HELLENIC PETROLEUM S.A.

Consolidated Financial Statements in accordance with IFRS for the year ended 31 December 2005

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

Index to the consolidated financial statements

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Report of the auditors

To the Shareholders of Hellenic Petroleum S.A.

We have audited the accompanying consolidated balance sheet of Hellenic Petroleum S.A. (the "Company") and its subsidiaries (the "Group") as of 31 December 2005 and the related consolidated statements of income, cash flows and changes in equity for the year then ended. These financial statements set out on pages 5 to 42 are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Greek Auditing Standards which are based on International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used, and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2005, and the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

In addition, in our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2005, and the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the IASB.

PricewaterhouseCoopers S.A.

Athens, 2 March 2006

Constantinos Michalatos
Certified Auditor Accountant
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(All amounts in Euro thousands unless otherwise stated)

Consolidated balance sheet

	Note	As at 31 December 2005	31 December 2004
ASSETS			
Non-current assets			
Property, plant and equipment	**6**	1.405.940	1.355.703
Intangible assets	**7**	94.859	83.353
Investments in associates	**8**	357.858	287.484
Deferred income tax assets	**17**	42.255	11.003
Available-for-sale financial assets		2.092	1.369
Loans, advances and long term assets	**10**	36.078	30.874
		1.939.082	**1.769.786**
Current assets			
Inventories	**9**	1.169.098	675.851
Trade and other receivables	**11**	888.079	654.891
Cash and cash equivalents	**12**	193.630	181.178
		2.250.807	**1.511.920**
Total assets		**4.189.889**	**3.281.706**
EQUITY			
Share capital	**13**	1.019.963	1.019.157
Reserves	**14**	543.642	329.023
Retained Earnings		590.933	505.919
Capital and reserves attributable to Company Shareholders		**2.154.538**	**1.854.099**
Minority interest		101.924	95.395
Total equity		**2.256.462**	**1.949.494**
LIABILITIES			
Non- current liabilities			
Borrowings	**16**	539.573	321.404
Deferred income tax liabilities	**17**	18.645	21.294
Retirement benefit obligations	**18**	133.747	127.873
Provisions and other long term iabilities	**19**	67.348	59.683
		759.313	**530.254**
Current liabilities			
Trade and other payables	**15**	637.043	497.760
Current income tax liabilities		153.045	56.720
Borrowings	**16**	356.360	247.478
Dividends payable		27.666	-
		1.174.114	**801.958**
Total liabilities		**1.933.427**	**1.332.212**
Total equity and liabilities		**4.189.889**	**3.281.706**

The notes on pages 9 to 42 are an integral part of these consolidated financial statements.
These financial statements were approved by the board on 21 February 2006.

E Christodoulou	P Cavoulacos	A Shiamishis	A Solomos
Chairman of the Board	Chief Executive Officer	Chief Financial Officer	Accounting Director

(All amounts in Euro thousands unless otherwise stated)

Consolidated income statement

	Note	For the year ended 31 December 2005	31 December 2004
Sales		**6.653.078**	**4.907.278**
Cost of sales		(5.797.277)	(4.330.634)
Gross profit		**855.801**	**576.644**
Selling, distribution and administrative expenses		(355.823)	(352.837)
Exploration and development expenses		(11.579)	(13.115)
Other operating income/ (expenses) net	**21**	37.982	28.063
Impairment Provisions		-	(28.000)
Operating profit		**526.381**	**210.755**
Finance income/ (expense) - net	**22**	(11.047)	(3.505)
Currency exchange gains /(losses)		(24.823)	34.099
Share of profit/ (loss) of associates	**8**	4.317	(1.695)
Profit before income tax		**494.828**	**239.654**
Income tax expense	**23**	(153.944)	(108.882)
Profit for the year		**340.884**	**130.772**
Attributable to:			
Equity holders of the company		334.222	128.218
Minority interest		6.662	2.554
		340.884	**130.772**
Earnings per share attributable to Company Shareholders (expressed in Euro per share):			
Basic & Diluted	**24**	1,09	0,42

The notes on pages 9 to 42 are an integral part of these consolidated financial statements

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(All amounts in Euro thousands unless otherwise stated)

Consolidated statement of changes in equity

	Attributable to Company Shareholders					
	Share Capital	Reserves	Retained Earnings	Total	Minority Interest	Total Equity
Balance at 1 January 2004	**1.018.835**	**225.336**	**545.384**	**1.789.555**	**94.256**	**1.883.811**
Profit for the year	-	-	128.218	128.218	2.554	130.772
Translation exchange difference	-	-	(3.351)	(3.351)	(1.415)	(4.766)
Dividends relating to 2003	-	-	(61.093)	(61.093)	-	(61.093)
Tranfers between reserves	-	103.687	(103.687)	-	-	-
Exercise of employee share options	322	-	-	322	-	322
First time consolidation of HP Services Ltd.	-	-	448	448	-	448
Balance at 31 December 2004	**1.019.157**	**329.023**	**505.919**	**1.854.099**	**95.395**	**1.949.494**
Adoption of IFRS 3	-	-	87.474	87.474	-	87.474
Balance at 1 January 2005	**1.019.157**	**329.023**	**593.393**	**1.941.573**	**95.395**	**2.036.968**
Reclassification of statutory reserves	-	181.337	(181.337)	-	-	-
Profit for the year	-	-	334.222	334.222	6.662	340.884
Translation exchange differences	-	-	3.199	3.199	(133)	3.066
Tranfers between reserves	-	33.282	(33.282)	-	-	-
Dividends relating to 2004	-	-	(79.435)	(79.435)	-	(79.435)
Dividends relating to 2005	-	-	(45.827)	(45.827)	-	(45.827)
Exercise of employee share options	806	-	-	806	-	806
Balance at 31 December 2005	**1.019.963**	**543.642**	**590.933**	**2.154.537**	**101.924**	**2.256.462**

The notes on pages 9 to 42 are an integral part of these consolidated financial statements.

