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EKO BULGARIA EAD
ANNUAL ACTIVITY REPORT
ANNUAL FINANCIAL STATEMENTS
INDEPENDENT AUDITOR' S REPORT
31 DECEMBER 2009

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The management prepares its annual activity report and annual financial statement as at 31 December 2009 in compliance with the International Financial Reporting Standards (IFRS) adopted by the European Union. This report has been audited by PricewaterhouseCoopers Audit OOD.

MAIN ACTIVITIES

EKO BULGARIA EAD is a company registered in the Republic of Bulgaria in 2002. Its main activities include sales of fuels, lubricants, products and services related to them on the territory of the Republic of Bulgaria.

ASSESSMENT OF THE ACTIVITIES FOR THE REPORTED PERIOD

The year 2009 was another year of development for the Company, mainly characterised by the management's main objectives to achieve further growth of the business, as well as a positive result from the Company operating activity.

The business environment in 2009 can be characterized as a period of aggravation of the crisis caused by the collapse of the real estate markets, the subsequent very tangible shrinkage in the construction and transport branches, the aggravation of the financial crisis, as well as the increase of the prices of the crude oil. Although the Company's retail sales reached an increase by 26% compared to the previous year, they remained 20% below the plan. The expenses, effectively controlled throughout the year, were 9% less than the budgeted. In the wholesale trade the Company marks a very positive development, expressed in more than twofold increase as compared to 2008 and the plan. The average daily turnover measured in m^3 per PS for the whole petrol station chain (81 PS) was 5.5 m^3, as compared to 5.9 m^3 in 2008 (72 PS at the end of the period). The reason for this was the adding of new 9 PS to the chain, which are yet to reach their maturity in the future, as well as the influence of the crisis on the fuel retail sales.

The management focused the efforts during the year in the following main directions:

1. Network development
   - Company added to its chain another 9 new PS during the reported period. The company has 81 working PS as at 31.12.2009.
   - Management under operating lease of 15 PS owned by an associated company.
   - The market status required the application of strict control over the receivables from retail sales through Eko Cards.
2. Marketing
   - Corporate Social Responsibility (CSR) Program under the heading "Call when you get there" was continued from the previous year, accompanied by series of advertisement and promotional activities. The company received several awards for its CSR Program, including a special award by European Charter of Road Safety in the category "Large Companies and Multinationals". The prize was delivered to EKO Bulgaria by the EU Transport Commissioner himself – Mr. Antonio Tajani.
3. Corporate "Discipline"
   - The Company developed and implemented new procedures for improvement of the internal controls, in complement to the existing ones.

The Management considers that the results achieved during the reported period are very good considering the conditions of aggravating financial crisis that has affected the fuel market in Bulgaria, too. The management is dedicated to achieving the objectives for 2010 in the developed five-year plan.

EVENTS SUBSEQUENT TO THE REPORTING PERIOD END

There have been no events subsequent to the end of the period other than those described in the notes to the IFRS financial statements, which would separate disclosure in the IFRS financial statements or notes thereto.

COMPANY FUTURE DEVELOPMENT

The company plans to achieve within next 5 years:

- By the end of the period to be among the most respected firms, included in the top players in the Bulgarian energy market, recognised by the consumer by the top quality of its products and services.
- To have a network of 110 PS in the market.
- To have approximately 10% share in the market by the end of the period.

COMPANY SHARE CAPITAL STRUCTURE

The registered capital of the company amounts to BGN 51 500 000 (fifty one million five hundred thousand), divided into 5 150 000 (five million one hundred fifty thousand) shares, with nominal value of BGN 10 /ten/ each, owned by member of the Group of Hellenic Petrolemum – Hellenic Petroleum Bulgaria (Holdings) Limited.

BOARD OF DIRECTORS

The company is managed under the one-tier system of management by a Board of Directors. The latter consists of 6 (six) members. The Board of Directors is appointed by the sole shareholder for a period of 5 (five) years. Members of the Board of Directors are natural persons. The Board of Directors manages the activities by representing and administrating the Company. The Board of Directors appoints a Chairman and a Vice-Chairman, as well as an Executive Director (executive member).

The members of the Board of Directors of EKO Bulgaria EAD are as follows:

Apostolos Rizakos - Chairman
Christos Tziolas – Deputy Chairman
Ioannis Polykandriotis – Managing Director
Gerasimos Stanitsas – Member
Matthaios Matthaiou– Member
Georgi Iordanov Deyanov – Member

The annual remuneration of the Board of Directors members is disclosed in the notes to the financial statements.

FINANCIAL RISK MANAGEMENT

In conditions of acting during the reporting period global financial crisis the Company's activities suggest a number of financial risks: market risk (including currency risk, interest rate risk, etc.), credit risk, liquidity risk, etc. The Company's general program for risk management is focused on the control over the collection of receivables from customers and the unpredictability of financial markets, while aiming at minimising the potential adverse effect on its financial performance. Risk management is performed by the treasury department of the parent company according to the policies approved for all Hellenic Petroleum ("Group") companies. This department identifies, evaluates and decides whether to hedge financial risks in close cooperation with the managements of Group companies. Specialists from this department prepare written principles for overall risk management, as well as principles that cover specific areas such as risk of changes in exchange rates, interest risk, credit risk, use of various financial instruments and investment of free cash.

THE COMPANY MANAGEMENT SETS THE FOLLOWING MAIN GOALS FOR 2010

- Achievement of economic and financial results in accordance with the interests of the shareholders providing development of the business of Hellenic Petroleum in the country;
- Further increase of operational efficiency of the PS;
- Further increase of the market share.

THE COMPANY'S MANAGEMENT RESPONSIBILITY

In compliance with the Bulgarian legislation it is a duty of the Management of the Company to prepare financial statement for every reported period, which to present truly the financial state, the financial result and the cash flows of the Company in compliance with the International Financial Reporting Standards (IFRS).
The Management of the Company confirms that the present financial statements drawn in compliance with the IFRS are prepared in line with the company's accounting policies, statutory and legal requirements and the principles of consistency and ongoing activities. All the accruals and provisions are done following the conservative evaluation, fair presentation and consistency.
The Management of the Company confirms that all the requirements of the applicable accounting standards have been observed in the preparation of the financial statements.
The Management of the Company is responsible for the presentation of the results, preserving the ownership and the interests of the Company, as well as for undertaking the necessary measures for avoiding and disclosing possible abuse and other irregularities.
We believe in the success of the Company's activities and use the opportunity to express our loyalty to our shareholders, customers, suppliers and personnel. We expect to achieve future encouraging results.

