached an agreement with the Italy's Edison, and is jointly reviewing the technical and commercial information in these areas in order to consider its potential participation in the process through a JV.

e) Electric Power and Natural Gas operations

Activities in the sectors of electric power and natural gas are carried out through the Group's investments in ELPEDISON BV (ELPE S.A. 50%, Edison 50%) and DEPA SA (ELPE S.A. 35% Greek State 65%) respectively. The contribution of these two companies according to their preliminary financial statements amounted in total to €36,3 million, decreased by 47% compared to the previous year.

Lower electricity demand in the Greek market and the addition of new natural gas and renewable capacity, led to a decrease in the production and sales of ELPEDISON BV by 13% in comparison to 2011.

DEPA's results were affected by a number of factors; lower natural gas demand (demand for natural gas in the Greek market decreased by 9% in 2012 compared to the previous year, at 4.2 bcm), the settlement on retroactive pricing of gas supply contract with BOTAS and the settlement of a dispute with PPC on gas supply contracts.

D. Corporate Governance Statement

General

Corporate Governance refers to a set of principles on the basis of which the proper organization, operation, management and control of a company is evaluated with the aim of maximizing value and safeguarding the legitimate interests of all those related with it.

In Greece, the Corporate Governance framework has been developed mainly through the adaptation of obligatory rules, such as Law 3016/2002. This law imposes the participation of non-executive and independent non-executive members on the Boards of Directors of Greek listed companies, the establishment and operation of internal audit units and the adoption of Internal Procedures Manual. Moreover, a significant number of other legislative acts incorporated in the Greek legal framework the EU directives concerning corporate law, thus creating a new set of rules regarding corporate governance, such as Law 3693/2008, requiring the creation of audit committees and incorporating significant disclosure obligations, concerning the ownership as well as the governance of a company, Law 3884/2010, dealing with the rights of shareholders and additional corporate disclosure obligations within the framework of preparation of the General Meeting of shareholders and Law 3873/2010, incorporating in the Greek legal framework the Directive 2006/46/EC of the European Union, concerning the annual and consolidated accounts of companies of a certain legal form. Finally, in Greece, as well as in most countries, the Company Law (codified law 2190/1920, which is modified by numerous guidelines derived from many of the aforementioned EU Directives) includes the basic legal framework of company governance.

D.1 Corporate Governance Code

The Company has voluntarily decided to adopt the **Corporate Governance Code for listed companies of the Hellenic Federation of Enterprises** (or "Code"). The Code can be located on the website of the Hellenic Federation of Enterprises (or "SEV"), at the following address:

http://www.sev.org.gr/Uploads/pdf/KED_TELIKO_JAN2011.pdf

Apart from SEV's website, the Code is also available to all the employees through the intranet as well as in hard copy through the Group's departments of Finance and Human Resources.

D.2 Deviations from the Corporate Governance Code

The Company, on occasion, deviates or does not apply in its entirety certain provisions of the Code (noted in *italics*).

- With regard to the size and composition of the Board of Directors (or “BoD”):
 - Certain rules of appointing and replacing members of the BoD exist, which are explicitly mentioned in the Company’s Articles of Association in accordance with Law N.3429/2005. The shareholder “Greek State” appoints seven members out of a total of thirteen, as long as it holds at least 35% of the shares. The shareholder “Panneuropean Oil and Industrial Holdings SA” and its related companies appoint two members of the BoD, under the precondition that they hold at least 16,654% of the total voting shares of the Company. It is obligatory to have two members of the BoD that are representatives of the employees, elected by them, and two more that are representatives of the minority shareholders, elected by the Special General Meeting of minority shareholders (excluding the Greek State and Panneuropean Oil and Industrial Holdings SA and/or companies related to the latter) *A.II (2.4)*
- With regard to the role and attributes of the Chairman of the BoD:
 - The CEO and the Chairman of the BoD are both executive members. There is no provision in the Company’s Articles of Association for the existence of a Vice-Chairman, as the BoD only includes one more executive member. *A.III (3.1 & 3.3)*
- With regard to BoD member election:
 - All rules noted above on appointing and replacing board members apply. The BoD term is set at five years, extended until the end of the period, within which the Annual General Meeting of shareholders must be held. *A.V (5.1, 5.2, 5.4, 5.5, 5.6, 5.7, 5.8)*
- With regard to the functioning and evaluation of the BoD:
 - Apart from the evaluation of the BoD through the report submitted to the Annual General Meeting of shareholders, the BoD monitors and re-examines the implementation of its decisions annually. In addition to the above, the introduction of an evaluation system for the BoD and its committees is currently being examined. *A.VII (7.1 & 7.2)*
- With regard to the System of Internal Controls:
 - The Internal Audit Department reports to the Chairman of the BoD and to the Audit Committee of the Company which has been set by the Annual General Meeting of shareholders. For the basic duties of the Audit Committee, there is no specific charter, instead all provisions of law 3693/2008 and international best practices apply. *B.I (1.7)*
 - According to the relevant provisions of law 3016/2002, as long as the minority shareholders are represented in the Company’s BoD, the existence of independent members is not mandatory. For this reason, no independent member participates in the Audit Committee. *B.I (1.4)*
- With regard to the level and structure of compensation:
 - The compensation of the Chairman of the BoD, the CEO, and all members of the BoD, for their participation in the meetings of the BoD and its committees, are approved by the

- General Meeting of Shareholders, following a relevant proposal by the Remuneration and Succession Planning Committee of the BoD. *C.I (1.4)*.
- The activities of the Remuneration and Succession Planning Committee are not governed by a specific charter, but rather by the operational rules of collective bodies (invitation of Chairman, Daily Agenda, Minutes, etc.). *C.I (1.6, 1.7, 1.8, 1.9)*
- With Regard to the General Meeting of shareholders:
 - Commencing with the convergence and conduct of the 2011 Annual General Meeting of shareholders, the Company will comply with all provisions of law 3884/2010 and thus to relevant provisions of the Code, with the reservation of the points regarding the election of BoD members, mentioned above. *D.II (1.1)*
 - With regard to the special practice of electronic voting or the voting via mail, its application is temporarily suspended, due to pending issuance of relevant ministerial decisions, as stipulated in Law 3884/2010. *D.II (1.2)*

D.3 Corporate Governance Practices Exceeding Legal Requirements

The Company, within the framework of implementing a satisfactory and well-structured system of corporate governance, has applied specific practices of good corporate governance, some of which exceed relevant legal requirements (Codified Law 2190/1920, law 3016/2002 and law 3693/2008).

Specifically, the Company has adopted the following additional corporate governance practices, all of which are related to the size, composition, responsibilities and overall operation of the BoD:

- Due to the nature and purpose of the Company, the complexity of matters and the necessary legal support of the Group, which includes a number of operations and subsidiaries in Greece and abroad, the BoD – numbering thirteen members, which is ten more than the minimum required by law – has established committees that comprise of its members, with advisory, supervisory and authorizing responsibilities, aiming to aid the BoD in its work. These committees are briefly stated below (they are analysed in detail at the end of this Statement, under the paragraph “Other Committees”).
 - I. Investment Committee
 - II. Crude oil and Petroleum products Supply Committee
 - III. Finance & Financial Planning Committee
 - IV. Major Projects Procurement Committee
 - V. Labour Issues Committee
- In addition to the above committees of the BoD, executive and non-executive committees have been established in the Company, mainly with an advisory role. They comprise of senior executives of the Company and their goal is to support the work of Management. The most important such committees are:
 - I. Group Executive Committee
 - II. Strategic Planning and Development Committee
 - III. Group Credit Committee
 - IV. Investment Evaluation Committee
 - V. Human Resources Committee
 - VI. Executive Technical Issues Committee

VII. Executive Commercial Committee

- The BoD has included specific provisions in the Company's Internal Procedures Manual, banning transactions of shares for the Chairman of the BoD, the CEO and for other members of the BoD, as long as they serve as either Chairman of the BoD or CEO of a related company. The BoD has also implemented a Procedure of Monitoring and Disclosure of Significant Participations and Transactions on the Company's shares, as well as a procedure of Disclosing and Monitoring Transactions and Financial Activity with the Company's major clients and suppliers.

D.4 Main Features of the System of Internal Controls and Risk Management in relation to the Financial Reporting Process

The System of Internal Controls and Risk Management of the Company in relation to the financial reporting process includes controls and audit mechanisms at different levels within the Organization, as described below:

a) Group Level Controls

Risk identification, assessment, measurement and management

The size and complexity of the Group's operations require an elaborate system of identifying and managing risks, to be implemented across all the Group's subsidiaries.

The identification and assessment of risks takes place mainly during the phase of strategic planning and annual preparation of the corporate programme. Matters examined vary depending on market and industry conditions and include for instance political developments in the markets where the Group is active or which are significant sources of crude oil supplies, changes in technology, macro-economic indicators and the competitive environment.

Planning and Monitoring / Budget

Group performance is monitored through a detailed budget by operating sector and by market. Due to the nature of its operations, the Group's financial results depend greatly on external factors, such as international refining environment, crude oil prices and the euro/dollar exchange rate. For this reason, the budget is adjusted at regular intervals in order to take into consideration changes in these factors. Management monitors the development of the Group's financial results through regularly issued reports, budget comparisons with actual results, as well as management team meetings.

Adequacy of the Internal Controls System

Management has planned and executes continuous supervisory processes which are embedded in the Company's operations and which secure that the Internal Controls System maintains its effectiveness over time. The Company also conducts periodic isolated evaluations for the suitability of the Internal Controls System, mainly through its Internal Audit Department.

The Company has an independent Internal Audit Department that among other things ensures the adequacy of the procedures of recognizing and managing risks applied by Management, the effectiveness of the Internal Controls System and the quality and reliability of the information given from Management to the BoD with regard to the System of Internal Controls. The process of risks

assessment is conducted annually and takes into account the risk assessment conducted with the responsibility of the BoD under the framework of the Company's Risk Management.