(All amounts in Euro thousands unless otherwise stated)

Consolidated cash flow statement

		For the year ended	
	Note	**31 December 2005**	**31 December 2004**
Cash flows from operating activities			
Cash generated from operations	**26**	(11.260)	147.215
Net cash (used in) / generated from operating activities		**(11.260)**	**147.215**
Cash flows from investing activities			
Purchase of property, plant and equipment & intangible assets	**6, 7**	(185.075)	(296.837)
Proceeds from sale of property, plant & equipment	**6**	-	1.292
Dividends received		732	694
Proceeds from sales of DEPA option		-	20.000
Net cash movement of other financial assets		-	4.821
Grants received		870	3.786
Interest received	**22**	13.168	13.182
Share capital increases/ (decreases) in affiliates	**8**	(52)	-
Net cash used in investing activities		**(170.357)**	**(253.062)**
Cash flows from financing activities			
Interest paid	**22**	(24.215)	(16.687)
Dividends paid		(97.596)	(61.093)
Proceeds from share capital increase		806	322
Net movement in short term borrowings		108.882	20.854
Proceeds from long term borrowings		350.150	77.780
Repayment of long term loans		(150.010)	(38.685)
Net cash generated from / (used in) financing activities		**188.017**	**(17.509)**
Net increase / (decrease) in cash & cash equivalents		**6.400**	**(123.356)**
Cash & cash equivalents at the beginning of the year	**12**	181.178	304.129
Exchange gains / (losses) on cash & cash equivalents		6.052	405
Net increase / (decrease) in cash & cash equivalents		6.400	(123.356)
Cash & cash equivalents at end of the year	**12**	**193.630**	**181.178**

The notes on pages 9 to 42 are an integral part of these financial statements.

Notes to the consolidated financial statements

1 General information

The Hellenic Petroleum group of companies (the "Group") operates predominantly in Greece and the Balkans in the energy sector. The group activities include exploration and production, refining and marketing of oil products, manufacturing and marketing of petrochemical products and the provision of marketing of promotion services in relation to the transmission and distribution of natural gas products The Group also provides engineering services and has recently completed the construction of an electricity power generation plant.

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

The financial statements of Hellenic Petroleum S.A. for the year ended 31 December 2005 were authorised for issue by the Board of Directors on 21 February 2006. 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 2005 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union ("EU") and International Financial Reporting Standards issued by the International Accounting Standards Board. All International Financial Reporting Standards issued by the IASB and effective at the time of preparing these consolidated financial statements have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of International Accounting Standard 39 "Financial Instruments: Recognition and Measurement". Following recommendations from the Accounting Regulatory Committee, the Commission adopted Regulations 2086/2004 and 1864/2005 requiring the use of IAS 39, minus certain provisions on portfolio hedging of core deposits, by all listed companies from 1 January 2005.

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

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 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 consolidated financial statements are disclosed in critical accounting estimates and judgments in note 4. These estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Changes in accounting policy

In March 2004 IASB issued *IFRS 3, Business Combinations*, and revised standards *IAS 36*, *Impairment of Assets* and *IAS 38, Intangible Assets*.

The Group has applied IFRS 3 and the revised provisions of IAS 36 and IAS 38 from 1 January 2005. Accordingly, it has derecognised previously recognised negative goodwill with a net book value of €87,4 million from intangible assets (see note 7) and investments in associates (see note 8) with a corresponding adjustment to the opening balance of retained earnings. The Group has also discontinued the amortization of previously recognized goodwill, which it will subject to impairment tests in accordance with IAS 36 (Revised).

As IFRS 3 is applicable prospectively, prior year comparatives have not been restated.

Interpretations and amendments to published standards effective in 2005

The following amendments and interpretations to standards became effective from 1 January 2005:

- IFRIC 2, *Members' Shares in Co-operative Entities and Similar Instruments*;
- SIC 12 (Amendment), *Consolidation - Special Purpose Entities*; and
- IAS 39 (Amendment), *Transition and Initial Recognition of Financial Assets and Financial Liabilities*.

Management assessed the relevance of those amendments and interpretations with respect to the Group's operations and concluded that they are not relevant to the Group.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2006 or later periods but which the group has not early adopted. These standards, amendments and interpretations to existing standards and their likely impact on the Group's financial statements are presented below:

- *IAS 19 (Amendment), Employee Benefits (effective from 1 January 2006)* Adoption of this amendment will only impact the format and extent of disclosures presented in the accounts .The Group will apply this amendment from annual periods beginning 1 January 2006.
- *IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions (effective from 1 January 2006)*

  This amendment is not relevant to the Group s operations, as the Group does not have any intragroup transactions that would qualify as a hedged item.
- *IAS 39 (Amendment), The Fair Value Option (effective from 1 January 2006)*

  This amendment changes the definition of financial instruments classified at fair value through profit or loss and restricts the ability to designate financial instruments as part of this category. The Group does not expect that this Amendment will have significant impact on the classification of financial instruments, as the Group should be able to comply with the amended criteria for the designation of financial instruments at fair value through profit and loss. The Group will apply this amendment from annual periods beginning 1 January 2006.
- *IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts (effective from 1 January 2006)*

  Management considered this amendment to IAS 39 and concluded that it is not relevant to the Group.
- *IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards*

  This amendment is not relevant to the Group since the Group is not a first time adopter of IFRS.
- *IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources (effective from 1 January 2006).*

  This standard allows companies to retain existing practices in accounting for exploration and evaluation expenditures. Accordingly, the Group does not expect that the implementation of IFRS 6 from 1 January 2006 will have a significant impact on its consolidated financial statements.
- *IFRS 7, Financial Instruments: Disclosures, and a complementary amendment to IAS 1, Presentation of Financial Statements-Capital Disclosures (effective from 1 January 2007)*

  IFRS 7 introduces a number of new disclosures to improve the information about financial instruments including qualitative and quantitative information about exposure to risks arising from financial instruments, specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The amendment to IAS 1 introduces disclosures about the level of an entity s capital and how it manages capital. The Group assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of IAS 1. The Group will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1 January 2007.
- *IFRIC 4, Determining whether an Arrangement contains a Lease (effective from 1 January 2006)*

  IFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. Management is currently assessing the impact of IFRIC 4 on the Group's operations.
- *IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Enviromental Rehabilitation Funds (effective from 1January 2006)*

IFRIC 5 is not currently relevant to the Group's operations since the Group does not participate in any Decommissioning, Restoration and Environmental Rehabilitation funds.

- *IFRIC 6, Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment (effective from 1 December 2005)*

  IFRIC 6 is not relevant to the Group's operations.

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.

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 purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement (see Note 2.6).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Joint ventures

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation.

The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture to the extent that the gain or loss is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the Group's purchase of assets from the joint venture until it resells the assets to an independent party. A loss on the transaction is recognised immediately if it provides evidence of a reduction in the net realisable value of current assets, or an impairment loss. Joint ventures' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) 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. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (see Note 2.6).

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, 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 an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also 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.

2.3 Segment reporting

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

2.4 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in euros, which is the Company's functional and presentation currency.