....
Yannis Polykandriotis
Managing Director
EKO Bulgaria EAD
17 March 2010,
Sofia

EKO BULGARIA EAD
STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2009

(All amounts are in BGN thousands)	Note	As at 31 December 2009	2008
ASSETS			
Non current assets			
Property, plant and equipment	5	141,558	139,126
Intangible assets	6	10,911	11,483
Deferred tax assets	15	4,250	3,076
		156,719	**153,685**
Current assets			
Inventories	8	13,942	9,606
Trade and other receivables	7	9,781	6,546
Cash and cash equivalents	9	3,477	2,479
		27,200	**18,631**
Total assets		**183,919**	**172,316**
EQUITY			
Share capital			
Share capital	10	51,500	51,500
Uncovered Loss		(43,211)	(37,953)
		8,289	**13,547**
LIABILITIES			
Non current liabilities			
Trade and other payables	11	4,808	5,331
Finance lease	13	10,993	9,375
Liabilities under pension plans	12	49	39
		15,850	**14,745**
Short-term liabilities			
Borrowings	14	124,871	114,428
Trade and other payables	11	34,223	29,114
Finance lease	13	686	482
		159,780	**144,024**
Total liabilities		**175,630**	**158,769**
Total equity and liabilities		**183,919**	**172,316**

The Financial Statement has been approved by the Board of Directors on March 23, 2010

Executive Director
Ioannis Polykandriotis

Financial Director
Georgi Deyanov

Certified in compliance with the audit report:
Date: 06.04.2010

Registered auditor:
Irena Vakova

Petko Dimitrov
(PricewaterhouseCoopers Audit OOD)

EKO BULGARIA EAD
STATEMENT OF COMPREHENSIVE INCOME
31 DECEMBER 2009

(All amounts are in BGN thousands)	Note	Year ended as at 31 December	
		2009	**2008**
Revenue	17.1	294,615	234,388
Cost of sales	17.2	(262,850)	(212,799)
Gross profit		**31,765**	**21,589**
Distribution and sale costs	17.4	(28,869)	(20,620)
Administrative expenses	17.5	(5,216)	(4,362)
Other income, net	17.3	1,349	1,285
Operation loss		**(971)**	**(2,108)**
Interest income/(expenses), net	17.6	(5,587)	(6,967)
Income/(expenses) from exchange rates, net	17.7	126	(1,006)
Loss before taxes		**(6,432)**	**(10,081)**
Tax income	18	1,174	1,264
Loss for the period		**(5,258)**	**(8,817)**
Other comprehensive Income		-	-
Total comprehensive Income		**(5,258)**	**(8,817)**

The Financial Statement has been approved by the Board of Directors on March 23, 2010

Executive Director
Ioannis Polykandriotis

Financial Director
Georgi Deyanov

Certified in compliance with the audit report:
Date: 06.04.2010

Registered auditor:
Irena Vakova

Petko Dimitrov
(PricewaterhouseCoopei
Audit OOD)

The accompanying notes from pages 11 to 38 are an integral part of these financial statements

EKO BULGARIA EAD
STATEMENT OF CHANGES IN EQUITY
31 DECEMBER 2009

(All amounts are in BGN thousands)

	Note	Share Capital	Retained earnings/ (loss)	Total
Balance as at 1 January 2008	10	51,500	(29,136)	22,364
Loss for the year		-	(8,817)	(8,817)
Balance as at 31 December 2008		**51,500**	**(37,953)**	**13,547**
Balance as at 1 January 2009	10	51,500	(37,953)	13,547
Loss for the year			(5,258)	(5,258)
Balance as at 31 December 2009		**51,500**	**(43,211)**	**8,289**

The Financial Statement has been approved by the Board of Directors on March 23, 2010

Executive Director
Ioannis Polykandriotis

Financial Director
Georgi Deyanov

Certified in compliance with the audit report:
Date: 06.04.2010

Registered auditor:
Irena Vakova

Petko Dimitrov
(PricewaterhouseCoopers Audit OOD

EKO BULGARIA EAD
STATEMENT OF CASH FLOWS
31 DECEMBER 2009

(All amounts are in BGN thousands)	**Note.**	**31 December 2009**	**2008**
Cash flows from operating activities	19	6,661	9,378
Interest paid		(5,719)	(6,070)
		942	**3,308**
Cash flow from investing activities			
Purchase of PPE and intangible assets		(10,655)	(34,500)
Proceeds from sale of PPE and intangible assets	19	239	2,119
Interest received	17.6	47	170
Net cash used in investing activities		**(10,369)**	**(32,211)**
Cash flows from financing activities			
Repayments of borrowings		(3,911)	(9,779)
Proceeds from short-term loans		19,558	39,117
Net cash used in financing activities		**15,647**	**29,338**
Decreased in the cash and cash equivalents		**6,220**	**435**
At the beginning of the period		**(8,161)**	**(8,596)**
At the end of the period	9	**(1,941)**	**(8,161)**

The Financial Statement has been approved by the Board of Directors on March 23, 2010

Executive Director
Ioannis Polykandriotis

Financial Director
Georgi Deyanov

Certified in compliance with the audit report:
Date: 06.04.2010

Registered auditor:
Irena Vakova

Petko Dimitrov
(PricewaterhouseCoopers Audit OOD)

1. General Information

The main scope of activities of EKO Bulgaria EAD includes trading with petrol products and lubricants, both in Bulgaria and abroad, supply of petrol stations and industrial plants with fuels. EKO BULGARIA EAD is a sole-owner company established by the sole owner Eko-Elda ABEE, Greece on 12 July 2002. The ownership on the shares of the Company was transferred to Hellenic Petroleum Bulgaria (Holdings) Limited as at 31 July 2007. The name of the company was changed to EKO BULGARIA EAD on 29 November 2007. The address of the Company is: 1040 Sofia, 36 Dragan Tsankov Blvd., INTERPRED Building, Bl. A, Fl.8, Office 800A.
These financial statements have been approved for issuing by the Board of Directors of EKO BULGARIA EAD on 23 March 2010.

2. Accounting policy

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

2.1. Basis for Preparation of Annual Financial Statements

These financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the Commission of European Union.
According to International Accounting Standards (Amendment) "Presentation of Financial Statements" (in force as of 1 January 2009), the Company has chosen to present a single Annual Activity (Income Statement) Report.
The financial statements have been prepared under the historical cost convention and going concern which imply that the Company will continue to exist in the future. If the business risks are underestimated and the activity of the Company is affected or terminated, the assets – sold, the necessary adjustments should be made in order to reduce the carrying amount of assets to their liquidation value, to accrue any further obligations and to carry out reclassification of current assets and non-current liabilities as current ones. The parent company has confirmed its intentions for the financial support of the company in the foreseeable future, which allows management to prepare financial statements in accordance with the principle of going concern. The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. As of 01.01.2009, the Company has applied the changes that relate to its activity. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are separately disclosed in this financial statement.

Standards, amendments and interpretations effective as at 01.01.2009 but not relevant to the Company activity

The following interpretations and amendments of existing standards have been published and are mandatory for Company accounting periods starting on or after 1 January 2009 or to later periods but relevant to the Company activity and therefore are not analysed in detail.

- IFRIC 12, 'Service concession agreements.
- IFRIC 14, 'IAS 19 – Income of Hired Personnel" – the limit on a defined benefit asset, minimum funding requirements and their interaction'.
- IFRIC 15, "Agreements for construction of real estates" – effective for annual periods starting on or after 1 January 2009.
- IFRIC 16, "Hedges of a Net Investment in a Foreign Operation" – effective for annual periods starting on or after 1 October 2008.

2. Accounting policy (continued)

2.1. Basis for Preparation of Annual Financial Statements (continued)

Standards, amendments and interpretations effective as at 01.01.2009 but not relevant to the Company activity

- IFRIC 17 "Distribution of non-cash Assets to Owners" – refers to distribution of non-cash dividends to owners, effective for annual periods starting on or after 1 July 2009.

- IFRIC 18, "Transfers of Assets from Customers" – effective for annual periods starting on or after 1 July 2009.

- Amendments in IFRS 1 and IAS 27, "First-Time Adoption of International Financial Reporting Standards" and "Consolidated and Separate Financial Statements" – an amendment related to the cost of acquisition of subsidiary, associated and jointly controlled companies, revised in 2008, effective for annual periods starting on or after 1 January 2009.

- IFRS 2, "Share-based payment" – amendment related to the acquisition and rejection terms (effective as of 1 January 2009)

- IFRS 3 (Amendment), "Business combinations" (effective at 1 July 2009)

- IFRS 5 (Amendment), 'Non-current assets held for sale and discontinued operations' (and subsequent amendment to IFRS 1, 'First-time adoption of IFRS') (effective from 1 July 2009).