The adequacy of the Internal Controls System is monitored on a regular basis by the Audit Committee, through quarterly reports submitted to it by the Internal Audit Department.

Reports by Management and the Internal Audit Department include assessments of major risks and the effectiveness of the Internal Controls System in managing them. Any weaknesses identified are communicated through reports, including the impact they had or could have had, as well as Management actions to correct them.

To ensure the independence of the Group's annual financial statements audit, the BoD has a specific policy and procedure to form recommendations to the General Meeting of shareholders for the election of the external auditor. Indicatively, this policy calls for the selection of the same auditing company for the whole Group, as well as the audit of the consolidated financial statements and local statutory financial statements. The selection of the independent external auditor is made between leading internationally acclaimed firms.

Roles and Responsibilities of the BoD

The role and responsibilities of the BoD are described in the Internal Procedures Manual of the Company, which is approved by the BoD.

Fraud prevention and detection

In the context of risk management, the areas that are considered to be of high risk for financial fraud are monitored through appropriate internal controls and enhanced security measures. Examples include the existence of detailed organizational charts, process manuals on several areas (procurement, purchasing of petroleum products, credit, treasury management), as well as detailed procedures and approval authority levels. In addition to the internal controls applied by each department, all Company activities are subject to audits from the Internal Audit Department, the results of which are presented to the BoD.

Internal Procedures Manual

Hellenic Petroleum has drafted an Internal Procedures Manual that is approved by the BoD. The responsibilities and authorities of key job positions are defined within the Internal Procedures Manual, thus promoting sufficient segregation of duties within the Company.

b) Information Technology General Controls

The Group's IT Department is responsible for developing the IT strategy and for staff training to cover any arising needs. and the IT department is also responsible for the support of IT systems and applications through the drafting and updating of operation manuals, in cooperation with external consultant where this is necessary.

The Company has developed a sufficient framework to monitor and control its IT systems, which is defined by a set of internal controls, policies and procedures. Among these are documented job descriptions, roles and responsibilities of the Group IT Department as well as the development of an IT Strategic Plan.

In addition, a specific procedure has been designed to ensure safe operation should problems arise to the Group's systems through the existence of alternative systems in case of disaster

(Disaster Recovery Sites). Also, the approved Business Continuity Plan is under development. Finally, access rights have been set in several information systems for all employees, according to their position and role, while an entry log for all the Group's IT systems is also kept..

c) Internal Controls over Financial Reporting

As part of the process for the preparation of financial statements, specific controls are in place, utilising tools and methodologies in line with best international practices. Main areas of such controls, relevant to the preparation of financial statements, are:

Organisation – Segregation of Duties

- The assignment of duties and authorities to senior Management of the Company, as well as middle and lower management levels, ensures the effectiveness of the Internal Control System and safeguards appropriate segregation of duties.
- Adequate staffing of financial services with individuals who possess the necessary technical skills and experience to carry out their duties.

Accounting monitoring and preparation of financial statements

- Existence of common policies and monitoring procedures of accounting departments of the Group's subsidiaries which include, amongst others, definitions, accounting principles adopted by the Company and its subsidiaries, guidelines for the preparation of financial statements and consolidation.
- Automatic checks and validations between different transactional and reporting systems. In cases of non-recurring transactions special approval is required.

Safeguarding of assets

- Existence of internal controls regarding fixed assets, inventories, cash and cash equivalents and other assets of the company, such as physical security of cash or warehouses, inventory counts and reconciliations of physically counted quantities with the recorded ones.
- Schedule of monthly inventory counts to confirm inventory levels of physical and accounting warehouses. Use of a detailed manual to conduct inventory counts.

Chart of Authorities

- Existence of a chart of authorities, which depicts assigned authorities to various Company executives, in order to complete certain transactions or actions (e.g. payments, receipts, contracts, etc.).

D.5 Information Required by Article 10, Paragraph 1 of the EU Directive 2004/25/EC on Public Takeover Bids

The required information is included in part J of this Report.

D.6 General Meeting of Shareholders and Shareholders' Rights

The roles, responsibilities, participation, the ordinary or extraordinary quorum of participants, the Presidency, Daily Agenda and the conduct of procedures of the General Meeting of the Company's Shareholders are described in its Articles of Association, as updated based on the provisions of Codified Law 2190/1920 (following integration of Law 3884/2010 on minority voting rights).

Shareholders are required to prove their shareholder status and the number of shares they possess at the exercise of their rights as shareholders. Usual forms of proof are custodian or Central Depository certificates or electronic communication through specialised secured electronic platforms.

D.7 Composition & Operation of the Board of Directors, Supervisory Bodies and Committees of the Company

Board of Directors (BoD)

General

The Company is managed by a BoD, comprising of 13 members, with a term of five years, which expires on 14.5.2013 and is extended until the end of the period provided for convening the next Ordinary General Assembly. In detail:

- Christos-Alexis Komninos, Chairman, executive member – Representative of Greek State
- Ioannis Costopoulos, CEO, executive member – Representative of Greek State
- Theodoros-Achilleas Vardas, executive member – Representative of Paneuropean Oil and Industrial Holdings
- Georgios Kallimopoulos, non-executive member – Representative of Paneuropean Oil and Industrial Holdings
- Dimokritos Amallos, non-executive member – Representative of Greek State
- Alexandros Katsiotis, non-executive member – Representative of Greek State
- Dimitrios Lalas, non-executive member – Representative of Greek State
- Gerasimos Lahanas, non-executive member – Representative of Greek State
- Ioannis Sergopoulos, non-executive member – Representative of Greek State
- Alexios Athanasopoulos, non-executive member – Representative of employees
- Panagiotis Ofthalmidis, non-executive member – Representative of employees
- Theodoros Pantalakis, non-executive member – Elected by minority shareholders
- Spyridon Pantelias, non-executive member – Elected by minority shareholders

The size and composition of the BoD is described in detail in section D.2 of this report.

The BoD convened sixteen times in 2011 and all members were present either in person or by proxy.

Roles and Responsibilities of the BoD

The BoD is the supreme executive body of the Company and principally formulates its strategy, its development policy and supervises and controls the management of its assets. The composition and characteristics of the members of the BoD are determined by Law and the Company's Articles of Association. First and foremost among the duties of BoD is to constantly pursue the strengthening of the Company's long-term economic value and to protect its interests.

To achieve corporate goals and uninterrupted operation of the Company, the BoD may grant some of its authorities, except the ones that demand collective action, as well as the administration or management of the affairs or representation of the Company to the Chairman of the BoD, the CEO or to one or more BoD members (executive and non-executive), to the Heads of Company Departments or to employees. BoD members and any third party that has been granted authorities

from the BoD is not permitted to pursue personal interests that conflict the interests of the Company. BoD members and any third party that has been granted authorities from the BoD must disclose in a timely manner to the rest of the BoD any personal interests that might arise as a result of transactions with the Company that fall under their duties as well as any other conflict of interest with the Company or with entities affiliated to it in accordance with Codified Law 2190/1920 art. 42. (e), par. 5.

- Indicatively, the BoD approves, after proposal of the CEO:
 - I. The Business Plan (BP) of the Company and the Group,
 - II. The Annual Business Plan and Budget (BPB) of the Company and the Group,
 - III. Any necessary change to the BP or BPB,
 - IV. The annual report of transactions between the Company and its related parties, according to Codified Law 2190/1920 art. 42. (e), par. 5,
 - V. The annual report of the Company and the Group,
 - VI. The establishment of / participation in companies or joint ventures, company acquisitions, installation or termination of facilities – in all cases of such transactions with minimum value of €1 million,
 - VII. The agreements of participation in consortia for the exploration and production of hydrocarbons,
 - VIII. The final termination of plant operations,
 - IX. The regulations that govern the operation of the Company and any amendments to them,
 - X. The basic organizational structure of the Company and any amendments to it,
 - XI. The responsibilities of its executives up to the level of Director and any relevant amendments ,
 - XII. The appointment / dismissal, as well as the remuneration of General Managers, Directors and of the Head of Group's Internal Audit Department,
 - XIII. The Collective Labour Agreement,
 - XIV. The Internal Procedures Manual,
 - XV. The determination of the Company's salary policy,
 - XVI. The hiring processes for executives and the assessment of their performance,
 - XVII. Any other matter stipulated by the existing Company regulations.

Executive and non-executive members of the BoD

The BoD determines the responsibilities and status of its members as executive or non-executive. At any time, the number of non-executive members of the BoD cannot be less than one-third of the total number of its members.

Chairman of the BoD

The Chairman of the BoD represents the Company before the Courts and any other Authority; presides over and administers the meetings of the BoD, and performs all acts that fall under his responsibilities according to the existing regulatory framework, Company Articles of Association and Internal Procedures Manual.

Chief Executive Officer

The Chief Executive Officer (CEO) is the most senior member of the Company's executive management. The CEO presides over all functions of the Company and manages its operations. In

the context of the Business Plan, the Regulations and Decisions of the BoD that govern the operation of the Company, the CEO makes all necessary decisions and submits proposals and recommendations necessary to accomplish the aim of the Company to the BoD.

Short CVs of the member of the BoD are included in the Appendix to this report.

Audit Committee

The Company has established an Audit Committee, appointed by the General Meeting of shareholders and made up of three members (Spyridon Pantelias, Chairman; Ioannis Sergopoulos, member and Dimokritos Amallos, member) which is the evolution of the pre-existing Committee of Finance and Financial Planning. It convened fourteen (14) times in 2012 and all members were present at all meetings.

The Audit Committee has the following responsibilities:

- To oversee the process of financial monitoring and the reliability of financial statements of the Company and to examine the fundamental parts of the financial statements which include vital judgments and assumptions of the Management,
- To monitor the effectiveness of the Company's Systems of Internal Controls and Risk Management,
- To ensure the proper functioning of the Company's Internal Audit Department,
- To oversee the process of the external audit of the Company's financial statements,
- To monitor issues concerning the existence and maintenance of the external auditors' independence, especially as far as the provision of additional non-audit services are concerned.