(b) *Transactions and balances*

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

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

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

(c) *Group companies*

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

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement 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 income statement 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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance are charged to the income statement as incurred except for refinery refurbishment costs which are deferred and charged against income on a straight line basis over the scheduled refurbishment period.

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

– Land	Nil
– Buildings	13 - 20 years
– Specialised industrial installations	7 - 15 years
– Machinery, equipment and transportation equipment	5 - 8 years
– Computer hardware	3 - 5 years
– LPG carrier	10 years
– White products carrier	17 years

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

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

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

Capitalisation of borrowing costs

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

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

2.6 Intangible assets

(a) *Goodwill*

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

Until 31 December 2004 goodwill was amortised on a straight-line basis for a period not exceeding 20 years. As a result of the adoption of IFRS 3, goodwill ceases to be amortised and, instead, it is carried at book value and tested for impairment annually. Previously recognised negative goodwill as at 1 January 2005, has been transferred to reserves.

(b) Licences and rights

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

(c) Computer software

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

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

(d) Exploration costs

The Group's policies for accounting for oil and gas are in accordance with industry practice. The Group applies the successful efforts method of accounting for exploration and development costs, as described below.

Geological costs are expensed as incurred.

Exploration expenditure is expensed as incurred. When proved reserves of oil and gas are determined, and development is sanctioned, the relevant expenditure from that point onwards is capitalised to property, plant and equipment. Exploration leasehold acquisition costs are included in intangible assets and amortised over the period of the licence. When exploration is determined to be unsuccessful the expenditure is charged against income at that time.

2.7 Impairment of non-financial assets

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

2.8 Financial assets

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

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

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

(b) Loans and receivables

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

(c) Available-for-sale financial assets

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

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the ‘Financial assets at fair value through profit or loss’ category are included in the income statement in the period in which they arised. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses 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.

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

2.9 Derivative financial instruments and hedging activities

The Group uses derivative financial instruments such as foreign currency contracts and commodity contracts to hedge its risks associated with foreign currency and certain commodity prices fluctuations. Such derivative financial instruments are stated at fair value unless they are designated and qualify for hedge accounting.

The Group did not have any transactions qualifying for hedge accounting. For other derivatives that do not qualify for 'hedge accounting', any gains or losses arising from changes in fair value are taken directly to net profit or loss for the period.

The fair value of forward commodity contracts is calculated by reference to current market values of forward commodity contracts with similar maturity profiles. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

2.10 Government grants

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

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

2.11 Inventories

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

Cost of inventories is determined using the average cost method.

2.12 Trade receivables

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

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

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

2.13 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.

2.14 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.

2.15 Borrowings

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

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

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

2.16 Deferred income tax

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

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

2.17 Employee benefits

(a) *Pension obligations*

The Group participates in various pension schemes. The schemes are funded through payments to funds, determined by periodic actuarial calculations. The payments are determined by the Greek 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.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, 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 the greater of 10% of the value of plan assets or 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.

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 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.

(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 balance sheet date are discounted to present value.

(c) Share-based compensation

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

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

2.18 Trade and other payables

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

2.19 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. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

2.20 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.

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.

2.21 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 collectibility of the related receivables is reasonably assured.

(b) Sales of goods – retail

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

(c) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the 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.

(d) Dividend income

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

2.22 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 other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

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

2.23 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.

2.24 Comparative figures

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

3 Financial risk management

3.1 Financial risk factors

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

Commodity price risk management is supervised by 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

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. As part of its risk management process the Group enters into hedging derivatives if market conditions are appropriate with a view to minimise the net impact of such transactions. In addition, part of the funding strategy addresses the issue by selecting to borrow in US dollar denominated loans to partially offset the impact of movements in foreign exchange rates on inventory.

(ii) Price risk

The Group is exposed to commodity price risk to the extend that inventory value is exposed to future price volatility. Protection against this volatility is achieved where possible through derivative contracts The price risk management involves forward price protection where possible for forecasted sales and inventory. This, however, is not possible to do in all market conditions and as a result only a small part of the price risk is effectively hedged. In addition, this risk is also addressed by the fact that the pricing policy of the Group passes on changes in underlying international prices to its customers.

(b) Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales of products are made to customers with an appropriate credit history. Derivative counter parties and cash transactions are limited to high-credit-quality financial institutions.

(c) Liquidity risk

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

(d) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's cash flow interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

3.2 Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date.

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

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

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 discussed below.

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

(a) Income taxes

Estimates are required in determining the provision for income taxes that the 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 it's principal activities being that of exploration and production of hydrocarbons, refining of crude oil and sale of oil products, and the production and trading of petrochemical products. Environmental damage caused by such substances may require the 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 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 income statement is impacted.

(c) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with it's accounting policies. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. Significant judgement is involved in managements determination of these estimates.

(All amounts in Euro thousands unless otherwise stated)

5 Segment information

(a) Primary reporting format – business segments

The Group is organised into seven main business segments determined in accordance with the type of business activity: Refining, Marketing, Exploration & production, Petrochemicals, Engineering, Natural gas, Electricity

	Refining	Marketing	Exploration & production	Petro-chemicals	Enginee-ring	Natural gas	Electric Power	Inter-Segement	Total
Year ended 31 December 2005									
Sales	6.426.228	2.018.145	1.129	301.054	13.929	1.125	-	(2.108.532)	6.653.078
Depreciation, depletion & Amortisation	97.659	27.441	2.398	15.905	562	41	150	0	144.156
Other operating income	38.527	9.897	101	390	81	0	11.914	(22.928)	37.982
Operating profit (loss)	506.701	46.214	(20.223)	9.855	(4.928)	(719)	(1.166)	(9.354)	526.381
Foreign exchange gains/ (losses)	(20.854)	(3.969)	-	-	-	-	-	-	(24.823)
Profit before tax, share of net result of associates & finance costs	485.847	42.245	(20.223)	9.855	(4.928)	(719)	(1.166)	(9.353)	501.558
Finance costs - net									(11.047)
Share of net result of associates									4.317
Profit before income tax									**494.827**
Income tax expense									(153.944)
Income applicable to minority interest									(6.662)
Profit for the year									**334.221**
Equity accounted investments	2.452	1.127	-	8.337	-	345.942	-	-	357.858
Capital expenditure	(4.228)	(41.054)	-	(499)	(88)	(37)	(87.912)	(51.258)	(185.076)
Total assets	3.097.792	977.232	13.100	296.160	12.333	346.839	281.360	(834.926)	4.189.889
Total liabilities	969.667	397.079	-	145.836	12.333	347.010	240.655	(77.228)	2.035.352

(All amounts in Euro thousands unless otherwise stated)