- IFRS 7 (revised in March 2009), "Financial instruments – Disclosure" – amendments improving the disclosure of the fair value and the liquidity risk, effective for annual periods starting on or after 1 January 2009

- IFRS 8, "Operating segments" – abrogates IAS 14 "Segment Reporting" (effective as of 1 January 2009)

- IAS 1, "Presentation of Financial Statements" – puttable financial instruments and obligations arising on liquidation, revised in 2008, effective for annual periods starting on or after 1 January 2009

- IAS 16 (Amended), "Property, plant and equipment" (and subsequent amendment to IAS 7, 'Statement of cash flows') (effective from 1 January 2009). The amendment is part of the IASB annual improvements project published in May 2008. The amendment concerns companies whose ordinary activity includes rent and subsequent sale of assets.

- IAS 23 (Amendment), "Borrowing costs" (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset.

- IAS 27 (Amendment), "Consolidated and Separate Financial Statements" (effective as of 1 January 2009)

- IAS 28 (Amendment), "Investments in associates" (and subsequent amendments to IFRS 7, "Financial instruments: Disclosures" and IAS 32, "Financial Instruments: Presentation") (effective as of 1 January 2009).

2. Accounting policy (continued)

2.1. Basis for Preparation of Annual Financial Statements (continued)

Standards, amendments and interpretations effective as at 01.01.2009 but not relevant to the Company activity

- IAS 29 (Amendment), "Financial reporting in hyperinflationary economies" (effective as of 1 January 2009).
- IAS 31 (Amendment), "Interests in joint ventures" (and subsequent amendments to IFRS 7 and IAS 32) (effective as of 1 January 2009).
- IAS 32 (revised 2008), "Financial instruments: Presentation", and IAS 1 (Amendment), "Presentation of financial statements" – "Puttable financial instruments and obligations arising on liquidation" (effective as of 1 January 2009).
- IAS 38 (Amendment), 'Intangible assets', (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment deletes the wording that states that there is 'rarely, if ever' support for use of a method that results in a lower rate of amortisation than the straight line method. The amendment will not currently have an impact on the Company's operations as all intangible assets are amortised using the straight line method.
- IAS 39 "Financial Instruments: Recognition and Measurement" – amendments to the positions eligible for hedging, revised July 2008, effective for annual periods starting on or after 1 July 2009.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

- IAS 32 (Amendment), "Financial instruments: Classification" – amendments related to the classification of rights, revised in 2009, effective for annual periods starting on or after 1 February 2010.

2. **Accounting policy (continued)**

2.1. **Basis for Preparation of Annual Financial Statements (continued)**

Interpretations and amendments to existing standards that are not yet effective and not relevant to the Company's operations

- Amendment of IFRS 2, "Share-based payment" – an amendment related to group transactions based on cash payments, revised in June 2009, effective for annual periods starting on or after 1 January 2010.

- IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments" – effective for annual periods starting on or after 1 July 2010.

Amendments to standards, interpretations and clarifications that are not adopted by the European Union

- Amendment to IFRS 1, "First-time adoption of IFRS" – amendments related to assets in petrol industry and definition whether a transaction contains an element of leasing, restructured in July 2009, effective for annual periods starting on or after 01 January 2010.

- Amendment to IFRS 2, "Share-based payment" – an amendment related to group transactions based on cash payments, revised in June 2009, effective for annual periods starting on or after 01 January 2010.

- IFRS 2; IFRS 5; IFRS 8; IAS1, IAS7, IAS17, IAS36, IAS38, IAS39, IFRIC 9 and IFRIC 16, revised in April 2009 – amendments as a result of the annual improvements in 2009, some of which will be effective for annual periods starting on or after 1 July 2009, and the rest – 1 January 2010.

- IFRS 9, "Financial Instruments – Classification and Assessment" – additional amendments are expected till the end of 2010 after which the standard will replace entirely IAS 39 – issued in November 2009, effective for annual periods starting on or after 1 January 2013.

- IAS 24, "Related parties" – change in the definition of related parties, revised November 2009, effective for annual periods starting on or after 1 January 2011.

- IFRIC 14, "IAS 19 – limit on a defined benefit asset under schemes with defined instalments, minimum funding requirements and their interaction – the change refers to voluntarily pre-paid instalments, revised in November 2009, effective for annual periods starting on or after 1 January 2011.

- IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments" – effective for annual periods starting on or after 1 July 2010.

2. Accounting policy (continued)

2.2 Foreign Currency Transactions

(a) Functional currency and currency of presentation

The separate elements of the financial statements of the Company are evaluated in the currency of the prevailing economic environment within which the Company performs its activities ("functional currency"). The financial statements are presented in Bulgarian leva, which is the functional currency.

(b) Transactions and balances

The foreign currency transactions are translated into a functional currency applying the official exchange rate effective on the respective day. The gains and losses resulting from foreign currency fluctuations occurring as a result of payments under foreign currency transactions and also from reassessment under a closing exchange rate of the assets and liabilities denominated in foreign currency are recognised in the income statement.
The closing exchange rates of the Bulgarian lev to the basic foreign currencies the Company has operated with are as follows:

	As at 31 December	
	2009	**2008**
1 USD	1.36409	1.38731
1 EUR	1.95583	1.95583

Currency differences on non-monetary financial assets and liabilities are reported as part of the profits and losses associated with the presentation at fair value.

2.3. Property, Plant and Equipment

The land and buildings include mainly commercial premises – petrol stations and land plots for the construction of petrol stations. The land and the building are stated at acquisition cost decreased by subsequent depreciation of buildings.
The costs of acquisition of tangible fixed assets are not depreciated until the moment the assets are put into operation.

The subsequent costs are added to the balance value of the asset or are calculated as a separate asset only when the Company is expected to receive future economic benefits related to the use of this asset and when their book value could be specified in a trustworthy way. All other maintenance and repair costs are reported in the revenue statement for the period, into which they were incurred.
Land is not depreciated. The depreciation of other property, machines and equipment is calculated under the linear method aiming at the distribution of the difference between the net book value and the residual value of the assets service life, as follows:

– Buildings, Tanks	14-25 years
– Pipe installations	10 years
– Vehicles	6 -7 years
– Furniture, road pavement, other tangible fixed assets	5 years

The residual value and the service life of assets are reviewed and, if necessary, the respective adjustments are made by any date of financial report preparation.

2. Accounting policy (continued)

2.4 Fixed Intangible Assets

(a) Goodwill

The goodwill represents the excess of acquisition cost of the business activity of Eco Petroleum Petrol Stations over the fair value of the identified net assets at the acquisition date. Goodwill on acquisition of business is stated in the Balance sheet as an intangible asset. The goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(b) Software

The intangible fixed assets are initially represented at the acquisition price. They are amortized for their expected useful life (from 3 to 4 years).

2.5. Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation but are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher than the net realisable value and value in use. For the value in use to be defined, the assets are grouped at the lowest levels for which there are separately identifiable cash flows.

2.6. Non-Current Assets Held for Sale

The Company classified a non-current asset as held for sale if its fair value will be recover mainly through sale transaction than through continuing use. Assets are available in existing state for immediate sale within 12 months from the date of their classification. The non-current assets held for sale are evaluated at the lower of the balance sheet value or the fair value reduced by the selling expenses.

2.7. Inventory

The inventories are stated at the lower of cost or net realisable value.
Net realisable value is the estimated by the expected sale price at ordinary course of business, decreased by expenses directly related to sale. Inventories are written off through weighted-average cost method.

2.8. Trade Receivables

Trade receivables are initially recognised at fair value and subsequently measured at depreciation cost (using the method of the effective interest rate), decreased by possible provision for impairment.