Please note that a reassessment of responsibilities of the Finance and Financial Planning Committee is scheduled to take place, in order to ensure that no overlaps exist.

Compensation and Succession Planning Committee

The Company has established a Compensation and Succession Planning Committee that comprises of one executive and three non-executive members of the BoD (Theodoros Pantalakis, Chairman; Theodoros Vardas, member; Dimitrios Lalas, member; Ioannis Sergopoulos, member). It convened three times in 2012 and all members were present at all meeting.

The Compensation and Succession Planning Committee has the following responsibilities:

- To propose the principles of the Company's remuneration and benefits policy for executives – relevant decisions by the CEO are based on these principles,
- To propose the remuneration and benefits policy for senior executives – relevant decisions by the BoD follow this policy,
- To propose to the CEO the overall compensation (fixed and variable – including stock options) for the executive members of the BoD and senior executives of the Company,
- To propose to the General Meeting of Shareholders, through the BoD, the total compensation of the Chairman of the BoD and the CEO,
- To plan for adequate and suitable succession of General Managers and executives, when needed, and submit relevant proposals to the BoD.

Other BoD Committees

Certain additional committees support the BoD's work and tasks in the previously described framework of strengthening corporate governance structures. Specifically, existing additional committees are:

- The Investment Committee, which comprises of three non-executive members of the BoD (Spyridon Pantelias, Dimitrios Lalas, Dimokritos Amallos). It was formed under BoD decision number 1161/10/20.1.2011. The Committee's responsibility is to submit proposals to the BoD on possible investments. Submission of a proposal to the BoD follows after relevant discussions with the appropriate Company executives and processing of their suggestions and relevant documentation on the implementation of the investments. It convened three times in 2012 and all members were present at all meeting.
- The Oil Products Procurement Committee, consisting of two executive and two non-executive members of the BoD (Christos-Alexis Komninos, Ioannis Costopoulos, Dimokritos Amallos, Dimitrios Lalas). The Committee convened four times in 2011 and all members were present at all meetings. It was formed under BoD decision number 1059/2b/3.9.2004. The role of the Committee is to award tenders and approve oil products supplies, through a unanimous decision of its members, for the purchase, sale or transfer of crude oil and oil products of over €100 million.
- The Finance and Financial Planning Committee, consisting of one executive and two non-executive members of the BoD (Theodoros Pantalakis, Chairman; Theodoros Vardas, member; Alexandros Katsiotis, member). The Committee convened five times in 2012 and all members were present at all meetings. It was formed under BoD decision number 1059/2c/3.9.2004. The role of the Committee is to review together with the Group CFO and external auditors the annual audit plans, to consider issues which relate to the appointment or dismissal of external auditors, to be informed by the CEO, the CFO and by the external auditors of significant risks or exposures and to judge the measures that have been taken or are to be taken in order to minimize the risk to the Company, to examine along with the CEO and external auditors the published annual and quarterly company and consolidated financial statements when this is deemed necessary prior to their submission to the BoD and find any changes in the accounting policies, areas where significant judgment is exercised, significant restatements as a result of the audit, the adherence to accounting principles and practices, the adherence to laws and regulations of the stock exchange and finally to examine the finance planning for the Group.
- The Major Projects Procurement Committee consisting of the Chairman of the BoD, the CEO and one executive member of the BoD (Christos-Alexis Komninos, Ioannis Costopoulos, Theodoros Vardas). Its role is to approve orders amounting from €10 to €40 million for the upgrading projects of Elefsina and Thessaloniki refineries. The Committee did not convene in 2012.
- The Labour Issues Committee, which comprises of one executive and one non-executive member of the BoD, plus the president of the most representative labour union or his deputy. The Committee did not convene in 2011. It was formed in accordance to the Company's Internal Procedures Manual and is responsible to act as an appeal body on disciplinary penalties imposed by the relative Company disciplinary body.

E. Strategic Goals and Prospects

The Group's strategy revolving around sustainable growth is based on the following pillars:

- Safe and environmentally friendly operations of its plants and products specifications,
- corporate social responsibility
- Co-operation with local communities,
- Increasing value for its shareholders.

With respect to the above-mentioned priorities, each Group activity sets its main targets for 2013.

Refineries

In 2012 the upgrade of the Elefsina refinery was completed and the refinery started its commercial operation, marking the completion of Group's 5-year investment plan in refining that exceeded €1.5bln and is yielding significant benefits to the Group, such as:

- Improvement of the Greek market security of supply with products of the highest standards.
- Flexibility in the sourcing of crude oil, as refineries will be able to process a wider range of crude oil types.
- Substantial improvement on the environmental impact of refinery operations.
- Increased profitability, as production of less profitable refined products (e.g. fuel oil) is replaced by production of higher value-added products (middle distillates-diesel, jet fuel).

The optimization of the new Elefsina refinery and capturing the synergies between the two complex units of the South Refinery Complex as well with the Thessaloniki refinery are the Group's main priorities.

Marketing

Under the current conditions of the continuing financial crisis in Greece, maintenance of the market share in the marketing business as well as improvement of the operational profitability and liquidity stand out as the key priorities. The competitiveness improvement will be realised through the optimization of operations and a further increase of the value offered to the consumers with innovative products and high-quality services in competitive prices.

Expansion of International Marketing Operations

Maintaining growth momentum in Southeast European markets is of particular strategic importance, not only due to the continuing crisis in the Greek market but also due to the production increase following the completion of Elefsina refinery upgrade project. The main markets in which HELLENIC PETROLEUM operate are Cyprus, Montenegro, Serbia and Bulgaria and F.Y.R.O.M. The strategic priorities of the Group are the maintenance of its leading position in both Cyprus and Montenegro, the improvement of the FYROM refinery profitability as well as the continuous expansion in the markets of Bulgaria and Serbia through targeted network growth, supply chain optimization and development of the appropriate storage and transportation facilities. The Group examines further expansion in international markets that offer the opportunity to create synergies in the areas of supply and logistics as well as the transfer of the significant know-how of Hellenic Petroleum in fuels marketing.

Operations other than Refining and Trading

An important objective for the Group is also the creation of added value from the portfolio of activities besides refining and trading. The significant investments in gas-fired power generation and renewable energy sector are the core initiatives for diversification of the Group's investment portfolio aiming to create two additional growth pillars for the Group.

Group Restructuring and Transformation

The results of the last years confirmed the importance of the efforts to transform the Group's organisational structure and operations, establishing Hellenic Petroleum as a modern, competitive Group, both on local and regional level.

- Project DIAS, which is in progress in the refining sector with the involvement of the management, aims to improve efficiency and enhance competitiveness of the Group's refineries. The contribution of the programme for 2012 amounted to €20m.
- The BEST 80 procurement cost control initiative highlights the continuous efforts for cost reduction opportunities and contributed €9m to the Group for 2012.
- Significant progress in implementing synergies between EKO and Hellenic Fuels and restructuring of the marketing operations (transportation, installations, shared services) with the 2012 contribution reaching €20m.

Based on the above, and despite the significant challenges posed by the developments in the Greek economy and the international environment, the Group's outlook is positive. Hellenic Petroleum's improved competitiveness, together with the systematic risk monitoring and its strong financial position, allows the Group to overcome the current crisis and follow a positive course in the following years.

F. Main Risks and Uncertainties for the Next Financial year

The most important financial risks for the next financial year are analyzed below. Overall, however, developments in the Greek economy, including the progress of the Greek debt refinancing and the recapitalization of the Greek banking system, are the most important risk factors. It is not possible to predict all possible different scenarios and the ways of responding in each case however, the Group is closely monitoring developments adapting its operation and planning accordingly.

F.1 Financial Risk Management

Financial Risk Factors

The Group is exposed to various financial risks, such as fluctuations in the oil prices in international markets, volatility of exchange and interest rates, cash flow risks and risks of fair value fluctuations due to interest rates variations. In line with international practices and in the context of the local market and legal framework, the overall risk management programme focuses on reducing the Group's potential exposure to market volatility and/or mitigating any negative impact on the Group's financial position, to the extent possible.

Product price risk management is conducted by the commercial risk management service, which is comprised of senior executives of the trading and financial departments, while financial risks are managed by the financial services of the Group, within the authorisations framework approved by the BoD.

a) Market Risk

(i) Exchange Rate Risk

As the refining industry operates internationally on a US Dollar basis, the Group's activities are mainly exposed to the volatility of the US Dollar against the Euro. The strengthening of the US Dollar against the Euro has a positive effect on the Group's financial results while in the opposite event, both the financial results and assets (inventory, investments) would be valued at lower levels.

As a hedging method, an important part of the Group's financing is in US Dollars, creating opposite exposure to exchange rate changes. However, it should be noted that while in the case of a devaluation of the US Dollar the impact on the balance sheet is partly hedged, in the case of US Dollar's appreciation, the valuation at market value of such loans would lead to exchange-rate losses without hedged currency gains, as inventory would continue to be presented in the balance sheet at cost.

(ii) Product Price Fluctuation Risk

The core activity of the Group, refining, supply & trading, creates two types of exposure: to changes in absolute prices of crude oil and oil products, which affect the inventory value; and to changes in refining margins, which affect future cash flows.

As far as the risk of product price fluctuations is concerned, the level of the exposure refers to the decrease in product prices and is determined by the closing inventory, as the Group's policy is to present the closing stock at the lower between acquisition cost and net realizable value.

Exposure to risk associated with fluctuations in refining margins depends on the value of each refinery's margin. Refining margins are calculated using Platts prices of crude oil and products, which are determined on a daily basis and are affected by the development of supply and demand of crude oil and products. The fluctuations of refining margins impact the Group's profit margins accordingly.

The Group aims to hedge part of the exposure to risks of crude oil, product price and refinery margins fluctuations to a percentage varying from 10% to 50%, depending on the prevailing market conditions.