Year ended 31 December 2004	Refining	Marketing	Exploration & production	Petro-chemicals	Enginee-ring	Natural gas	Electric Power	Inter-Segement	Total
Sales	4.529.860	1.524.833	1.100	269.603	17.329	746	-	(1.436.193)	4.907.278
Depreciation, depletion & Amortisation	81.108	32.824	249	18.361	682	10	-	-	133.234
Other operating income	16.442	11.350	400	2.879	22	-	-	(3.030)	28.063
Operating profit (loss)	214.288	38.464	(17.053)	14.384	(3.127)	870	(2.946)	(34.125)	210.755
Foreign exchange gains/ (losses)	34.063	36	-	-	-	-	-	-	34.099
Profit before tax, share of net result of associates & finance costs	248.351	38.500	(17.053)	14.384	(3.127)	870	(2.946)	(34.125)	244.854
Finance costs - net									(3.505)
Share of net result of associates									(1.695)
Profit before income tax									**239.654**
Income tax expense									(108.882)
Income applicable to minority interest									(2.554)
Profit for the year									**128.218**
Equity accounted investments	2.877	493	-	8.446	-	274.778	890	-	287.484
Capital expenditure	137.335	68.547	-	4.169	70	-	86.716	-	296.837
Total assets	2.274.788	705.140	19.046	401.854	14.405	274.779	182.278	(590.584)	3.281.706
Total liabilities	630.683	286.236	-	135.186	10.957	234.752	140.471	(10.678)	1.427.607

(All amounts in Euro thousands unless otherwise stated)

(b) Secondary reporting format – geographical segments

The secondary analysis of Sales and Total assets is given by geographical segment.

Sales	**For the end of the year**	
	31 December 2005	**31 December 2004**
Greece	7.951.805	5.790.747
Rest of EU	206.205	158.002
Other countries	603.599	416.710
	8.761.609	**6.365.459**
Less: Intersegment	(2.108.531)	(1.458.181)
Sales	**6.653.078**	**4.907.278**

	As at	
Total assets	**31 December 2005**	**31 December 2004**
Greece	4.015.494	3.213.200
Rest of EU	136.286	119.121
Other countries	473.304	290.067
	4.625.084	**3.622.388**
Less: Intersegment	(435.195)	(340.682)
Total assets	**4.189.889**	**3.281.706**

Capital expenditure is primarily relating to Greece.

(All amounts in Euro thousands unless otherwise stated)

6 Property, plant and equipment

	Land	Buildings	Plant & Machinery	Motor vehicles	Furniture and fixtures	Assets Under Con-struction	Total
Cost							
As at 1 January 2004	**180.949**	**336.217**	**1.374.246**	**39.190**	**57.183**	**177.166**	**2.164.951**
Additions	10.899	31.849	128.808	1.672	5.861	109.836	288.925
Disposals	(61)	(1.132)	(9.712)	(2.115)	(1.131)	(5.645)	(19.796)
Currency translation effects & other movements	-	(1.854)	-	-	-	4.176	2.322
As at 31 December 2004	**191.787**	**365.080**	**1.493.342**	**38.747**	**61.913**	**285.533**	**2.436.402**
Accumulated Depreciation							
As at 1 January 2004	**870**	**164.478**	**743.570**	**15.729**	**41.613**	**-**	**966.260**
Charge for the year	-	13.805	96.683	3.617	4.937	-	119.042
Disposals	-	(144)	(2.626)	(708)	(360)	-	(3.838)
Currency translation effects & other movements	-	-	(765)	-	-	-	(765)
As at 31 December 2004	**870**	**178.138**	**836.862**	**18.637**	**46.191**	**-**	**1.080.699**
Net Book Value at 31 December 2004	**190.917**	**186.942**	**656.480**	**20.110**	**15.723**	**285.533**	**1.355.703**
Cost							
As at 1 January 2005	**191.787**	**365.080**	**1.493.342**	**38.747**	**61.913**	**285.533**	**2.436.402**
Additions	7.104	7.917	16.564	1.795	3.685	146.256	183.321
Capitalised projects	1.489	25.831	279.090	171	527	(307.108)	-
Disposals	(17)	(81)	(5.335)	(564)	(305)	(1.128)	(7.430)
Currency translation effects & other movements	-	-	637	-	-	(837)	(200)
As at 31 December 2005	**200.363**	**398.747**	**1.784.298**	**40.149**	**65.820**	**122.716**	**2.612.093**
Accumulated Depreciation							
As at 1 January 2005	**870**	**178.139**	**836.862**	**18.638**	**46.190**	**-**	**1.080.699**
Charge for the year	435	16.025	106.977	3.023	6.416	-	132.876
Disposals	-	(77)	(4.566)	(525)	(296)	-	(5.464)
Currency translation effects & other movements	-	1.491	(3.254)	-	-	(195)	(1.958)
As at 31 December 2005	**1.305**	**195.578**	**936.019**	**21.136**	**52.310**	**(195)**	**1.206.153**
Net Book Value at 31 December 2005	**199.058**	**203.169**	**848.279**	**19.013**	**13.510**	**122.911**	**1.405.940**

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

(2) Within the balance of Assets Under Construction at 31 December 2005 an amount of €35m (2004: €33m) relates to costs in respect of the upgrade of the Elefsina refinery for which a Front End Engineering Design (FEED) is already in progress.

(3) During 2005 an amount of €5,4 m (2004: €3,6 m) in respect of interest has been capitalized as part of the construction of the power generation plant in Thessaloniki

(4) At the end of 2005 the power plant in Thessaloniki was completed and commissioned for commercial operation. As a result the total investment €245 m has been transferred out of "Assets Under Construction" into the relevant asset categories.