2. Accounting policy (continued)

2.8. Trade Receivables (continued)

A provision for impairment is established in case there is objective evidence that the Company will not be able to collect all amounts due under the initial conditions regarding the respective account.

The impairment amount is the difference between the asset's carrying value and recoverable value. The latter represents the present value of cash flows discounted by the effective interest rate. The amount of the provision for impairment is recognised in the income statement.

2.9. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Balance sheet.

2.10 Share capital

Ordinary shares are classified as equity.

2.11. Borrowings

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at depreciation cost; any difference between the payments due (net of transaction costs) and borrowing value is recognised in the income statement over the period of the borrowing by using the effective interest rate method.
The borrowings are classified as short-term liabilities – with up to 12-month repayment period, and long-term liabilities – with a repayment period of over 12 months as at the balance sheet date.

2.12. Deferred Income Taxes

Deferred income tax is charged under liability method for all temporary differences between the tax base of the assets and liabilities and their carrying amount in the financial statements. When calculating the deferred taxes the tax rates and statutory framework in force at the Balance sheet date are used related to the period of expected reversal of temporary tax differences.

A deferred tax asset is recognised only in case there are future taxable profits sufficient in size against which these assets could be utilised.

2.13. Employee Benefits

Pension obligations
The Company makes contributions for the retirement of its employees to the respective insurance funds based on their salaries, according to local law requirements. The Company has no further liability in respect of those contributions. In addition and in accordance with the Bulgarian labour law the employer is obliged to pay the employees at retirement between two and six gross monthly wages depending on the length of service in the Company (less or more than 10 years) – art.222 of the Bulgarian Labour Code.

2. Accounting policy (continued)

2.14. Provisions

Provisions are recognised only in cases when the Company has the current legal or constructive obligation as a result of past events; it is probable that outflows of resources will be required to settle the obligation (rather than not appear) and the amount of obligation can be reliably estimated. Provisions are considered at every Balance sheet date and recalculated with the aim to point the best current assessment. The contingent liabilities are not recognised, but disclosed unless the probability to use cash flows, including economic benefits for the repayment of the obligation is distant in time. Provisions for future losses are not recognised.

2.15. Revenue Recognition

Revenues include the fair value of the sold goods and services net of value added tax and discounts. Revenues are recognised as follows:

(a) *Sales of goods - retail sales*
Revenues from sales of goods are recognised when the Company sells goods to the customer. The retail sales are paid in cash, by debit and credit cards or by Eco-cards issued by the Company for deferred payment through banks. In order to guarantee the receivables from the customers holding cards the Company concludes contracts for Bank guarantees, Deposits and Insurance in case of deferred payment.

(b) Sales of Services
Revenues from services are recognised during the reporting period, in which they were charged on the basis of the degree of performance specified as a percentage of services so far against all services to be rendered.

(c) Interest Income
Interest income is recognised on a time-proportion basis using the effective interest method. In case of impaired receivable the Company reduces its carrying value to its recoverable value which represents the expected future cash flows discounted on the basis of the initial efficient interest rate. The interest income on impaired receivables is recognised either when the interest is collected or on the basis of the related conditional guarantees.

2.16. Leases

Leases, in which a significant portion of the risks and rewards is taken over by the Lessor, are classified as operational leasing. Payments under operational leasing (net regarding the Lessor's discounts) are recognised as a cost in the income statement in equal parts for the period of the lease.
Financial lease, under the power of which the risks and benefits related to ownership of thc asset are transferred substantially to the Company, are recognised as an asset and liability at the beginning of the lease at fair value of the asset or the current value of the minimum lease payments if they are of lower value. Lease payments are allocated between the financial cost for the period and the reduction of the unpaid obligation so as to obtain a permanent interest rate of the remaining balance of the obligation for the period. The financial cost is recognised as current expense for the period.

2. Accounting policy (continued)

2.17. Dividend Distribution

The distribution of dividend among the Company shareholders is recognised as an obligation for the period when the dividends were approved by shareholders.

3. Financial Risk Management

3.1. Financial Risk Factors

The financial assets and financial liabilities represented in the Company Balance sheet include assets held for sale, cash, trade and other current receivables and obligations, non-current and current loans and obligations. The main risks related to these financial instruments are currency risk, credit risk, liquidity risk and risk of change of interest rates.

(a) Market Risk

(i) Foreign Exchange Risk

The Company has carried out transactions under which payments are denominated in foreign currency and which are related mainly to its funding as well as its operational activity. The Company did not use financial instruments to hedge this risk.

However, it should be taken into consideration that the Company loans as well as the receivables from customers are denominated in one currency (the BGN/EUR rate is fixed). Therefore it could be considered that the currency risk is limited. The currency risk shall arise when the future trade transactions and the recognised assets and liabilities are denominated in currency different from the functional currency of the enterprise.

(ii) Interest Rate Risk

The Company does not have significant interest-bearing assets. The revenues and the operating cash flows of the Company are not influenced by the changes in the market interest rates.

The interest rate risk for the Company arises from the received long-term loans. The loans with floating interest rates expose the Company to interest rate risk related to changes in the future cash flows. The risk depends on the movements in the financial markets and the Company has not developed methods for its mitigation.

(b) Credit Risk

The Company does not have significant concentration of credit risk. The Company has developed and applies a policy, which guarantees that the sales of goods and services are done only to customers with suitable credit history. In order to guarantee the receivables from customers card holders in the cases of deferred payment the Company concludes contracts for bank guarantees, deposits and insurances.

No credit limits were exceeded during the reporting period. The management does not expect any losses as a result of any defaults related to the obligations of those counterparties.

c) Liquid risk

Prudent liquidity risk management implies maintaining sufficient cash and liquid securities, as well opportunities for additional loan funding and closing market positions. Due to the dynamic nature of the underlying businesses, company aims at achieving flexibility in funding by maintaining availability under committed credit lines.

3. Financial Risk Management (continued)

3.1. Financial Risk Factors (continued)

(c) Liquid risk (continued)

The table below shows the company's financial liabilities in relevant maturity groups based on the remaining period from the Balance sheet at the maturity date of the contract. The amounts disclosed in the table are the contractual undiscounted cash flows. The liabilities due within 12 months are equal to their carrying balances as the impact of discounting is not significant.

As at 31 December 2009	**Less than a year**	**Between 1 and 2 years**	**Between 2 and 5 years**
Loans	124,871	-	-
Trade and other liabilities	34,223	-	-
Finance lease and interest	1,680	3,112	3,289

As at 31 December 2008	**Less than a year**	**Between 1 and 2 years**	**Between 2 and 5 years**
Loans	114,428	-	-
Trade and other liabilities	29,114	-	-
Finance lease and interest	1,141	2,280	2,282

3.2. Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.
In order to maintain or adjust its capital structure, the Company may adjust the amount of paid dividends to shareholders, return capital to shareholders, issue new shares or sell assets to pay the debts.

Consistent with others in the industry the Company monitors a capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the Balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the Balance sheet plus net debt.

3. Financial risk management (continued)

3.2. Capital risk management (continued)

During 2009 the Company maintains the gearing ratio within 80% to 95%. The gearing ratios at 31 December 2009 and 2008 were as follows:

	2009	2008
Total borrowings (Note 14)	124,871	114,428
Less with cash and cash equivalents (Note 9)	(3,477)	(2,479)
Net debt	121,394	111,949
Total share capital	8,289	13,547
Total Capital	**129,683**	**125,496**
Gearing ratio	94%	89%

3.3 The Recent Volatility of the Global and the Local Financial Markets.

The ongoing global liquidity crisis, which commenced in the middle of 2007 has resulted in, among other things, lower liquidity levels across the banking sector and, at times, higher interbank lending rates and very high volatility in stock markets. Indeed the full extent of the impact of the ongoing financial crisis is proving to be impossible to anticipate or completely guard against.