(iii) Cash Flow Risk and Risk of Fair Value Changes due to Changes in Interest Rates

The cash flow risk from changes in interest rates relates to the level of Group's borrowing with floating interest rates. Furthermore, due to the long-term investments in the sectors where the Group operates, significant increases in interest rates are likely to cause changes in fair values of such investments through the increase of the discount rate.

(b) Credit Risk

The credit risk management is co-ordinated centrally at Group level. Credit risk relates from cash and cash equivalents, bank deposits, derivative financial instruments, as well as exposure to credit appraisals from wholesale customers including uncollected receivables and restricted transactions. Credit checks are performed for all customers by the Credit Control Department, in collaboration where necessary with external credit rating agencies.

(c) Liquidity Risk

Liquidity risk is managed by ensuring that efficient cash resources and adequate credit limits with banks are maintained. Due to the dynamic nature of its activities, the Group seeks to maintain flexibility in funding through credit lines.

F.2 Management of Capital Risk

The Group's objective in managing capital is to ensure the smooth operation of its activities and to maintain an ideal allocation of capital, in order to reduce the cost of capital and increase its overall value.

In order for the Group to maintain or adjust its capital structure, it can alter the dividend paid to shareholders, return capital to shareholders, issue new shares or dispose of assets to reduce its debt.

In line with the industry practice, the Group monitors its capital structure through the gearing ratio. This ratio is calculated by dividing the net debt by total capital employed.

The long-term objective is to maintain the gearing ratio between 20% and 45%, as significant fluctuations of crude oil prices lead to significant diversifications in total indebtedness. The relatively high gearing ratio in recent years (40% to 45%) is primarily due to increased borrowing for the financing of the refineries' upgrading projects and also the increase in international crude oil and oil products prices which result in increased working capital needs.

G. Related Party Transactions

The companies that make up the Group have transacted during 2012 with the Parent Company, HELLENIC PETROLEUM SA and also between them both domestically and internationally. Related companies are considered those that fall under Article 42e, Paragraph 5 of Codified Law 2190/1920.

Commercial transactions of the Group and the Company with related parties during 2012 have taken place at an arm's length basis. Terms of trade were in line with applicable corporate

regulations (supplies, assets under construction, etc.), as approved by the BoD. The Group did not participate in any transaction of an unusual nature or content and does not intend to participate in such transactions in the future.

The tables below present intercompany sales and other intercompany transactions between the Company and its related parties during the financial year 2012, as well as intercompany balances of receivables and payable as at 31.12.2012.

	Transactions			Balances	
	Sales of goods	Sales of services	Purchases of goods and services	Receivables	Payables
Subsidiaries					
VARDAX S.A.	-	775	-	453	-
OKTA S.A.	581.411	8	1	83.139	-
EKO BULGARIA	183.589	1	-	24.117	-
EKO SERBIA	9.562	-	-	1.458	-
EKO S.A.	1.867.657	3.973	13.530	88.943	2.272
ELPET BALKANIKI S.A.	-	-	-	23	-
HELLENIC FUELS S.A.	765.701	1.835	2.258	42.023	375
EKO ATHINA MARITIME CO.	-	43	485	4	864
EKO ARTEMIS MARITIME CO.	-	39	517	10	773
EKO DIMITRA MARITIME CO.	-	49	697	12	1.125
HELPE CYPRUS LTD	296.108	-	-	18.511	-
JUGOPETROL AD KOTOR	162.659	-	-	300	6.309
GLOBAL S.A.	100	-	-	8.622	-
POSEIDON MARITIME CO.	-	29	11.717	89	8.491
APOLLON MARITIME CO.	-	80	9.277	23	6.671
ASPROFOS S.A.	-	-	11.147	330	1.483
DIAXON S.A.	-	-	15.227	54	24.968
HELPE RENEWABLE E.S. S.A.	-	-	-	3	-
HELPE-LARCO SERVION	-	-	-	2	-
HELPE-LARCO KOKKINOI	-	-	-	1	-
HELPE INT. CONSULTING S.A.	-	-	273	1	582
HELLENIC PETROLEUM FINANCE	-	-	-	-	252
	3.866.787	6.832	65.129	268.118	54.165
Associates & other related parties					
PPC S.A.	164.171	-	38.605	7.779	5.528
ARMY	183.426	-	-	10.251	-
OTSM	524.587	-	558.974	37.296	12.779
DMEP HoldCo.	88	-	-	2.100	-
DEPA S.A.	1.603	-	21.976	1.112	6.412
ARTENIUS HELLAS S.A.	-	-	6.429	-	1.986
EAKAA	124	-	1.244	22	152
SUPERLUBE	116	-	1.432	1	304
ELPEDISON B.V.	595	-	1.702	88	365
HELPE THRAKI S.A.	6	-	-	3	-
TRANSBALKAN	6	-	-	-	-
OTHER	-	-	-	4	-
	874.722	0	630.362	58.656	27.526

H. Information about Financial Instruments

The nature of the Group's activities expose the Group to significant risks, which stem mainly from the volatile and unpredictable international refining environment, as well as from the growing volatility of international financial markets.

In the context of risk management, as described in detail in the published financial statements, the Group enters into hedging transactions using financial derivatives wherever possible, aiming to protect its interests. These transactions are split into two main categories.

Short-term Transactions

The first category involves short-term risk management and hedging transactions that affect short term profitability mainly of the next 6 to 12 months. The results of these transactions are evaluated on a quarterly basis and included in quarterly income or expenses.

Long-term Transactions

The second category involves longer-term transactions that provide cover for strategic issues, such as investments, and which are disclosed in the Group's financial statements in line with the provisions of IAS 32 and 39 on Hedge Accounting. Such transactions are included in the financial statements for the financial year 2012 and they hedge part of the production of the upgraded refinery at Elefsina, which is the Group's biggest investment in recent years. In particular, financial derivatives mitigate the risk of lower price differences between the products that will be replaced as a result of the new investment.

I. Significant Events after the end of the Reporting Period

An Extraordinary General meeting held on 29 January 2012 passed the removal of article 8 of the Parent company's Articles of Association aligning the latter with L.4092/2012. The said article stipulated that the shareholding of the Greek State in the company cannot be lower than 35%.

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.

J. Explanatory Report of the BoD required by par.7 art. 4 of Law 3556/2007 (As per par.8 art.4 of Law 3556/2007)

The BoD submits to the Annual General Meeting of Shareholders, an Explanatory Report on the information required by par.7 art. 4 of Law 3556/2007, pursuant to the provisions of par.8 art.4 of Law 3556/2007 as follows:

b) Limitations on transfer of Company Shares

According to article 21 of law 2941/2001, which amended article 8, par. 3, section 1 of Law 2593/1998, "the Greek State's participation in the Company's share capital, may not be lower than 35% of the Company shares with voting rights, after each share capital increase. Shares held by DEKA SA are taken into account to calculate the Greek State's participation." Law 4092/2012 has eliminated the threshold and following the EGM of 29 January 2012, the Articles of Association of the parent company were aligned accordingly.

Following the dissolution of DEKA S.A. and the "ipso jure" transfer of its total assets to the Greek State (article 50 §9 L. 3943/2011, Government Gazette A' 66/31.3.2011), the Greek State owns 108.430.304 company shares, i.e. 35,4770% of the Company's share capital. It is noted that before abovementioned legislative amendment, DEKA S.A. and the Greek State owned respectively 24.498.751 (8,015% of the share capital) and 83.931.553 shares (27,461% of the share capital).

c) Significant direct / indirect holdings in the sense of articles 9 to 11 of Law 3556/2007

In the context of paragraphs 4 and 5 of article 2 of Law 3986/2011 “Urgent Measures for the Implementation of the Medium Term Framework of Fiscal Strategy 2012-2015” (Government Gazette 152/A) and of decision 187/2011 (Government Gazette 2061/B) of the Bi-ministerial Committee for Restructuring and Privatizations (BCRP), the Greek State proceeded on 25.1.2012 and 10.2.2012 in market transfers of 25.598.751 and 82.831.553 shares of HELENIC PETROLEUM SA respectively to the “Hellenic Republic Asset Development Fund”. Following this all shares of the Greek State are the property of the Hellenic Republic Asset Development Fund. Management and administration of the rights of these shares, including voting rights, are exercised by the Greek State on behalf of the Fund.

Shareholders (individuals or legal entities) holding more than 2% of the total number of the Company’s shares, either directly or indirectly, are listed in the table below:

SHAREHOLDING (31.12.2012)			
Shareholder	Number of Shares	% of Share Capital Held	Voting Rights
Greek State	108.430.304	35,4770	108.430.304
PanEuropean Oil & Industrial Holdings SA	130.122.305	42,5744	130.122.305
Bank of Piraeus	7.296.114	2,3872	7.296.114
Private & Institutional investors	59.786.462	19,5614	59.786.462
TOTAL SHARES	305.635.185	100,0000	305.635.185

d) Securities conferring special control rights

There are no Company securities (including shares) granting their owners special control rights.

e) Limitations on Voting Rights

According to article 21 of the Company’s Articles of Association, only minority shareholders (i.e. excluding the Greek State, PanEuropean Oil and Industrial Holdings SA, as well as its associated enterprises) are entitled to vote at the Special General Meeting to elect the two BoD members that represent minority shareholders.

f) Agreements between shareholders known to the Company, involving restrictions in the transfer of securities or the exercising of voting rights

There is an agreement between PanEuropean Oil and Industrial Holdings SA and the Greek State for restrictions in the transfer of shares.

g) Rules for the appointment and substitution of Directors and for the amendment of the Articles of Association, which depart from the provisions of Codified Law 2190/1920

According to article 20, paragraph 2 (a) of the Articles of Association, the Greek State appoints 7 out of the total 13 BoD members, as long as it maintains at least 35% of the Company's total voting shares (article 8 of the Articles of Association). According to the Legislative Act dated 07/09/2012, which amended paragraph 2 of article 1 of L 2593/1998, as the latter was amended with the article 21 of Law 2491/2001, the clause on the minimum participation of the Hellenic Republic (at least 35%) in the share capital of the Company was removed and the HELLENIC PETROLEUM S.A. Articles of Association can be amended by resolution of the General Assembly, as a whole, without exceptions. The Board of Directors convened an Extraordinary General Assembly on 29.01.2013 which decided the modification of the removal of Article 8 of the Articles of Association, related to the minimum participation of the Hellenic Republic, as well as of the amendment of articles 9, par. 3 and 20 of the Articles of Association related to the removed provision.