(All amounts in Euro thousands unless otherwise stated)

7 Intangible assets

	Goodwill	Computer software	Licences & Rights	Other	Total
Cost					
As at 1 January 2004	**122.393**	**38.274**	**31.582**	**1.709**	**193.958**
Additions	4.819	3.086	-	7	7.912
Disposals	(1.579)	-	-	-	(1.579)
Currency translation effects & other movements	(13.607)	(2.962)	-	(4)	(16.573)
As at 31 December 2004	**112.026**	**38.398**	**31.582**	**1.712**	**183.718**
Accumulated Amortisation					
As at 1 January 2004	**41.809**	**25.642**	**3.607**	**12.202**	**83.260**
Charge for the year	9.081	367	-	4.744	14.192
Disposals	(1.579)	-	-	-	(1.579)
Currency translation effects & other movements	19.891	23	-	(15.422)	4.492
As at 31 December 2004	**69.202**	**26.032**	**3.607**	**1.524**	**100.365**
Net Book Value at 31 December 2004	**42.824**	**12.366**	**27.975**	**188**	**83.353**
Cost					
As at 31 December 2004	**112.026**	**38.398**	**31.582**	**1.712**	**183.718**
Effect of adopting IFRS 3 (Negative Goodwill Restatement)	22.713	-	-	-	22.713
As at 1 January 2005	**134.739**	**38.398**	**31.582**	**1.712**	**206.431**
Additions	-	1.694	-	60	1.754
Disposals	-	(225)	-	(34)	(259)
Currency translation effects & other movements	-	(864)	-	48	(816)
As at 31 December 2005	**134.739**	**39.003**	**31.582**	**1.786**	**207.110**
Accumulated Amortisation					
Balance at 31 December 2004	**69.202**	**26.032**	**3.607**	**1.524**	**100.365**
Effect of adopting IFRS 3 (Negative Goodwill Restatement)	2.839	-	-	-	2.839
Balance as at 1 January 2005	**72.041**	**26.032**	**3.607**	**1.524**	**103.204**
Charge for the year	(212)	7.893	3.486	113	11.280
Disposals	-	-	-	(34)	(34)
Currency translation effects & other movements	-	(2.244)	-	45	(2.199)
Balance as at 31 December 2005	**71.829**	**31.681**	**7.093**	**1.648**	**112.251**
Net Book Value at 31 December 2005	**62.910**	**7.322**	**24.489**	**138**	**94.859**

Initial goodwill is calculated and recognised as an intangible asset in line with the Group's accounting policy described in note 2.6.

As a result of adopting IFRS 3, negative goodwill which arose on the Petrola Hellas acquisition in 2003 of Net Book Value €19m has been shown as a movement in 2005 through reserves.

During 2004 the Group recorded an impairment provision of €28m of which €20m relates to the carrying amount of goodwill arising on acquisitions in South East Europe.

The remaining amount of goodwill as at 31 December 2005 relates to the unamortised goodwill amount arising on the acquisition of Hellenic Petroleum Cyprus Ltd from BP plc in 2003 which is treated in line with the accounting policy in note 2.6. Goodwill has been tested for impairment as at 31 December 2005 and no such issue has been identified as the significant assumptions affecting the value of the company (price, margins, volumes) are improved.

(All amounts in Euro thousands unless otherwise stated)

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

8 Investments in associates

	As at	
	31 December 2005	**31 December 2004**
Beginning of the Year	**287.484**	**289.873**
DEPA goodwill restatement adoption of (IFRS 3)	67.600	-
Dividends received	(732)	(694)
Share of results of associates	4.317	(1.695)
Share capital increase	52	-
Other movements	(863)	-
Carrying Amount	**357.858**	**287.484**

The Group participates in a number of other entities with significant influence but not a controlling shareholding. These investments are accounted for in the Group accounts under the equity method.

The table below summarises the main investments in associates:

		As at	
	%	**31 December 2005**	**31 December 2004**
DEPA (Public Nat. Gas Corporation of Greece)	35%	345.942	274.778
V.P.I (Volos Pet Industries S.A.)	35%	8.260	8.446
Other		3.656	4.260
Total		**357.858**	**287.484**

The increase in the carrying value of DEPA in 2005 is attributed to its share of results of the year of €3.564 and the recognition of negative goodwill of €67.600 in line with the adoption of IFRS 3 taken directly to reserves (see also “Statement of Changes in Equity” and “Summary of accounting policies”).

9 Inventories

	As at	
	31 December 2005	**31 December 2004**
Crude oil	368.343	211.868
Refined products and semi-finished products	695.567	373.130
Petrochemicals	32.313	28.321
Consumable materials and other	72.875	62.532
	1.169.098	**675.851**

During 2005, the Group has written down certain consumable materials and other inventories to their estimated net realisable value by an amount of €4 million charged to the income statement in cost of sales.

(All amounts in Euro thousands unless otherwise stated)

10 Loans, Advances & Long Term assets

	As at	
	31 December 2005	**31 December 2004**
Loans and Advances	17.943	16.505
Other Long Term Assets	18.135	14.369
	36.078	**30.874**

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

Other long term assets include payments made to secure long term retail network locations and other prepayments of long term nature , which are non interest bearing.

These amounts are recognised at fair value and adjusted annually to reflect significant changes to their present value.

11 Trade and other receivables

	As at	
	31 December 2005	**31 December 2004**
Trade receivables	911.237	656.027
Less: provision for impairment of receivables	(127.216)	(118.861)
Trade receivables net	**784.021**	**537.166**
Other Receivables	99.665	111.420
Less: provision for impairment of other receivables	(10.858)	(9.469)
Other receivables net	**88.807**	**101.951**
Deferred charges and prepayments	**15.251**	**15.774**
Total	**888.079**	**654.891**

The provision for impairment of receivables reflects the full grossed up amount which includes all balances for which final write off has not been effected in accordance with recently introduced tax law (2005). To ensure comparability prior year 2004 balances have also been grossed up accordingly.

Other receivables include balances in respect of VAT, advances to personnel, Government grants receivable and other non operating sundry debtors.

The fair values of receivables approximate their carrying amount.

The movement for impairment has been included in Selling, Distribution and Administration costs in the Income Statement.

(All amounts in Euro thousands unless otherwise stated)

12 Cash and cash equivalents

	As at 31 December 2005	31 December 2004
Cash at bank and in hand	126.044	119.119
Cash equivalents	67.586	62.059
Total cash and cash equivalents	**193.630**	**181.178**

	As at 31 December 2005	31 December 2004
The weighted average effective interest rate was:		
Euro	2,05%	2,04%
USD	2,67%	1,34%

13 Share capital

	Number of Shares	Share Capital	Share premium	Total
As at 1 January 2004	**305.463.934**	**665.911**	**352.924**	**1.018.835**
Employee share options exercised	49.491	108	214	322
As at 31 December 2004	**305.513.425**	**666.019**	**353.138**	**1.019.157**
Employee share options exercised	108.820	237	569	806
As at 31 December 2005	**305.622.245**	**666.256**	**353.707**	**1.019.963**

All ordinary shares were authorised, issued and fully paid up. The nominal value of each ordinary share is €2,18 (31 December 2004: €2,18).

Share options

Hellenic Petroleum S.A. offered until the end of 2004 a share option scheme to management executives. The exercise price was determined based on the Company's share performance compared to the market and the options were fully vested at the grant date and exercisable within five years. During the AGM of Hellenic Petroleum S.A. held on 25 May 2005 a revised share option scheme was approved with the intention to link the number of share options granted to employees with the results and performance of the Company and its management. No options have been granted under this scheme as of 31 December 2005.