Impact on the Liquidity:
The Company has concluded loan contract with financial institutions to the amount of BGN 124,871 thousand, including the interest due as of 31 December 2009. The management takes all necessary measures to maintain stability and Company business development in the present situation.

Impact on the clients/debtors
The borrowers or the debtors of the Company may be affected by the lower liquidity situation which could in turn influence their ability to repay the amounts owed. Deteriorated operating conditions for the customers may also have an impact on the management's cash flow forecasts and assessment of the impairment of financial and non-financial assets.

4. Critical Accounting Estimates and Assumptions

The estimates and judgments are based on experience and other factors including expectations for future events in the existing circumstances. The accuracy of estimates and assessments are reviewed regularly. The Company has made approximate estimates and judgments for the purposes of accounting and disclosure which may differ from the actual results as described below:

(a) The fair value of the financial instruments
The fair value of the financial assets and liabilities is approximately equal to their balance sheet value.

4. Critical Accounting Estimates and Assumptions (continued)

(a) The fair value of the financial instruments (continued)

The fair value of the financial liabilities for the purposes of the disclosure is calculated by discounting of the future cash-flows agreed by the short-term market interest rate from similar financial instruments available to the Company.

(b) Impairment of Goodwill

The Company tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 2.4(a). The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of approximate estimates.

(c) Income tax

Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax liabilities in future tax audit based on estimates of management whether additional taxes will be due. Where the final tax outcome of these matters is different from the initially recorded liabilities these differences will be stated in the short-term liabilities for income tax and will have impact on the current tax in the period in which such determination is made.

(d) Useful Life of Tangible Assets

The management of Company determines the expected useful life and depreciation expenses related to the long-term assets. This approximate estimate is based on a projection for the life cycle of the assets. It may be significantly changed as a result of changes in the market environment. The management will increase the depreciation and amortization expenses in cases when the useful life is shorter than the one specified in advance or will dispose and impair the technologically old or non-strategic assets, which have been either abandoned or sold/liquidated.

(e) Impairment of receivables

When applying impairments to receivables, the Company management evaluates both the amount and the period of the receivable-related net cash flows that are expected on the basis of its experience with other receivables that are similar in their nature while taking into consideration the current circumstances surrounding the receivables, being reviewed for impairment.

(f) Provisions

The management of the Company assesses the amount of the provisions for potential liabilities on the bases of its experience with other contingent liabilities that are similar in nature, while considering the current information available about the specific liabilities including information from the Company legal consultants.

(All amounts are in BGN thousands, unless otherwise stated)

5. Property, plant and equipment

	Lands (land spots)	Buildings and constructions	Machines, equipment and computers	Vehicles	Fixtures	Other PPE	Assets under construction	Total
Net book amount at 1 January 2008	**53,123**	**41,770**	**9,851**	**51**	**3,051**	**2,543**	**1,738**	**112,127**
Additions	13,795	7,142	6,137	-	2,172	321	4,311	33,878
Disposals	(761)	-	(165)	-	(179)	-	(98)	(1,203)
Accumulated depreciation of disposals	-	-	21	-	12	-	-	33
Transferred by groups of assets		3,832	148	-	51	323	(4,354)	-
Re-classified from the group of non-current assets held for sale	1,086	-	-	-	-	-	-	1,086
Depreciation charge	-	(2,570)	(2,620)	(18)	(1,164)	(423)	-	(6,795)
Closing net book amount at 31 December 2008	**67,243**	**50,174**	**13,372**	**33**	**3,943**	**2,764**	**1,597**	**139,126**
Book value	67,243	58,757	21,465	122	7,145	3,984	1,597	160,313
Accumulated depreciation	-	(8,583)	(8,093)	(89)	(3,202)	(1,220)	-	(21,187)
Net book amount at 31 December 2008	**67,243**	**50,174**	**13,372**	**33**	**3,943**	**2,764**	**1,597**	**139,126**
Net book amount at 1 January 2009	**67,243**	**50,174**	**13,372**	**33**	**3,943**	**2,764**	**1,597**	**139,126**
Additions	1,771	3,369	1,815	40	1,156	536	1,631	10,318
Disposals	-	-	(155)	(49)	(75)	(8)	-	(287)
Accumulated depreciation of disposals	-	-	2	44	9	-	-	55
Group assets transferred	-	397	32	-	48	-	(477)	-
Depreciation charge	-	(2,940)	(3,091)	(16)	(1,207)	(400)	-	(7,654)
Closing net book amount at 31 December 2009	**69,014**	**51,000**	**11,975**	**52**	**3,874**	**2,892**	**2,751**	**141,558**
Book value	69,014	62,523	23,157	113	8,274	4,512	2,751	170,344
Accumulated depreciation	-	(11,523)	(11,182)	(61)	(4,400)	(1,620)	-	(28,786)
Net book amount at 31 December 2009	**69,014**	**51,000**	**11,975**	**52**	**3,874**	**2,892**	**2,751**	**141,558**

No property, plant and equipment have been used as collateral for obtaining of any loans from financial institutions.

The Company has eleven petrol stations (along with all assets available there) acquired through financial lease, as follows:

(All amounts are in BGN thousands, unless otherwise stated)

5. Property, plant and equipment (continued)

	As at 31 December	
	2009	**2008**
Cost - capitalized finance lease	17,646	15,150
Accumulated depreciation	(1,220)	(1,201)
Net book value	**16,426**	**13,949**

6. Intangible fixed assets

	Software	Land - right of use	Goodwill	Total
Net book amount at 1 January 2008	**499**	**7,064**	**2,630**	**10,193**
Additions	2,200			**2,200**
Disposals	-			-
Depreciation charge	(348)	(562)		**(910)**
Closing net book amount at 31 December 2008	**2,351**	**6,502**	**2,630**	**11,483**
Book value	3,358	7,859	2,630	**13,847**
Accumulated depreciation	(1,007)	(1,357)	-	**(2,364)**
Net book amount at 1 January 2009 г.	**2,351**	**6,502**	**2,630**	**11,483**
Additions	334			**334**
Depreciation charge	(343)	(563)		**(906)**
Net book amount at 31 December 2009	**2,342**	**5,939**	**2,630**	**10,911**
Book value	3,692	7,859	2,630	**14,181**
Accumulated depreciation	(1,350)	(1,920)		**(3,270)**
Net book amount at 31 December 2009	**2,342**	**5,939**	**2,630**	**10,911**

For the purpose of impairment testing, the goodwill is allocated to the whole chain of 12 PS (acquired from Eко-Petroleum) as a cash generating unit (CGU).
The recoverable amount of a CGU is determined based on value-in-use calculations. Estimated pre-tax cash flows based on extrapolation of the below rates of growth are used in these calculations. The growth rate does not exceed the long-term average growth rate for the retailing of fuels business in which the CGU operates.

(All amounts are in BGN thousands, unless otherwise stated)

6. Intangible fixed assets (continued)

The main assumptions applied for the calculation of the value in use of the asset are as follows:

	Weighted average - the first 5 years	Weighted average - the second 5 years
Annual increase in the fuel retail sales	5%	3%
Annual increase in the gross margin	5%	1%
Annual increase in the sales of other goods	4%	3%
Annual increase in the operating expenses	3%	2%
Annual discount rate	9%	9%

Management has determined budgeted gross margin based on the real data for past period and its expectations for market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The period of time needed for achieving of trade "maturity" of the 12 PS within the framework of the whole chain has also been taken into account. The discount rate has been determined based on the specific risk assessment envisaged as part of the policy of Hellenic Petroleum Group.