According to article 20, paragraph 2 (b) of the company's Articles of Association, Paneuropean Oil and Industrial Holdings SA and its associated enterprises appoint two members of the BoD, on the condition that they hold at least 16.654 % of the total voting shares in the Company.

According to article 20, paragraph 2 (c) of the company's Articles of Association, it is obligatory that two members of the BoD are representatives of the Company's employees, elected by direct and universal voting and through the simple proportional representation system by the employees. According to the Legislative Act dated 07/09/2012, the article 20, paragraph 2 (c) of the company's Articles of Association can be amended by resolution of the General Assembly by simple quorum and majority.

According to article 20, paragraph 2 (d) of the company's Articles of Association, two members of the BoD representing minority shareholders are appointed by the Special General Meeting of minority shareholders (excluding the Greek State and Paneuropean Oil and Industrial Holdings SA and its associated enterprises).

h) Power of the BoD or any of its members for issuing of new shares or purchase of own shares

The General Meeting of shareholders may concede (article 6, paragraph 2 of the company's Articles of Association) to the BoD its power to increase the Company's Share Capital, pursuant to article 13, paragraph 1 (b) of Codified Law 2190/1920. However, such a decision has not been taken by the General Meeting.

The Annual General Meeting of shareholders approved a stock option plan for the years 2005 to 2007 (as years of reference). In 2008 and 2009 it approved the extension of the plan for one additional reference year. The period of exercising these stock options is from November 1 until December 5 each year, for the years 2008 to 2012, 2009 to 2013, 2010 to 2014 and 2011 to 2015 for the stock options of reference years 2005, 2006, 2007 and 2008, respectively. The 2010 Annual General Meeting of shareholders approved the non-issuance of stock options for the reference year 2009 due to the current economic situation, as well as the extension of the plan for one additional reference year i.e. for 2010, with first year of initiating the option's exercise period being 2012. Finally, the 2011 Annual General Meeting of shareholders approved the non-issuance of stock options for the reference year 2010 as well as the extension of the plan for 2011 (one year only). It is noted that all above extensions do not increase the initially approved total number of

granted stock options. The Annual General Meeting of Hellenic Petroleum S.A. of 28 June 2012 approved the termination of the scheme and granted the remaining stock options for the year 2011.

The General Meeting of shareholders has not decided to grant the BoD or any BoD members the authority to purchase Company's own shares up to 10% of the paid-in capital (unless they are to be distributed to the Company's or Group's employees), under the conditions and requirements that such decision defines, in accordance with the special terms and proceedings of article 16 of Codified Law 2190/1920.

i) Significant agreements put in force, amended or terminated in the event of change of control following a public offer and results of these agreements

No agreements exist that are put in force, amended or terminated in the event of change of control following a public offer

j) Agreements of the issuer with members of the BoD or its employees that provide compensation in the event of resignation or dismissal without valid reason or end of term or employment, as a result of a public offer

No agreements of the Company with members of the BoD or its employees that provide compensation in the event of resignation or dismissal without valid reason or end of term or employment, as a result of a public offer exist.

Athens, February 28, 2013

By authority of the Board of Directors

Christos-Alexis Komninos

Ioannis Costopoulos

Theodoros Vardas

Chairman of the Board

Chief Executive Officer

Executive Member of the Board

Appendix

Group Structure

Company	Relation	%	Activities
EKO SA	Sole shareholder: HELLENIC PETROLEUM SA	100	Oil products trade
DIAXON SA	Sole shareholder: HELLENIC PETROLEUM SA	100	BOPP film production / trade
ASPROFOS SA	Sole shareholder: HELLENIC PETROLEUM SA	100	Energy sector engineering services
HELLENIC PETROLEUM INTERNATIONAL AG	Sole shareholder: HELLENIC PETROLEUM SA	100	Holding company for the Group's investments abroad
HELLENIC PETROLEUM - POSEIDON MARITIME	Sole shareholder: HELLENIC PETROLEUM SA	100	Vessel-owning company
HELLENIC PETROLEUM - APOLLO MARITIME	Sole shareholder: HELLENIC PETROLEUM SA	100	Vessel-owning company
GLOBAL PETROLEUM ALBANIA SA	Shareholder: HELLENIC PETROLEUM SA	99.957	Oil products import, purchase & trade in Albania
EL.PE.T BALKAN SA	Shareholder: HELLENIC PETROLEUM SA	63	Crude oil pipeline construction and operation
PETROLA SA	Sole shareholder: HELLENIC PETROLEUM SA	100	Real Estate Company
HELLENIC PETROLEUM - RENEWABLE ENERGY SOURCES SA	Sole shareholder: HELLENIC PETROLEUM SA	100	Production, distribution, trading of renewable energy sources
HELLENIC PETROLEUM FINANCE plc	Sole shareholder: HELLENIC PETROLEUM SA	100	Financing and other financial services
EKOTA KO SA	Shareholder: EKO SA	49	Construction, operation of fuel storage facilities
EKO CALYPSO LTD	Sole shareholder: EKO SA	100	Retail trade of liquid fuels & LPG in Greece
EKO DIMITRA MARITIME COMPANY	Sole shareholder: EKO SA	100	Tanker operation
EKO ARTEMIS MARITIME COMPANY	Sole shareholder: EKO SA	100	Tanker operation
EKO ATHENA MARITIME COMPANY	Sole shareholder: EKO SA	100	Tanker operation
EKO IRA MARITIME COMPANY	Sole shareholder: EKO SA	100	Tanker operation
EKO APHRODITE MARITIME COMPANY	Sole shareholder: EKO SA	100	Tanker operation
HELLENIC PETROLEUM CYPRUS LTD	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Oil products trade, distribution and storage in Cyprus
RAM OIL LTD	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Oil products trade, distribution and storage in Cyprus

Company	Relation	%	Activities
JUGOPETROL AD KOTOR	Shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	54.35	Oil products trade, distribution and storage in Montenegro
HELLENIC PETROLEUM BULGARIA (Holdings) LTD	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Oil products trade and distribution in Bulgaria
HELLENIC PETROLEUM SERBIA (Holdings) LTD	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Oil products trade and distribution in Serbia
HELLENIC PETROLEUM GEORGIA (Holdings)LTD	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Oil products trade and distribution in Georgia
EL.PE. INTERNATIONAL CONSULTANTS SA	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Provision of consulting services to the Group's companies abroad
HELLENIC FUELS SA (former BP Hellas)	Sole shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	100	Oil products trade, distribution and storage in Greece
EKO BULGARIA EAD	Sole shareholder: HELLENIC PETROLEUM BULGARIA (Holdings) LTD	100	Oil products trade in Bulgaria
HELLENIC PETROLEUM BULGARIA PROPERTIES EAD SA	Sole shareholder: HELLENIC PETROLEUM BULGARIA (Holdings) LTD	100	Oil products trade in Bulgaria
EKO-SERBIA AD- BEOGRAD	Sole shareholder: HELLENIC PETROLEUM SERBIA (Holdings) LTD	100	Oil products trade in Serbia
EKO GEORGIA LTD	Shareholder: HELLENIC PETROLEUM GEORGIA (Holdings) LTD	99	Oil products purchases, imports, exports, distribution & sales in Georgia
	Shareholder: HELLENIC PETROLEUM SA	1	
EKO PETROLEUM ALBANIA SHPK	Shareholder: GLOBAL PETROLEUM ALBANIA SA	100	Oil and oil products trade and retail sales, fuel stations management in Albania
OKTA AD SKOPJE	Shareholder: EL.PE.T BALKAN SA	81.51	Crude oil refining, oil products import and trade in Skopje
VARDAX SA	Sole shareholder: EL.PE.T BALKAN SA	80	Crude oil pipeline operation Thessaloniki - Skopje (OKTA)

RELATED COMPANIES THAT ARE CONSOLIDATED THROUGH THE EQUITY METHOD AND OTHER INVESTMENTS

Company	Relation	%	Activities
DEPA SA	Shareholder: HELLENIC PETROLEUM SA	35	Natural gas Import & Distribution in Greece
ARTENIUS Hellas SA	Shareholder: HELLENIC PETROLEUM SA	35	PET plastic producer
ATHENS AIRPORT FUEL PIPELINE COMPANY SA (AAFPC SA)	Shareholder: HELLENIC PETROLEUM SA	50	Aspropyrgos – Spata airport pipeline
THRACE SA	Shareholder: HELLENIC PETROLEUM SA	25	Burgas - Alexandroupoli pipeline
TRANS BALKAN PIPELINE BV	Shareholder: THRACE SA	23.5	
ELPEDISON BV	Shareholder: HELLENIC PETROLEUM SA	5	Power generation and trading
	Shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	45	
ELPEDISON TRADING SA	Shareholder: ELPEDISON BV	100	Electricity
ELPEDISON ELECTRIC POWER PRODUCTION SA	Shareholder: ELPEDISON BV	75	Electricity
SAFCO	Shareholder: EKO SA	25	Aircraft refuelling
BIODIESEL SA	Shareholder: HELLENIC PETROLEUM-RENEWABLE ENERGY SOURCES SA	25	Aircraft refuelling
STPC LLC (ELPE Calfrac)	Participation: HELLENIC PETROLEUM SA	25	Research in the North Aegean
MELROSE, Kuwait Energy Company & ELPE	Participation: HELLENIC PETROLEUM SA	30	Research in the MESAHA region, Upper Egypt
EDAP-T.P.TH	Shareholder: HELLENIC PETROLEUM SA	6.67	Management and development of the technological park in Thessaloniki
NAPC UNDER LIQUIDATION	Participation: HELLENIC PETROLEUM SA	16.67	
MONTENEGRO MEDUSA	Participation: JUGOPETROL AD KOTOR	49	Research and production of hydrocarbons in three sea regions of Montenegro
	Shareholder: HELLENIC PETROLEUM INTERNATIONAL AG	11	
EDISON	Participation: HELLENIC PETROLEUM SA		In consortium with Edison, participates in government tendering procedures for acquiring concession rights for the exploration and exploitation of hydrocarbons in Ulcinj area

BoD Members Biographies

Christos-Alexis Komninou: Chairman, executive member of the BoD

Studies: Holds a Master of Science in Chemical Engineering from the Technical University of Istanbul (I.T.U.)