	2005 Average Exercise Price in € per share	Options	2004 Average Exercise Price in € per share	Options
At 1 January	**8,52**	**191.627**	**8,83**	**146.448**
Granted	-	-	6,97	94.670
Excercised	7,41	(108.820)	6,49	(49.491)
Lapsed	6,97	(11.137)	-	-
At 31 December	**10,52**	**71.670**	**8,52**	**191.627**

(All amounts in Euro thousands unless otherwise stated)

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

Expiry Date	Exercise Price per share in €	No. of shares as at 31 December 2005	31 December 2004
29/05/06	6,49	-	11.137
16/05/07	13,06	20.570	20.570
26/11/07	9,68	47.660	65.250
02/03/09	6,97	3.440	94.670
Total		**71.670**	**191.627**

14 Reserves

	Statutory reserve	Special reserves	Tax reserves	Total
Balance at 1 January 2004	**45.825**	**71.660**	**107.851**	**225.336**
Transfer to statutory and tax reserves	5.712	-	97.975	103.687
Balance at 31 December 2004	**51.537**	**71.660**	**205.826**	**329.023**
Reclassification of statutory reserves	5.257	-	176.080	181.337
Transfer to statutory and tax reserves	15.246	14.835	3.201	33.282
Balance at 31 December 2005	**72.040**	**86.495**	**385.107**	**543.642**

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 revaluations which have been included in the holding company accounts in accordance with the relevant legislation.

Tax reserves

Tax reserves include:

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

(All amounts in Euro thousands unless otherwise stated)

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

(iii) Tax free reserves include amounts for which the EU is evaluating the appropriateness of treatment in respect of income tax. The Group has not made any changes in its accounts as this issue is still being by the EU and the Greek state.

A deferred tax liability has not been provided as future distributions to shareholders and conversions to share capital through these reserves are not anticipated.

15 Trade and other payables

	As at	
	31 December 2005	**31 December 2004**
Trade payables	518.904	338.683
Accrued Expenses & Deferred Income	60.557	71.370
Other payables	57.582	87.707
Total	**637.043**	**497.760**

The balance of Trade payables includes amounts of crude oil and petroleum products of €381.778 as at 31 December 2005 which have not been invoiced as at the year end. For consistency purposes an amount of €198.766 relating to the respective amount as at 31 December 2004 has been reclassified from Accruals into Trade Payables in the prior year comparatives.

Other payables include balances for social security, payroll and other related costs.

16 Borrowings

	As at	
	31 December 2005	**31 December 2004**
Non-current borrowings		
Bank borrowings	242.887	321.404
Bond loan	296.686	-
Total non-current borrowings	**539.573**	**321.404**
Current borrowings		
Bank overdrafts	317.444	230.431
Current portion of long term debt	38.916	17.047
Total current borrowings	**356.360**	**247.478**
Total borrowings	**895.933**	**568.882**

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

(All amounts in Euro thousands unless otherwise stated)

Within short term and long term borrowings finance leases are included as follows:

	As at	
	31 December 2005	**31 December 2004**
Obligations under finance leases		
Within 1 year	726	667
Between 1 and 5 years	3.048	4.921
After 5 years	-	-
Total lease payments	**3.774**	**5.588**
less: Interest	(342)	(914)
Total	**3.432**	**4.674**

The maturity of non-current borrowings is as follows:

	As at	
	31 December 2005	**31 December 2004**
Between 1 and 2 years	58.078	64.437
Between 2 and 5 years	388.827	203.688
Over 5 years	92.668	53.279
	539.573	**321.404**

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

	As at 31 December 2005	
	€	**US$**
Bank Borrowings (short-term)	Euribor + 0,27%	Libor + 0,50%
Bank Borrowings (long-term)	Euribor + 0,36%	Libor + 0,95%
Bond loan	-	Libor + 0,35%

	As at 31 December 2004	
	€	**US$**
Bank Borrowings (short-term)	Euribor + 0,30%	Libor + 0,50%
Bank Borrowings (long-term)	Euribor + 0,33%	Libor + 0,95%
Syndicated loans	-	Libor + 0,37%

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

	As at	
	31 December 2005	**31 December 2004**
Euro	568.431	290.106
US dollar	327.502	278.776
Total borrowings	**895.933**	**568.882**

Bond Loan

In February 2005, the Company issued a five year US $ 350 million (€279 million) Bond Loan with Mandated Lead Arrangers The Bank of Tokyo – Mitsubishi Ltd, CitiGroup Global Markets Ltd., EFG Telesis Finance S.A. and National Bank of Greece S.A. and with the participation of sixteen financial institutions. The loan is part of the Company's refinancing arrangement of existing credit lines. Part of this loan was utilised to repay the existing syndicated loan amounting €200 million. As at 31 December 2005 the full amount of the loan has been drawn.

(All amounts in Euro thousands unless otherwise stated)

As at 31 December 2005 long term loans include a balance of €149,4 million (2004: €99,7 million) in respect of a 15 year fixed interest loan (bearing interest at 4,25%) for the construction of the power plant in Thessaloniki. The fair value of the balance is similar to the carrying value of the loan as at the year end.

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 2005	**31 December 2004**
Deferred tax assets:		
Deferred tax assets to be recovered after more than 12 months	42.255	11.003
	42.255	**11.003**
Deferred tax liabilities:		
Deferred tax liabilities to be recovered after more than 12 months	(18.645)	(21.294)
	(18.645)	**(21.294)**
	23.610	**(10.291)**

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

	As at	
	31 December 2005	**31 December 2004**
Beginning of the year	(10.291)	(945)
Reclassification from other provisions	(2.920)	-
Income statement (charge) / recovery	36.821	(9.346)
End of year	**23.610**	**(10.291)**

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

Intangible & Fixed Assets	(17.133)	(11.173)
Stock Valuation	2.589	(10.062)
Environmental Provision	1.298	382
Unrealised Exchange Gains	(3.573)	(18.396)
Bad debts & staff redundancy provisions	36.979	25.956
Other provisions	3.450	3.002
	23.610	**(10.291)**

(All amounts in Euro thousands unless otherwise stated)

18 Retirement benefit obligations

	As at	
	31 December 2005	**31 December 2004**
Balance sheet obligations for:		
Pension benefits	133.747	127.873
Total as per balance sheet	**133.747**	**127.873**

	For the year ended	
	31 December 2005	**31 December 2004**
Income statement charge for:		
Pension benefits	21.134	25.741
Total as per income statement	**21.134**	**25.741**