The analysis shows that impairment of goodwill is not necessary.

7. Trade and Other Receivables

	As at 31 December	
	2009	**2008**
Trade receivables – regular	7,576	5,068
Trade receivables – overdue, not impaired	1,369	945
Trade receivables – overdue, impaired	1,134	628
Impairment of trade receivables	(304)	(101)
Prepayments	6	6
	9,781	**6,546**

The trade receivables which are overdue by less than 180 days will not be deemed impaired. They are from different independent customers without past default. The ageing analysis of these trade receivables, overdue but not impaired, is as follows:

	As at 31 December	
	2009	**2008**
Up to 6 months	587	735
More than 6 months	782	210
Overdue Unimpaired Receivables – Total	**1,369**	**945**

As at 31 December 2009 trade receivables amounting to BGN 1,134 thousand were impaired. The amount of the provision was BGN 304 thousand as at this date (2008: 101). These individually impaired receivables are due by retailers, which are temporarily in a hard economic situation. All receivables are expected to be recovered.

7. **Trade and Other Receivables (continued)**

The ageing analysis of these receivables is as follows:

	As at 31 December	
	2009	**2008**
More than 6 months	1,134	628
Overdue Impaired Receivables – Total	**1,134**	**628**

The maximum exposition to a credit risk as of the reporting date is the net book value of the receivables described above. The Company has secured the receivables from customers through a financial risk insurance and promissory notes signed by the debtors. The analysis of receivables overdue more than 150 days is presented as follows:

Collaterals for trade receivables with a period longer than 6 months

	As at 31 December	
	2009	**2009**
	Receivables	**Collaterals**
Trade receivables insured against financial risk	3,218	1,472
Trade receivables secured by a promissory note	1,625	859
Trade receivables secured by bank guarantees	4,320	3,719
Trade receivables secured by deposits	311	158
	9,474	6,208

The changes in the provisions for impairment of the trade receivables are:

	Impairment
As at 01 January 2009	**(101)**
Accumulated provision for impaired receivables during the period	(204)
Received amount from customers	1
As at 31 December 2009	**(304)**

8. **Inventories**

	As at 31 December	
	2009	**2008**
Fuels	10,375	6,477
Lubricants	212	137
Goods in the shops	3,133	2,854
Other inventories	222	138
	13,942	**9,606**

No inventories have been used as collaterals for obtaining loans from financial institutions.

9. **Cash and Cash Equivalents**

	As at 31 December	
	2009	**2008**
Cash at bank and cash in hand	3,327	2,329
Blocked cash	150	150
	3,477	2,479

An amount of BGN 150 thousand has been deposited in a bank in accordance with the requirements for trading electricity. A license has been issued to the Company for trading with electrical power.

9. Cash and Cash Equivalents (continued)

The cash and cash equivalents consist of:

	As at 31 December	
	2009	**2008**
Cash at bank and cash in hand	3,477	2,329
Bank overdraft in current account	(5,418)	(10,490)
	(1,941)	**(8,161)**

10. Share capital

	Number of shares (thousand)	Value (BGN thousand)
As at 31 December 2008	5,150	51,500
As at 31 December 2009	**5,150**	**51,500**

The share capital consists of 5,150 thousand ordinary shares with a nominal value of BGN 10 each. The issued share capital has been fully paid.
As at 31 December 2009 the sole shareholder of the Company is:

Shareholder	**Share of capital**
Hellenic Petroleum Bulgaria (Holdings) Limited	100 %

11. Trade and other payables

	As at 31 December	
	2009	**2008**
Short-term liabilities		
Trade payables	16,067	16,899
Amounts due to related parties (Note 20)	17,824	11,589
Leaves not taken	101	107
Other payable	231	519
	34,223	**29,114**

Long-term liabilities	**2009**	**2008**
Trade payables	4,808	5,331
Total	**4,808**	**5,331**

(All amounts are in BGN thousands, unless otherwise stated)

11. **Trade and other payables (continued)**

Long-term liabilities

The minimum payments under the business combination in 2006 in which 12 petrol stations were acquired are as follows:

	As at 31 December	
	2009	**2008**
Up to 1 year	761	761
Between 1 and 5 years	3,045	3,045
More than 5 years	2,664	3,425
	6,470	**7,231**
Deferred financial expenses	(1,139)	(1,401)
Net Payments	**5,331**	**5,830**
Incl. short-term part	523	499
long-term part	4,808	5,331
	5,331	**5,830**

Present value of the future payments:

	2009	**2008**
Up to 1 year	523	499
Between 1 and 5 years	2,355	2,247
More than 5 years	2,453	3,084
	5,331	**5,830**

The liabilities include amounts accrued from leaves not taken, as follows:

	Leaves not used as at 31 December	
Short-term	**2009**	**2008**
As at 1 January	**107**	**86**
Used in the period	(107)	(86)
Accrued during the period	101	107
As at 31 December	**101**	**107**

12. **Retirement benefit obligations**

The balance sheet liability under retirement benefit plans is envisaged under a plan for defined staff incomes after retirement.

According to requirements of the Labour Code, Art. 222, para. 3, in case of termination of the labour relation after the worker or the employee has been entitled to retirement rights for time served and age reached, regardless of the reason for the termination he/she shall be entitled to compensation from the employer amounting to his/her gross monthly salary for a period of 2 months and if the latter has worked for the same employer in the last 10 years of his/her time served – to a compensation amounting to his/her gross monthly salary for a period of 6 months.

(All amounts are in BGN thousands, unless otherwise stated)

12. Retirement benefit obligations (continued)

The amounts recognised as expenses in the income statement are as follows:

	As at 31 December	
	2009	**2008**
Interest costs	2	1
Current service costs	11	10
Net actuarial loss recognised in the period	(3)	(1)
Total included in staff costs	**10**	**10**

The movement of the liability recognised under the balance sheet and the current value of the liability are as follows:

	2009	**2008**
At the beginning of the period	39	29
Recognised expense in the income statement	10	10
At the end of the period	**49**	**39**

13. Finance lease

	As at 31 December	
	2009	**2008**
The minimum lease payments are as follows:		
Up to 1 year	1,680	1,141
From 1 to 5 years	6,401	4,562
More than 5 years	10,153	9,489
	18,234	**15,192**
Future financial expenses for finance lease	(6,555)	(5,335)
Present value of the future lease payments	**11,679**	**9,857**
Incl. short-term part	686	482
long-term part	10,993	9,375
	11,679	**9,857**

The present value of the obligation is:

	As at 31 December	
	2009	**2008**
Up to 1 year	686	482
From 1 to 5 years	3,217	2,274
More than 5 years	7,776	7,101
	11,679	**9,857**

14. Borrowings

	As at 31 December	
Short-term	**2009**	**2008**
Bank overdrafts (Note 9)	5,418	10,490
Short-term bank loans	66,499	70,410
Loans from related parties (Note 20)	52,807	33,249
Interest payable	147	279
Total	**124,871**	**114,428**

(All amounts are in BGN thousands, unless otherwise stated)

14. Borrowings (continued)

Short-term (continued)

The following amounts under bank overdraft have not been used as at 31 December:

	2009	**2008**
Up to 1 year	8,568	13,958
	8,568	**13,958**

The borrowings up to 1 year are annual commitments which have been reviewed on various dates in 2009.

The effective interest rates as at the balance sheet date are as follows:

	2009	**2008**
Bank overdrafts	4.50%	5.34%

The fair value of the current loans is equal to their balance sheet values, because the effect of the discounting is insignificant. The fair values are based on the discounted cash flows at a discount interest rate of the interest loans of 4.50 %(2009) , 5.42% (2008). The balance sheet value of the current loans is approximately equal to their fair value.