Previous positions – engagements:

In 1972 he joined 'Hellenic Bottling Company' and until 1987 he held various positions in the Company. From 1987 to 1990 he was appointed as the Managing Director of 'The Coca-Cola Bottlers Ireland' (a subsidiary of Hellenic Bottling). In 1990 he returned to Greece and in 1995 he became the Chief Executive of Hellenic Bottling, position held until 2000. From 2000 to 2004 he was appointed Chairman and CEO of 'Papastratos Cigarette Manufacturing Industry'. After the acquisition of the 'Papastratos Industry' by 'Philip Morris S.A.' he joined voluntarily the 'Athens 2004 -Olympic Games Organizing Committee' as the Head of Opening and Closing Ceremonies. From 2005 to February 2010 he held the position of the Executive Vice President of SHELMAN S.A. and ELMAR S.A. He speaks English, French, Italian and Turkish.

Current positions – engagements:

Since December 2011, he is the Chairman of the Board of Directors of HELLENIC PETROLEUM SA and General Secretary of S.E.V (Hellenic Federation of Enterprises), member of the BoD of HALCOR S.A. (Viohalco Group), member of the BoD of Finansbank (Turkey), and member of the BoD of Anadolu Efes (Turkey).

Mr. Christos-Alexis Komninou is fluent in english, french, italian and turkish languages.

Ioannis Costopoulos, Chief Executive Officer, executive member of the BoD

Studies: Holds a BSc degree in Economics from the University of Southampton, UK and an MBA from the University of Chicago, USA

Previous positions – engagements: From 1979 to 1982 he worked with Procter & Gamble in Geneva, Switzerland. From 1982 to 1986 he held VP and Director's positions in Corporate and Investment Banking at the Chase Manhattan Bank in New York and London. From 1986 to 1991 he was a Principal at Booz Allen & Hamilton based in London, working on strategy development and organisational change projects. Returning to Greece in 1991, he assumed a number of senior management positions: CEO of Metaxa SA (1991-1997), CEO of Johnson & Johnson Hellas SA and Regional Director of Johnson & Johnson Central and Eastern Europe (1998 – 2000). From 2001 to 2003 he was Vice-Chairman and CEO of Petrola Hellas SA, an ATHEX-listed oil refining and trading company. Since 2003, following the merger of Petrola Hellas SA with HELLENIC PETROLEUM SA, he joined the Company's Board of Directors. In June 2006 he became an Executive Board Member.

Current positions – engagements: He was appointed CEO of HELLENIC PETROLEUM SA in December 2007. He is a member of the BoD of the Hellenic Federation of Enterprises (SEV), of the Foundation for Economic & Industrial Research, of the Hellenic-American Chamber of Commerce, as well as of Furlis Holdings SA.

Theodoros–Achilleas Vardas, executive member of the BoD

Studies: PhD from the Systems Engineering Department of the Chemical Engineering School at the Swiss Federal Institute of Technology in Zurich, Switzerland and a Degree in Chemical Engineering from the same institute.

Previous positions – engagements: Began his professional career in 1979 at the Latsis Group, where he worked in key positions and in 1981 as General Manager of Petroleum Products Trading. From 1988 to 2003 he was the Deputy CEO and member of the BoD of Petrola Hellas SA and from 1999 to 2003 a member of the BoD of Papastratos SA.

Current positions – engagements: Member of the BoD and Management Consultant of HELLENIC PETROLEUM SA since October 2003, member of the BoD of DEPA SA since May 2004, executive member of the BoD of HELLENIC PETROLEUM SA since December 2007.

Georgios Kallimopoulos, non-executive member of the BoD

Studies: He holds a Law Degree from the University of Athens Law School and a Doctorate (Dr. Jur.) from the University of Tübingen, Germany.

Previous positions – engagements: Honorary President of the Civil Law Attorneys' Association, President of the Greek Union of Banking & Capital Market Law, Chairman of the Organising Committee for the 2nd European Jurists Forum (2003), Legal Adviser of the National Investment Bank for Industrial Development (1970-1978), Legal Counsel of the Bank of Greece (1978-1986), Legal Advisor of the Prime Minister, X. Zolotas, (1989-1990), Member of the National Legislative Committee (1990-1993), Member of the Legal Counsel of the Bank of Greece (1986-2006),

Current positions – engagements: Attorney at Law at the Athens Bar since 1958, Professor at the Athens Law School, President of the Legal Counsel of the Hellenic Bank Association (2007-today).

Dimokritos Amallos, non-executive member of the BoD

Studies: Holds a Bachelor's Degree in Economics from the University of Athens and a Master of Philosophy from the University of Cambridge.

Previous positions – engagements: Member of the management of many information technology companies, such as Singular SA (Software – CFO, deputy general manager, member of the BoD, shareholder), Oneworld SA (Internet & communications – member of the BoD), Decision SA (IT services – member of the BoD), Euroskills SA (Business training – member of the BoD), Sanyocom (Mobile telephony – member of the BoD). He has also participated in the administration of many companies such as: AMTE SA (Construction – member of the BoD), Panathinaikos FC (member of the BoD), Technimon (family owned construction) and for six years was a deputy member of the Hellenic Competition Committee as a representative of the Hellenic Federation of Enterprises.

Current positions – engagements: He founded the financial services company "D. Amallos and Co Ltd" (AMBA Ltd.) in 2007. He is also a member of the BoD of Qualco SA (IT services)

Alexandros Katsiotis, non-executive member of the BoD

Studies: Degree from the Economics Department of the Macedonia School of Industrial Studies and a Marketing Degree from the private ICBS University in Thessaloniki.

Previous positions – engagements: Began his professional career in 1979 in Elgeka SA, where he was appointed CEO in 1998.

Current positions – engagements: Besides his position in HELLENIC PETROLEUM SA, he is currently Chairman and CEO of Elgeka SA, Diakinisis and Biotros; CEO of BHTA PI, Sambrook Pharmaceutical SA and Medihelm; and Vice-Chairman of Elgeka Ferfellis Romania. He is also a member of the BoD at Ethniki Insurance and Nutriart.

Dimitrios Lalas, non-executive member of the BoD

Studies: Degree from Hamilton College (BSc. [Hons] Physics, 1962) Aeronautical Engineering (M.Aero.Eng.1965) and Aerospace Engineering (PhD, 1968) at Cornell University

Previous positions – engagements: Professor at the Meteorology Department of the University of Athens. Also, Professor at Wayne State University, Michigan and the University of Colorado/CIRES. Has served as President of the National Centre of Renewable Resources, Chairman of the BoD of Public Petroleum Corporation and Director and Chairman of the BoD of the National Observatory of Athens. Was Scientific Project Manager for over 40 research programs in the USA and Europe, and worked as Advisor to the Ministries of Development; Environment Energy & Climate Change; Environment, Physical Planning & Public Works; Finance; in the RESEARCH, TREN and REGIONAL POLICY General Directorates of the European Commission; in the Conphoebus Research Energy Centre, Italy; at NASA 's Goddard Space Centre; at the US National Centre for Atmospheric Research; and at the Ford and General Motors research centres. Has participated as National Representative in the international negotiations for Climate Change (1993-2007), Vice President in the National Committee for combating Desertification (1997-2004), member of the Advisory Group for Global Change, Climate & Biodiversity of the 12th General Directorate for the Research of the European Commission (1998-2002), President of the Hellenic Wind Energy Association (HWEA) (1991-1999), National representative in the Monitoring Committee of Energy Programme JOULE of the General Directorate for the Research as well as THERMIE of the General Directorate for Energy of the European Commission (1995-1999).

Current positions – engagements: Advisor at consulting firm FACE³TS SA that specialises in the areas of energy and the environment, with emphasis on green development, National Representative in international negotiations for Climate Change, Coordinator of the National Committee for reaching the 20-20-20 goals of the European Union, member of the National Committee of Energy Planning, member of the BoD of ETVA VI.PE, member of the BoD of Hellenic Wind Energy Association, Vice President of the Hellenic Society for the Protection of the Environment and the Cultural Heritage, as well as a member of the Scientific Counsel of the Institute of Local Administration of KEDKE.

Gerasimos Lahanas, non-executive member of the BoD

Studies: Degree in architecture from the Politecnico Di Milano in Milan.

Previous positions – engagements: Established an architectural firm in 1990, having since issued studies in many fields of architectural projects in Greece and abroad. Architect and technical advisor in the Journalists' Social Security and Healthcare Organization (EDOEP) and the Journalists' Union of Athens Daily Newspapers (ESIEA). From 1995 to 2000 he was Chairman of the BoD at General Tourist Enterprises SA.

Current positions – engagements: He is a member of the Technical Chamber of Greece and of the Greek Architects Association.

Ioannis Sergopoulos, non-executive member of the BoD

Previous positions – engagements: A member of the Lawyers' Association since 1977, he is lawyer to the Supreme Court of Appeal. From 1982 to 1989, he was a member of the BoD of AGET-Heracles, serving also as legal advisor of the company. From 1995 to 1996, he was a member of the BoD of E.R.T and from 1996 to 2005 he was appointed Vice President and Deputy CEO of the National Theater.