The amounts recognised in the balance sheet are as follows:

	As at	
	31 December 2005	**31 December 2004**
Present value of unfunded obligations	190.261	178.826
Unrecognised actuarial gains / (losses)	(49.548)	(48.544)
Unrecognised prior service cost	(6.966)	(2.409)
Liability in the Balance Sheet	**133.747**	**127.873**

The amounts recognised in the income statement are as follows:

	For the year ended	
	31 December 2005	**31 December 2004**
Current service cost	9.122	16.135
Interest cost	7.761	6.792
Net actuarial (gains) / losses recognised in the year	2.769	2.144
Past service cost	173	-
Regular profit & loss charge	**19.825**	**25.071**
Additional cost of extra benefits	1.309	670
Total included in employee benefit expense	**21.134**	**25.741**

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

	As at	
	31 December 2005	**31 December 2004**
Beginning of the year	127.875	110.483
Total expense included in employee benefit expense	21.134	25.741
Payments made	(11.953)	(7.288)
Other adjustments	(3.309)	(1.063)
At year end	**133.747**	**127.873**

The principal actuarial assumptions used were as follows:

	As at	
	31 December 2005	**31 December 2004**
Discount Rate	5,00%	5,00%
Future Salary Increases	4,50%	4,50%
Average future working life	11.32 years	11.75 years

(All amounts in Euro thousands unless otherwise stated)

19 Provisions and other long term liabilities

	As at	
	31 December 2005	**31 December 2004**
Government advances	25.614	25.614
Environmental provisions	5.192	1.092
Other provisions and liabilities	36.542	32.977
Total	**67.348**	**59.683**

Government advances

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

Environmental costs

A provision of € 1.092 was established in prior years for the estimated cost of rectifying environmental damage, as required by regulatory authorities, at various Company facilities.

Additionally, the Group has made a provision of €4.100 in 2005 for obligations in respect of CO_2 emissions which is charged to the cost of sales line.

Other Provisions:

Other provisions at 31 December 2005 and 2004 in addition to normal operating provisions for liabilities of the Group, include an amount of €10 million in respect of the original Share Purchase Agreement for the acquisition of OKTA and the construction of the Thessaloniki – Skopje pipeline which reflects the 20% shareholding entitlement of FYROM in the pipeline company VARDAX S.A.

20 Employee benefit expense

	As at	
	31 December 2005	**31 December 2004**
Wages and salaries	185.039	182.259
Social security costs	36.433	36.020
Pension costs	21.134	25.741
Other employment benefits	36.715	25.246
Total	**279.321**	**269.266**

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

(All amounts in Euro thousands unless otherwise stated)

21 Operating income / (expenses) - net

	For the year ended 31 December 2005	31 December 2004
Income from grants	15.147	7.823
Services to third parties	3.374	4.565
Rental income	5.796	5.399
Sale of Electric Power - Testing period	11.831	-
Other	1.834	10.276
Total	**37.982**	**28.063**

22 Finance costs -net

	For the year ended 31 December 2005	31 December 2004
Interest expense		
Bank borrowings	(22.451)	(16.687)
Other related expense	(1.764)	-
	(24.215)	**(16.687)**
Interest income		
Deposits	2.696	5.647
Trade receivables	9.599	7.259
Other finance income	873	276
	13.168	**13.182**
Finance costs - net	**(11.047)**	**(3.505)**

In addition to the finance cost shown above, an amount of €5,4 million (2004: €3,6 million) has been capitalized as part of the investment cost of the construction of the power generation plant (note 6).

23 Income tax expense

	For the year ended 31 December 2005	31 December 2004
Current tax	190.765	99.536
Deferred tax (Note 17)	(36.821)	9.346
Total	**153.944**	**108.882**

(All amounts in Euro thousands unless otherwise stated)

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

	For the year ended	
	31 December 2005	**31 December 2004**
Profit Before Tax	**494.828**	**239.654**
Income tax calculated at tax rates applicable to profits	164.978	71.896
Tax on income not subject to tax	(14.107)	(4.428)
Tax on expenses not deductible for tax purposes	12.519	40.133
Tax losses utilised or carried forward	(1.369)	7.048
Other	(8.077)	(5.767)
Tax Charge	**153.944**	**108.882**

The basic tax rate for Hellenic Petroleum S.A. was 32% for the period ending 31 December 2005 (30% for the period ending 31 December 2004, due to special tax rates applying as a result of the merger with Petrola.

In 2004 a new tax law was enacted on the base of which income tax rates for the fiscal year 2005, 2006 and 2007 would be 32%, 29% and 25% respectively. These rates have been used for deferred tax calculations.

A number of the Group subsidiaries continue to have unaudited fiscal years by the tax authorities. Hellenic Petroleum S.A. has not been audited from 2002 onwards. EKO S.A. is presently undergoing a tax audit for the years 1998-2002 on the basis of which a provision of €5 million has been included in the tax charge in year 2004.

24 Earnings per share

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

Earnings per share attributable to Company Shareholders (expressed in Euro per share):

	For the year ended	
	31 December 2005	**31 December 2004**
Basic	1,09	0,42
Profit for the period	334.222	128.218
Average number of ordinary shares outstanding	305.516.704	305.465.154

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

25 Dividends per share

A dividend in respect of 2004 of €0,26 per share (amounting to a total of €79.433.490,50) was approved by the Annual Shareholders Meeting held on 25 May 2005 to all shares issued and outstanding at that date. In addition in respect of 2005 an interim dividend of €0,15 per share (amounted to a total of €45.843.449,55) was approved by an extraordinary shareholders general meeting held at 12 December 2005. The interim dividend is paid to all shareholders who are entitled to profits from 2005.

(All amounts in Euro thousands unless otherwise stated)

Following the approval of the financial statements the Board of Directors will propose to the forthcoming Annual Shareholders Meeting a final dividend of €0,28 per share (total € 85.574).