The balance sheet values of the loans of the Company are denominated in the following currencies:

	As at 31 December	
	2009	**2008**
Euro	61,047	58,506
Bgn	5,473	

a) A long-term bank loan agreement was signed on 08.09.2004 and was repaid by 30 September 2009. The maximum amount of the loan was EUR 7,000,000. It was an investment loan for the purchase of land, construction of petrol stations and other purposes. A special irrevocable order on the loan was deposited as security opened by a Greek bank in favour of the lending institution. The effective interest rate on the loan is a six-month EURIBOR+0.85%.

b) A short-term bank loan was renegotiated on 17.02.2009. The amount of the loan is BGN 24,448,000 and is used in the form of overdraft on current accounts. The loan has a term of use of 1 year. The interest is payable quarterly. A corporate guarantee has been deposited issued by Hellenic Petroleum AD - Greece. The effective interest rate on the credit is a three-month EURIBOR+ 1,5 points.

(All amounts are in BGN thousands, unless otherwise stated)

14. Borrowings (continued)

Short-term (continued)

c) A short-term bank loan agreement was signed on 13.06.2006 and renegotiated on 14.04.2009. The loan at the amount of EUR 24,000,000 was fully utilised. The loan has a term of use of 1 year. The interest is payable quarterly. A corporate guarantee has been deposited, issued by Hellenic Petroleum AD - Greece.The effective interest rate on the credit is three-month EURIBOR+2.00 %.

d) A short-term bank loan from Alpha Bank was signed on 06.03.2007. The loan amounts to EUR 10,000,000 and has been fully utilised. The loan was renegotiated on 31.03.2009. The loan has a term of use of 1 year. The interest is payable quarterly. A corporate guarantee has been deposited, issued by Hellenic Petroleum AD - Greece. The effective interest rate on the credit is three-month EURIBOR+4,50%.

e) A short-term bank loan was renegotiated on 14.04.2009. The limit on the loan is worth EUR 100,000,000. As at 31.12.2009 EUR 27,000,000 have been utilised. The term of use is five years. The effective interest rate on the credit is six-month EURIBOR+0,35%.

15. Deferred tax assets and liabilities

Deferred tax assets and liabilities (temporary tax differences) are compensated where there is a legal right of receiving compensation for the current tax assets against the current tax liabilities and where the temporary tax differences refer to the same tax administration. The following amounts are stated in the balance sheet:

	As at 31 December	
	2009	**2008**
Deferred tax assets:		
– Deferred tax assets to be recovered after more 12 months	4,250	3,076
	4,250	**3,076**

The movement in the deferred tax account is as follows:

At the beginning of the period(assets)	3,076	1,812
Charged to the income statement (Note 18)	1,174	1,264
As at the end of the period(assets)	**4,250**	**3,076**

(All amounts are in BGN thousands, unless otherwise stated)

15. Deferred tax assets and liabilities (continued)

The movement of the deferred taxes in the respective period has been as follows:

	Accellerat. Depr.	Provision art.222 of the Labor Code	Unpaid leave	Depr. Receivable	Bonus	Non-capitalised assets	Week capitalisation	Total
As at 31 December 2008	**1,401**	**3**	**2**	**10**	**7**	**4**	**385**	**1,812**
(Cost) /income in the income statement	674	1	8	-	3	(4)	582	1,264
As at 31 December 2008	**2,075**	**4**	**10**	**10**	**10**	**-**	**967**	**3,076**
(Cost) /income in the income statement	746	1	(1)	20	(10)		418	1,174
As at 31 December 2009	**2,821**	**5**	**9**	**30**	**0**	**0**	**1,385**	**4,250**

16. Financial instruments

16.1. Financial instruments by category

As at 31 December	**2009**	**2008**
Assets as per balance sheet:		
Trade and other receivables excluding repayments	9,775	6,540
Cash and cash equivalents	3,477	2,479
Total:	**13,252**	**9,019**

As at 31 December	**2009**	**2008**
Liabilities as per balance sheet:		
Borrowings	124,871	114,428
Trade and other payables excluding statutory liabilities	50,710	44,302
Total:	**175,581**	**158,730**

(All amounts are in BGN thousands, unless otherwise stated)

16. Financial instruments (continued)
16.2 Credit quality of financial assets

The credit quality of financial assets that are not impaired can be assessed by historical information for levels of default of this type:

	2009	2008
Contractors without external credit rating		
Group 1	238	777
Group 2	4,808	4,291
Group 3	3,582	945
Total trade receivables:	**8,628**	**6,013**

- Group 1 – new customers/related parties (less than 6 months).
- Group 2 – existing customers/related parties (more than 6 months) with no defaults in the past.
- Group 3 – existing customers/related parties (more than 6 months) with some defaults in the past.

Cash at banks and short-term bank deposits have been evaluated as per Fitch Rating Agency as follows:

Banks	**2009**		**2008**	
	Rating	Cash at hand	Rating	Cash at hand
United Bulgarian Bank	BBB+	639	AAA	997
CITY	AA	-	AA	1,202
EFG	A-	2,791	A	249
Total cash at bank and short-term bank deposits		**3,430**		**2,448**

17. Operating revenue and expenses
17.1. Revenue

	2009	2008
Sale of fuels		
- Retail	183,131	174,740
- Wholesale	88,028	41,201
Sales of lubricants	422	290
Sale of goods	23,034	18,157
	294,615	**234,388**

17.2. Cost of goods sold

	2009	2008
Cost of fuels sold		
- Retail	159,087	158,956
- Wholesale	86,109	40,542
Cost of lubricants sold	287	178
Cost of goods sold	17,367	13,123
	262,850	**212,799**

(All amounts are in BGN thousands, unless otherwise stated)

17. Operating Revenue and Expenses (continued)

17.3. Other Operating Income (net)

	2009	2008
Incomes from sales of tangible fixed assets (net)	4	916
Penalties and fines charged to suppliers	-	-
Rents and advertisement	430	239
Other income	915	130
	1,349	**1,285**

17.4. Sales and distribution expenses

	2009	2008
Maintenance and repairs	2,697	1,260
Dealer's remuneration	9,444	6,781
Advertisement and marketing	1,204	1,431
Electricity, water, consumable	2,266	1,603
Property taxes and fees	1,111	996
Depreciation and amortisation	8,294	7,379
Other expenses	3,853	1,170
	28,869	**20,620**

17.5. Administrative expenses

	2009	2008
Salaries and social security	1,814	1,648
Rents	554	293
Consumable and maintenance	330	268
Hired services	1,372	1,251
Depreciation and amortisation	266	326
Other	880	576
	5,216	**4,362**

17.6. Interest income / (expense)

	2009	2008
Interest expense	(5,634)	(7,137)
Interest income	47	170
	(5,587)	**(6,967)**

17.7. Foreign exchange income / (expense)

	2009	2008
Income from foreign exchange differences	2,188	2,532
Expenses from foreign exchange differences	(2,062)	(3,538)
	126	**(1,006)**

(All amounts are in BGN thousands, unless otherwise stated)

18. Tax expense

	2009	2008
Deferred tax effect	1,174	1,264
	1,174	**1,264**

The expenses for taxes are equal to the tax expenses as theoretically calculated by multiplying the profit before tax by the effective tax rate as follows:

	2009	2008
Accounting loss (before tax)	(6,432)	(10,081)
Theoretical tax expense at 10% (2008:10%)	(643)	(1,008)
Not-recognised expense	38	18
Recognised deferred tax asset from previous years	(11)	(6)
Previous years tax loss deduction	(558)	(268)
Tax expense	**(1,174)**	**(1,264)**

The annual tax losses of the Company which are subject to deduction from future profits are as follows:

Year of occurrence	Tax loss to be carried over
2006	4,148

19. Cash generated from operation activity:

	As at 31 December	
	2009	**2008**
Loss before income tax	(6,432)	(10,081)
Adjustments for:		
Depreciation and amortisation	8,560	7,705
(Profit)/Loss of sales of assets	(4)	(916)
Change in the liability provision	10	10
Interest expense, net	5,587	6,967
Exchange rate differences, net	(126)	1,006
Impairment expense	204	
Changes in the turnover capital:		
- Inventories	(4,336)	(4,666)
- Trade and other receivables	(3,236)	(1,226)
- Obligations	6,434	10,579
Cash generated from operation activity	**6,661**	**9,378**

(All amounts are in BGN thousands, unless otherwise stated)

19. Cash generated from operation activity (continued)

In the cash flow statement the amount of sale of long-term tangible assets consists of:

	2009	2008
Net book amount	235	1,203
(Profit)/loss of sale of tangible fixed assets	4	916
Proceeds from the sale of tangible fixed assets	**239**	**2,119**

20. Related - party transactions

Hellenic Petroleum Bulgaria (Holdings) holds 100% of the shares of Eko Bulgaria EAD. Hellenic Petroleum is the sole owner of Hellenic Petroleum Bulgaria (Holdings).

Purchase of goods and services from related parties

	As at 31 December 2009	2008
– Eko-Elda ABEE – purchase of fuels and lubricants	262	183
– Hellenic Petroleum Greece – purchase of fuels and lubricants	102,909	76,607
– Hellenic Petroleum Bulgaria Properties – purchase of fuels and lubricants, fixed assets, services	5,177	1,035
– HELPE International Consulting – consultant services	391	352
	108,739	**78,177**

Payables to related parties

	As at 31 December 2009	2008
– Eko-Elda ABEE – trade liabilities for purchase of fuels and lubricants	54	12
– Hellenic Petroleum Greece - purchase of fuels and lubricants	15,423	10,335
– Hellenic Petroleum Bulgaria Properties – purchase of fuels and lubricants, fixed assets, services	2,347	1,242
	17,824	**11,589**

Amounts due to related parties on received loans:

	As at 31 December 2009	2008
– Hellenic Petroleum Finance - loan	52,807	33,249
	52,807	**33,249**

Sales of goods and services to related parties

	As at 31 December 2009	2008
– Hellenic Petroleum Bulgaria Properties EAD – sale of fuels and lubricants, fixed assets	2,126	771
	2,126	**771**

(All amounts are in BGN thousands, unless otherwise stated)

20. Related - party transactions (continued)

Receivables from related parties

	As at 31 December	
	2009	**2008**
– Hellenic Petroleum Bulgaria Properties EAD – sale of fuels and lubricants, fixed assets	47	472
	47	**472**

The Board of Directors of EKO Bulgaria EAD consists of six persons, and their gross salary for 2009 is estimated at BGN 342 thousand (2008: 383 thousand).
Under a program which provides right to buy shares of Hellenic Petrolium SA Greece at preferential conditions, options are provided to acquire shares at advanced fixed prices. Depending on specific criteria proposed options are to be exercised within five years after the third in a given period of time.
As at 31.12 .2009 the stock option right was not exercised.

Receivables from related parties – company loans to personnel
Eko Bulgaria EAD has signed a corporate loan agreement with an employee at a key management position amounting to BGN 30 thousand. The loan term is 20 months. The interest is 4.73% payable monthly. The receivable amount on this loan has received to its full size as at 31 December 2009:

	As at 31 December	
	2009	**2008**
Corporate loan receivables from employees	-	3
	-	3

21. Contingent assets and liabilities

Taxation
The taxation of the Company is done under the regulations of the Republic of Bulgaria for year 2008. It should be taken in mind that in the application of several provisions of the tax rules different interpretations are possible. National tax law is in the process of development and adaptation to variable business environment that is why there is a potential possibility the tax administration to impose its vision after any tax examination which may increase the amount of taxation of the Company or to impose fines.

Tax liabilities of the Company are based on filed tax returns and are considered to be finalised after inspection by the tax authorities or the expiry of five year limitation period, which has started as of the end of the year, in which the tax has become payable. Д х audits under the Law on Corporate Income Tax, Law on Personal Income Tax and VAT are performed till 30.04.2008.
On 01.01.2009 the company rents under operating lease 16 petrol stations and 2 depots owned by Hellenic Petroleum Bulgaria Properties EAD. Term of the contract is 5 years and amounts to BGN 11,366 thousand.

22. Commitments

Capital investment commitments
The Company has no commitments under signed contracts for construction of fixed assets.

(All amounts are in BGN thousands, unless otherwise stated)

22. Commitments (continued)

Commitments under operational lease contracts:
As at 31 December 2009 the Company has rented offices and premises under the terms of irrevocable lease agreements. The lease agreements have various conditions and terms, the biggest rent being the one of the central office, to the amount of BGN 412 thousand (2008: BGN 282 thousand)

The value of the future minimum payments on these agreements is as follows

	2009	2008
Up to 1 year	513	493
From 1 to 5 years	106	98
	619	**591**

Bank guarantees provided to third parties:
As at 31 December 2009 the Company has issued the following bank guarantees to secure the excise liabilities at supply of fuels from Greece:
- In favour of the Customs in Thessaloniki – EUR 1,300 thousand,
- In favour of Customs Bureau, Sofia Airport – BGN 6,675 thousand,
- In favour of Customs Agency, Central Customs Administration – BGN 1,244 thousand.

The bank guarantees have been secured by the loan limit of BGN 24,448,000.
As at 31 December 2009 the Company is committed for providing fuel up to the amount of BGN 2 thousand to three persons who won a lottery prize for the whole of their remaining life.

23. Post balance sheet events

The Company management stated that no corrective events occurred after the Balance sheet date that could have significant impact and had to be reflected and/or disclosed in the financial statements.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF EKO BULGARIA EAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Eko Bulgaria EAD (the "Company") which comprise the statement of financial position as of 31 December 2009 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted in the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

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

This version of our report is a translation from the original, which was prepared in Bulgarian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

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

Opinion
In our opinion, the accompanying financial statements give a true and fair view of the financial position of Eko Bulgaria EAD as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted in the European Union.

Emphasis of matter
Without qualifying our opinion, we draw attention to the fact that, as described in note 2.1., the financial statements of the Company have been prepared on a going concern basis. The Company generated a net loss of BGN 5,258 thousand for the year ended 31 December 2009 and current liabilities exceed current assets by BGN 132,580 thousand. These matters indicate the existence of a material uncertainty which may affect the ability of the Company to continue as a going concern.

Without qualifying our opinion, we draw attention to the fact that as of December 31, 2009 and 2008 the Company's registered share capital exceeds its net assets which is in non-compliance with art. 252 par.1 clause 5 of the Bulgarian Commercial Act, which requires that in such instance the shareholders take a decision to decrease the registered share capital, restructure or liquidate the Company or other appropriate measures. Otherwise the Company may be liquidated by the court of registration. As of the date of the approval of the accompanying financial statements the shareholders have not taken a decision for restructuring, liquidation or decrease of registered share capital or other appropriate measures.

Report on Other Legal and Regulatory Requirements
Management is also responsible for preparing the Annual Report in accordance with the Accounting Act.

We are required by the Accounting Act to express an opinion whether the Annual Report is consistent with the annual financial statements of the Company.

In our opinion, the Annual Report set out on pages 4 to 6, is consistent with the accompanying financial statements of the Company as of 31 December 2009.

Irena Vakova
Registered Auditor

Petko Dimitrov
PricewaterhouseCoopers Audit OOD

06 April 2010
Sofia