Current positions – engagements:

Currently, he held the position of the Chairman of Publishing Company “Artos Zois” and member of the BoD of O.A.S.A

Alexios Athanassopoulos, non-executive member – employee representative

Holds a degree in Oil Technology Engineering from the Technological Educational Institute of Kavala and a degree in Chemical Engineering from the National Technical University of Athens. He has been working for the Company since 1994. He was a member of the BoD of the Union (PSEEP). Since March 2008, he is the elected representative at the General Confederation of Greek Workers (GSEE). In March 2008 he was elected as employee representative in the Company's BoD.

Panagiotis Ofthalmidis, non-executive member – employee representative

Holds a degree in Electrical Engineering from the Technological Educational Institute of Kavala. He has been working for HELLENIC PETROLEUM SA since 1989, in the department of Electrical Maintenance of Refinery and Chemical Plants of Industrial Installations in Thessaloniki. He has been President of the Pan-Hellenic Labour Union of the Company. In March 2008 he was elected as employee representative in the Company's BoD.

Theodoros Pantalakis, non-executive member – minority shareholders representative

Studies: Holds a degree in Business Administration from the Piraeus Graduate School of Industrial Studies

Previous positions – engagements: From 1980 to 1991 he worked at the National Bank of Investments & Industrial Development (ETEBA). Additionally, from 1983 to 1985 he was associate of the Deputy Minister of National Economy, Kostis Vaitsou, and from 1985 to 1988 was the Office Director of the Deputy Minister of National Economy, Theodoros Karantzas. From 1991 to 1996 he was Assistant General Manager in the Interamerican group. From March 1996 to April 2004 he held the position of Deputy Governor of the National Bank of Greece, while at the same time he served as Chairman, Vice-Chairman or member of the BoD in several of the bank's subsidiaries. He was also Vice-Chairman of the Athens Stock Exchange, President of the Central Depository, and President of the Executive Committee of the Hellenic Bank Association et.al. On May 2004 he was appointed Vice-Chairman of the BoD of Piraeus Bank and from January 2009 to December 2009 he was the Vice-Chairman and Deputy-CEO of the Piraeus Bank Group. He was also Chairman of the BoD of Piraeus AEEAP (now Trastor AEEAP) and the Chairman of Europaiki Pisti AEGA insurance company. He served as Chairman of the BoD of ATE Bank between 2009 and 2012

Current positions – engagements: He is a member of the BoD of Attiki Odos and serves in the Board of a number of other companies

Spyridon Pantelias, non-executive member – minority shareholders representative



Studies: Holds a PhD and Master's Degree in Economics from the University of Washington, St. Louis, as well as a Degree in Economics from the University of Athens.

Previous positions – engagements: A banker with significant experience in the financial services sector. He was General Manager of the Bank of Cyprus group – Head of investment banking, asset management and brokerage. From 2005 to 2007 he held the position of Deputy General Manager at Emporiki Bank, from 2002 to 2004 General Manager of EFG Telesis Finance and in 2000 to 2002 Deputy General Manager at Geniki Bank. He has also worked in the National Bank of Greece, the Hellenic Bank Association and the Reuters News Agency.

Current positions – engagements: Executive Vice Chairman of the BoD of TT Hellenic Post Bank.

**3. Statement of the Chairman, Chief Executive Officer
and one Director on the true presentation of the
Annual Financial Report**

Statement of the Chairman, Chief Executive Officer and one Director on the true presentation of the Annual Financial Report

(Pursuant to article 4 par. 2 of Law no. 3556/2007)

Pursuant to provisions of article 4, par. 2(c) of Law 3556/2007, we state that, to our best knowledge:

- a. The Annual Financial Statements, which were prepared in accordance with the applicable International Financial Reporting Standards, fairly represent the assets and liabilities, the equity and results of the parent company HELLENIC PETROLEUM S.A. for 2012, as well as of the companies that are included in the consolidation taken as a whole.

- b. The Annual Report of the Board of Directors fairly represents the performance, results of operations and financial position of the parent company Hellenic Petroleum S.A. and of the companies included in the consolidation taken as a whole, as well as a description of the main risks and uncertainties they face.

Athens, 28 February 2013

Christos-Alexios Komninos

Ioannis Costopoulos

Theodoros Vardas

Chairman of the Board

Chief Executive Officer

Executive Member of the Board

4. Independent Auditor's Report on the Annual Financial Statements and the Annual Financial Report



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

5. Complementary information and data pursuant to decision no. 7/448/11.10.07 of the Capital Market Commission

5.1 Information required as per article 10 of L. 3401/2005

Pursuant to decision 7/448/11.01.2007 article 1 of the Capital Market Commission's Board of Directors and the provision of article 10 of L. 3401/2005, the company informs investors of the following announcements issued to the Athens Stock Exchange and Capital Market Commission supervisory authorities during the fiscal year 2012, in accordance with applicable law during the financial year 2011.

The full text of these announcements can be found on the company's website at the following electronic address: www.helpe.gr.

A) INTERIM FINANCIAL STATEMENTS

23.02.12	HELLENIC PETROLEUM S.A. & GROUP 2011 Annual Financial Statements
29.05.12	HELLENIC PETROLEUM S.A. & GROUP 1 st quarter 2012 Interim Financial Statements
29.08.12	HELLENIC PETROLEUM S.A. & GROUP 1 st half /2 nd quarter 2012 Interim Financial Statements
22.11.12	HELLENIC PETROLEUM S.A. & GROUP nine month /3 rd quarter 2012 Interim Financial Statements

B) PRESS RELEASES REGARDING THE INTERIM FINANCIAL STATEMENTS

23.02.12	Press release for the annual results of financial year 2011
29.05.12	Press release for the 1 st quarter results of financial year 2012
29.08.12	Press release for the 1 st half/ 2 nd quarter results of financial year 2012
22.11.12	Press release for the nine month/3 rd quarter results of financial year 2012

C) GENERAL SHAREHOLDERS' MEETINGS / GENERAL MEETING RESOLUTIONS / DIVIDENDS

03.01.12	Invitation to the Extraordinary General Shareholders' Meeting
30.01.12	Resolutions of the Extraordinary General Meeting of Shareholders
05.06.12	Invitation to the Annual Ordinary General Shareholders' Meeting
29.06.12	Announcement of dividend payment for financial year 2011
02.07.12	Resolutions of the Annual Ordinary General Meeting of Shareholder

D) CORPORATE ACTIVITY

29.2.12 Launch of Depa Group sale process

E) SENIOR EXECUTIVES AND ORGANISATIONAL CHANGES

19.10.12 General manager retirement announcement

22.11.12 Announcement of organization restructuring

19.12.12 Announcement of organization restructuring

F) MISCELLANEOUS

30.01.12 Announcement of Regulated Information, pursuant to Law 3556/07

31.01.12 Announcement of Regulated Information, pursuant to Law 3556/07

15.02.12 Announcement of Regulated Information, pursuant to Law 3556/07

23.02.12 Financial calendar 2012

27.04.12 Financial calendar 2012 (Update)

04.05.12 Financial calendar 2012 (revised)

11.05.12 Announcement of Regulated Information, pursuant to Law 3556/07

15.05.12 Announcement of Regulated Information, pursuant to Law 3556/07

15.05.12 Announcement of Regulated Information, pursuant to Law 3556/07



5.2 Published Summary Financial Statements

HELLENIC PETROLEUM S.A.

A.R.M.A.E 2443/06/B/23



FINANCIAL DATA AND INFORMATION FOR THE YEAR FROM 1 JANUARY 2012 TO 31 DECEMBER 2012 (Published in compliance to L.2190/20, art. 135 for companies that prepare annual financial statements in accordance with IFRS)

The following financial data and information are only for general information purposes with regard to the financial position and results of HELLENIC PETROLEUM Group and the parent company. We, therefore, recommend to the reader, before making any investment decision, or proceeding to any transaction with the company, to refer to the company's internet address, where the annual financial statements in accordance with International Financial Reporting Standards are available, together with the auditors' report.

COMPANY	
Head office Address:	8 ^α , CHIMARRAS STR. - 15125 MAROUSI
Website :	http://www.helpe.gr
Approval date of the annual financial statements by the Board of Directors	28 FEBRUARY 2013
The Certified Auditor:	Marios Psaltis, (SOEL reg.no.38081)
Auditing Company:	PricewaterhouseCoopers S.A. (SOEL reg.no.113)
Type of Auditor's Report	Unqualified

Board of Directors :	
EXECUTIVE MEMBERS	NON EXECUTIVE MEMBERS
CHRISTOS KOMNINOS – CHAIRMAN OF THE BOARD (SINCE 23/12/2011)	GEORGIOS KALLIMOPOULOS
ANASTASIOS GIANNITISIS – Chairman of the Board (02/12/2009 - 11/11/2011)	GERASSIMOS LAXANAS
JOHN COSTOPOULOS Chief Executive Officer	THEODOROS PANTALAKIS
THEODOROS-ACHILLEAS VARDAS	DIMITRIOS LALAS
	SPYRIDON PANTELIAS
	IOANNIS SERGOPOULOS (SINCE 31/8/2011)
	DIMOKRITOS AMALLOS
	ALEXANDROS KATSIOTIS
	ALEXOS ATHANASOPOULOS
	PANAGIOTIS OFTHALMIDIS
	ANASTASSIOS BANOS (28/12/2009 – 31/8/2011)