26 Cash generated from operations

		For the year ended	
	Note	**31 December 2005**	**31 December 2004**
Profit before tax		**494.828**	**239.654**
Depreciation and amortisation of tangible and intangible assets	**6,7**	121.332	121.827
Financial (income)/ expenses	**22**	11.787	3.505
Share of (income)/ loss from associates	**8**	(4.317)	1.695
Provisions		48.708	49.430
Foreign exchange (gains) / losses		23.591	(35.393)
Loss on sale of fixed assets		2.191	14.449
		698.120	**395.167**
Changes in working capital			
(Increase) / decrease in inventories		(493.247)	(183.688)
(Increase) / decrease in trade and other receivables		(245.395)	(124.091)
Increase / (decrease) in payables		120.782	132.651
Taxes paid		(91.520)	(72.824)
		(709.380)	**(247.952)**
Net cash generated from / (used in) operating activities		**(11.260)**	**147.215**

27 Contingencies

The Company has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business. They are as follows:

(i) The Government has advanced Hellenic Petroleum S.A. € 43.434 to undertake research and exploration, as determined by Law 367/1976. A portion of the amount received, € 25.614, may become repayable once the Company generates income from the discoveries resulting from its expenditure and therefore is included as part of long-term liabilities (see note 19). The remaining € 17.902 has been written off as it is considered highly unlikely because of the nature of the expenditure that it will ever become repayable. The terms of repayment will be determined by the Ministry of Development, if applicable. The expenditure incurred with the funding of advance has been written off.

(ii) 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.

(iii) The Company has entered into a contract with the Hellenic State for the construction of sports facilities at the Thessaloniki refinery premises for the use by the general public and the employees of the Company until the year 2017. Management is not in a position to determine whether the terms of the contract will be extended indefinitely or whether the land will be repossessed by the Hellenic State.

(iv) During 2004, Hellenic Petroleum S.A. was audited by the Greek tax authorities for the years ended 31 December 1997 to 2001. An amount of €11,9 million of additional taxes, plus fines was assessed by tax authorities for prior year tax audits and was recorded in the financial statements for the year ended 31

(All amounts in Euro thousands unless otherwise stated)

December 2004. Hellenic Petroleum S.A. has not undergone a tax audit for the years ended from 31 December 2002 to 31 December 2005. Management believes that no additional material liability will arise as a result of the aforementioned open tax years over and above the liabilities and provisions recognised in these financial statements.

(v) Following an accident involving the motor tanker KRITI-GOLD on November 1998, at the Company's mooring installation in Thessaloniki, four seamen died. Claims have been lodged in connection with this accident against the ship owner and the Company. Of the four claims, three have already been settled with the involvement of the insurers. The last one is still pending but its outcome is not likely to have a material effect.

(vi) The Company has given letters of comfort and guarantees of €323 million to banks for loans undertaken by subsidiaries and associates of the Company, the outstanding amount of which as of 31 December 2005 was €250 million. The Company has also issued letters of credit and guarantees in favour of third parties amounting to € 228 million mainly for the completion of contracts entered into by the Company.

(vii) In addition, in October 2002 the Company guaranteed, through a Performance Bond issued by the National Bank of Greece of €45 million, its performance of the Investment Programme committed under the share purchase agreement for the acquisition of Jugopetrol AD Kotor, which as at 31 December 2005 has decreased to € 24 million.

(viii) Tax free reserves: The company has recorded an amount of € 81 million as tax free reserves under L.3220 / 2004. The EU is presently investigating the applicability of this law and its compliance with EU policies. No adjustment has been made to the financial statements as this issue is being investigated by the EU and the Greek state.

28 Commitments

Significant contractual commitments of the Group are as follows:

- Capital investment in upgrading Hellenic Petroleum refinery installations of €25 million.

- Upstream exploration and development costs of €19 million (2004: €15 million) have been committed as part of the Joint Operating Agreement (JOA) in place. These commitments will depend on the progress of exploration activities.

- As part of the original share purchase agreement of Jugopetrol AD Kotor the Group committed to a guaranteed investment program of €35 million.

29 Related-party transactions

	For the year ended	
	31 December 2005	**31 December 2004**
Sales of goods and services to related parties	761.277	459.831
Purchases of goods and services from related parties	27.876	25.075
Balances due to related parties	5.090	23.658
Balances due from related parties	105.796	46.505
Charges for directors remuneration	4.069	5.203

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

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
- Hellenic Armed Forces
- Olympic Airways/Airlines

b) Financial institutions (including subsidiaries) which are under common control with the Group due to the shareholding and control rights of the Hellenic State:

The group has loans amounting to €205.427 as at 31 December 2005 (2004: €130.551) which represent loan balances due to related financial institutions.

- National Bank of Greece
- Agrotiki Bank
- Commercial Bank of Greece

c) Joint ventures with other third parties which are consolidated under the equity method:
- OMV Aktiengesellschaft
- Sipetrol
- Woodside – Repsol – Elpe

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)
- Volos Pet Industries A.E.
- Spata Aviation Fuel Company S.A. (SAFCO)

e) Financial institutions (including subsidiaries) in which substantial interest is owned by parties which hold significant participation in the share capital of the Group.
- EFG Eurobank

f) Enterprises in which substantial interest is owned by parties which hold significant participation in the share capital of the Group.
- Lamda Shipyards
- Argonautis

(All amounts in Euro thousands unless otherwise stated)

30 Principal subsidiaries and associates included in the consolidated financial statements

COMPANY NAME	COUNTRY OF REGISTRATION	PARTICIPATION PERCENTAGE	METHOD OF CONSOLIDATION
EKO S.A	GREECE	100,00%	FULL
EKOTA KO	GREECE	49,00%	FULL
EKO NATURAL GAS	GREECE	100,00%	FULL
EKO KALIPSO	GREECE	100,00%	FULL
EKO BULGARIA	BULGARIA	100,00%	FULL
EKO-YU AD BEOGRAD	SERBIA	100,00%	FULL
EKO GEORGIA LTD	GEORGIA	97,40%	FULL
HELPE. INT'L	AUSTRIA	100,00%	FULL
HELPE. CYPRUS	CYPRUS	100,00%	FULL
HELPE SERVICES LTD	CYPRUS	100,00%	FULL
YUGOPETROL AD	MONTENEGRO	54,35%	FULL
GLOBAL ALBANIA S.A	ALBANIA	99,96%	FULL
ELDA PETROL ALBANIA	ALBANIA	99,96%	FULL
ELPET BALKANIKI S.A.	GREECE	63,00%	FULL
VARDAX S.A	GREECE	63,00%	FULL
OKTA CRUDE OIL REFINERY A.D	FYROM	51,35%	FULL
ASPROFOS S.A	GREECE	100,00%	FULL
DIAXON S.A.	GREECE	100,00%	FULL
POSEIDON S.A.	GREECE	100,00%	FULL
APOLLON S.A.	GREECE	100,00%	FULL
ENERGIAKI THES. S.A.	GREECE	100,00%	FULL
DEPA S.A.	GREECE	35,00%	EQUITY
V.P.I S.A.	GREECE	35,00%	EQUITY
E.A.K.A.A	GREECE	50,00%	EQUITY