	GROUP		COMPANY	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
STATEMENT OF FINANCIAL POSITION <i>(Amounts in thousands €)</i>				
ASSETS				
Property, plant and equipment	3.550.082	3.204.096	2.859.376	2.471.921
Intangible assets	158.320	177.875	11.113	13.412
Other non-current assets	781.248	732.299	665.773	669.247
Inventories	1.220.122	1.141.191	1.038.763	994.893
Trade and other receivables	791.300	945.818	652.397	868.601
Other current assets	901.061	985.486	627.738	563.282
Available-for-sale non-current assets	1.891	2.062	41	41
TOTAL ASSETS	7.404.024	7.188.827	5.855.201	5.581.397
EQUITY AND LIABILITIES				
Share capital	666.285	666.285	666.285	666.285
Share premium	353.796	353.796	353.796	353.796
Retained earnings and other reserves	1.353.451	1.377.516	887.141	896.744
Capital and reserves attributable to Company Shareholders (a)	2.373.532	2.397.597	1.907.222	1.916.825
Non-controlling interests (b)	121.484	132.393		
TOTAL EQUITY (c) = (a) + (b)	2.495.016	2.529.990	1.907.222	1.916.825
Long-term borrowings	383.274	1.142.296	410.778	837.603
Provisions and other long term liabilities	224.233	272.871	140.093	175.907
Short-term borrowings	2.375.097	1.531.893	1.536.627	1.065.276
Other short-term liabilities	1.926.404	1.711.777	1.860.481	1.585.786
Total Liabilities (d)	4.909.008	4.658.837	3.947.979	3.664.572
TOTAL EQUITY AND LIABILITIES (c) + (d)	7.404.024	7.188.827	5.855.201	5.581.397

	GROUP		COMPANY	
	1/1/2012-31/12/2012	1/1/2011-31/12/2011	1/1/2012-31/12/2012	1/1/2011-31/12/2011
STATEMENT OF CASH FLOW <i>(Amounts in thousands €)</i>				
Cash flows from operating activities				
Profit before tax	114.498	163.429	133.464	156.792
Adjustments for:				
Depreciation and amortisation of tangible and intangible assets	178.580	159.597	106.660	81.269
Amortisation of government grants	(3.609)	(3.717)	(2.880)	(2.988)
Interest expense	66.893	94.148	25.200	39.850
Interest income	(12.692)	(25.777)	(4.685)	(13.649)
Income from participations and investments	(38.221)	(67.488)	(15.818)	(15.819)
Provisions	4.622	37.989	1.644	27.972
Foreign exchange (gains) / losses	(10.775)	10.697	(8.067)	5.552
Loss/(Gain) on sale of share of subsidiary	1.166	(1.178)	-	-
(Gain)/Loss on sale of fixed assets	48	315	979	190
	300.510	368.015	236.497	279.169
Changes in working capital				
(Increase) / decrease in inventories	(78.751)	461.969	(43.871)	434.938
(Increase) / decrease in trade and other receivables	130.949	(13.332)	213.864	(105.319)
Increase / (decrease) in payables	205.034	45.787	256.428	49.868
Less:				
Income tax paid	(33.826)	(43.182)	(25.746)	(23.945)
Net cash (used in) / generated from operating activities (a)	523.916	813.257	637.172	634.711
Cash flows from investing activities				
Purchase of property, plant and equipment & intangible assets	(518.095)	(674.964)	(493.543)	(649.983)
Proceeds from disposal of property, plant and equipment & intangible assets	4.057	3.108	761	142
Proceeds from the sale of subsidiary, net of cash owned	1.900	6.059	-	-
Interest received	12.692	25.777	4.685	13.649
Dividends received	8.873	5.976	12.799	14.312
Participation in share capital (increase) / decrease of associates	(640)	(775)	5.015	13.214
Net cash used in investing activities (b)	(491.213)	(634.819)	(470.283)	(608.666)
Cash flows from financing activities				
Interest paid	(66.585)	(91.323)	(25.329)	(36.612)
Dividends paid	(139.653)	(87.818)	(130.747)	(85.067)
Payments from share capital decrease to non-controlling interests	(6.455)	(12.963)	0	0
Repayments / (Acquisitions) of held-to-maturity securities	-	167.968	-	167.968
Proceeds from borrowings	682.722	932.551	921.321	1.281.179
Loans repayments	(590.857)	(702.158)	(871.459)	(1.015.999)
Net cash generated from / (used in) financing activities (c)	(120.828)	206.257	(106.214)	311.469
Net increase / (decrease) in cash & cash equivalents (a)+(b)+(c)	(88.125)	384.695	60.675	337.515
Cash & cash equivalents at the beginning of the period	985.486	595.757	563.282	220.000
Exchange gains / (losses) on cash & cash equivalents	3.700	5.034	3.781	5.767
Cash & cash equivalents at end of the period	901.061	985.486	627.738	563.282

	GROUP		COMPANY	
	1/1/2012-31/12/2012	1/1/2011-31/12/2011	1/1/2012-31/12/2012	1/1/2011-31/12/2011
STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD <i>(Amounts in thousands €)</i>				
Turnover	10.468.870	9.307.582	9.900.533	8.592.359
Gross profit	535.161	650.093	294.316	368.952
Earnings Before Interest & Tax	119.703	175.009	145.912	188.545
Profit before Tax	114.498	163.429	133.464	156.792
Less : taxes	(33.272)	(45.763)	(35.959)	(44.028)
Profit for the period	81.226	117.666	97.505	112.764
Attributable to:				
Owners of the parent	84.191	114.150		
Non-controlling interests	(2.965)	3.516		
	81.226	117.667		
Other comprehensive (loss)/income for the year, net of tax	28.908	(13.020)	30.176	(12.908)
Total comprehensive income for the year	110.134	104.647	127.681	99.856
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 (in Euro per share)	0,28	0,37	0,32	0,37
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	294.674	330.889	249.692	266.826

	GROUP		COMPANY	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
STATEMENT OF CHANGES IN EQUITY <i>(Amounts in thousands €)</i>				
Total equity at beginning of the year	2.529.990	2.531.618	1.916.825	1.907.541
Total comprehensive income for the year	110.134	104.646	127.681	99.856
Dividends to shareholders of the parent	(137.536)	(91.691)	(137.536)	(91.691)
Dividends to minority shareholders	(1.369)	(2.739)	-	-
Participation of minority holding to share capital decrease of subsidiary	(6.455)	(12.963)	-	-
Other transactions directly recorded in equity	252	1.119	252	1.119
Total equity at the end of the year	2.495.016	2.529.990	1.907.222	1.916.825

ADDITIONAL INFORMATION

1. Note No. 34 of the consolidated financial statements includes all subsidiary companies and their related information. 2. No company shares are owned either by the parent company or any of the subsidiaries as at the end of the year. 3. The parent company HELLENIC PETROLEUM SA has not been subject to a tax audit for the fiscal year 2010, while the most material subsidiaries for the fiscal years 2005 – 2010 (Note 27 of the consolidated financial statements). 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, upon which € 14,5 million approximately of additional taxes and surcharges were assessed. The Company is in the process of planning its further actions; however it believes that no additional liabilities will arise over and above the respective provisions recognized in its financial statements. 4. The accounting policies used in the preparation of the consolidated financial statements for the year ended 31 December 2012 are consistent with those applied for the preparation of the annual consolidated financial statements for the year ended 31 December 2011, except for the new or revised accounting standards and interpretations that have been implemented in 2012, as outlined in Note 2 of the consolidated financial statements of 31 December 2012. 5. As mentioned in Note 31 of the consolidated financial statements, the Group's entities are involved in a number of legal proceedings and have various unresolved claims pending arising in the ordinary course of business. Based on currently available information, management believes the outcome will not have a significant impact on the Group's operating results or financial position. 6. The EGM held on 31 January 2012 approved a Memorandum of Understanding with the Greek State (Group's 35% controlling shareholder) agreeing to participate in a joint sales process for the Group's 35% shareholding in DEPA. As at 31 December 2012, DEPA Group's carrying value in the Group's accounts is € 551 million. The decision to sell the shares will be subject to a shareholders approval at a new EGM. Given that no final commitments for this disposal have been made, the Group considers that DEPA should continue to be presented under 'Associates'. 7. The Group has successfully completed the refinancing of its loans (€ 1,3 billion), which matured in January 2013. Refinancing was achieved partly from Group's operating cash flows and available cash reserves and partly through new loans. The refinancing is detailed in Notes 3 and 16 of the consolidated financial statements. 8. Number of employees at 31/12/2012 in Greece: Company: 2.086, Group: 2.970 (31/12/2011: Company: 2.151, Group: 3.287). 9. Where necessary, comparative figures have been reclassified to conform to the changes in the presentation of the current year.

10. The amount of provisions included in the Statement of Financial Position are as follows:

	GROUP	COMPANY
a) for pending legal cases	8.073	3.000
b) for tax matters	13.623	12.114
c) for SLI	105.086	80.922
d) for other provisions relating to expenses	9.405	9.146

11. Other comprehensive income for the period, net of tax, for the Group and the parent company are as follows:

	GROUP		COMPANY	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Available-for-sale financial assets	(100)	(72)	-	-
Unrealised gains / (losses) on revaluation of hedges	30.176	(12.908)	30.176	(12.908)
Translation exchange differences	(1.168)	(40)	-	-
Net income/(expense) recognised directly in equity	28.908	(13.020)	30.176	(12.908)

12. Transactions and balances with related parties for the Group and the parent company (in thousands of €) are as follows:

	GROUP	COMPANY
Sales of goods and services	874.723	4.582.998
Purchases of goods and services	630.362	691.757
Receivables	58.657	315.845
Payables	27.526	80.825
Board members and senior management remuneration & other benefits	2.663	1.175
Amounts due to/(from) Board members and senior management	-	-

Athens, 28th of February 2013

CHAIRMAN OF BOARD

CHIEF EXECUTIVE OFFICER

GROUP CHIEF FINANCIAL OFFICER

ACCOUNTING DIRECTOR

CHRISTOS K. KOMNINOS
ID. Number AK 121225

JOHN A. COSTOPOULOS
ID. Number 702932584

ANDREAS N. SIAMISHIS
ID. Number AA 010147

STEFANOS I. PAPANITRIU
ID. Number AK 553436



5.3 Website

The annual financial statements of the Hellenic Petroleum Group and the parent company on a consolidated and non-consolidated basis, the Independent Auditors' Report and the Annual Report of the Board of Directors are available on the internet at www.helpe.gr.