EKO BULGARIA EAD
ANNUAL ACTIVITY REPORT
ANNUAL FINANCIAL STATEMENTS
INDEPENDENT AUDITOR' S REPORT
31 DECEMBER 2010

EKO BULGARIA EAD
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31 DECEMBER 2010

The management prepares its annual activity report and annual financial statement as at 31 December 2010 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 2010 was another year of development for the Company, mainly characterised by the management's main objectives to achieve further growth of the business on the existing basis, without acquisition of new objects into the structure, as well as a positive result from the Company operating activity.
The business environment in 2010 can be characterized as a period of continuing reflection of different financial and business factors on the sales of fuels, lubricants, products and services related to them. The amount of the Company's retail sales due to restructuring of some of the activities- separating them from operating control reached an increase by 11% compared to the previous year, and 21% above the plan and above the level reached in the previous year. The expenses, effectively controlled throughout the year, were 1% less than the budgeted. In the wholesale trade the Company marks a very positive development, expressed in more than 33% increase as compared to the plan and 1% increase than 2009. The average daily turnover measured in m^3 per petrol station (PS) for the whole petrol station chain (81 PS for the two periods) was 6.2 m^3, as compared to 5.5 m^3 in 2009. The reason for this was that the new PS added to the chain in 2009 reached their maturity. For the first time in its history the Company registers a positive operating result of its activity on the amount of BGN 6 045 thousands.

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

1. Adequate control on the operating expenses of the stations
    - The operating department for managing and control was separated from the sales department and marketing of the chain of petrol stations.
    - The responsibility for presenting the petrol stations was delegated to the regional managers, working in close co-operation with purchasing, marketing and sales departments.
    - Daily expenses were monitored closely by the operating control division situated in the Head office and assisted by the planning and reporting department.
2. Marketing and sales
    - The price formation of the fuels was made under the strict following of the local features of each of the stations. This politics was contributed by majority of local promotions aiming to stimulate the sales on a certain station for a certain period.
3. Corporate "Discipline"
    - The Company developed and implemented new procedures for improvement of the internal control, in complement to the existing ones, including improvements of the credit control, programs for development of the stuff and clearing of the duplicated or unsuccessfully delegated functions.

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 2011 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 require 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.
- The construction of a depot (tax depot) for light fuels and liquefied petrol gas, which will contribute the achievement of fully independence from competition with other companies, as well as significant decreasing of the expense for maintaining the obligatory wartime availability.
- To have a network of 100 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 Petroleum – 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. To avoid the currency risk the Company has dealt with its main supplier of light fuels and liquefied petrol gas the deliveries to be amounted in EUR, not in USD from the beginning of December 2010.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 2011

- Achievement of economic and financial results in accordance with the interests of the share-holders providing development of the business of Hellenic Petroleum in the country;
- Further increase of operational efficiency of the PS;
- The construction of a depot for light fuels and liquefied petrol gas near Sofia
- 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, as adopted by the European Union (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.

....
Ioannis Polykandriotis
Managing Director
EKO Bulgaria EAD
17 March 2011

EKO BULGARIA EAD
STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2010

All amounts are in BGN thousands)

	Note	As at 31 December 2010	2009
ASSETS			
Non current assets			
Property, plant and equipment	5	132,979	141,558
Intangible assets	6	10,290	10,911
Deferred tax assets	16	4,317	4,250
Investment property	7	2,235	-
		149,821	**156,719**
Current assets			
Inventories	9	19,705	13,942
Trade and other receivables	8	7,063	9,781
Cash and cash equivalents	10	8,722	3,477
		35,490	**27,200**
Total assets		**183,311**	**183,919**
EQUITY			
Share capital			
Share capital	11	51,500	51,500
Retained deficit		(43,835)	(43,211)
		7,665	**8,289**
LIABILITIES			
Non current liabilities			
Trade and other payables	12	4,260	4,808
Finance lease	14	10,339	10,993
Liabilities under pension plans	13	56	49
		14,655	**15,850**
Short-term liabilities			
Borrowings	15	125,458	124,871
Trade and other payables	12	37,092	34,223
Finance lease	14	441	686
		162,991	**159,780**
Total liabilities		**177,646**	**175,630**
Total equity and liabilities		**185,311**	**183,919**

The Financial Statement has been approved by the Board of Directors on March 23, 2011

Executive Director
Ioannis Polykandriotis

Financial Director
Georgi Deyanov

„ЕКО България" ЕАД
ЕКО
4
София

Certified in compliance with the audit report:
Date: 31 March 2011

Registered auditor:
Irena Vakova

Rusko Dimitrov
(PricewaterhouseCoopers Audit OOD)

Специализирано одиторско предприятие
„Прайсуотърхаус Купърс Одит" ООД
София
Рег. №085

The accompanying notes from pages 11 to 41 are an integral part of these financial statements

EKO BULGARIA EAD
STATEMENT OF COMPREHENSIVE INCOME
31 DECEMBER 2010

(All amounts are in BGN thousands)

	Note	Year ended as at 31 December 2010	2009
Revenue	18.1	390,588	294,615
Cost of sales	18.2	(348,298)	(262,850)
Gross profit		**42,290**	**31,765**
Distribution and sale costs	18.4	(30,908)	(28,869)
Administrative expenses	18.5	(6,613)	(5,216)
Other income, net	18.3	1,276	1,349
Operation profit/(loss)		**6,045**	**(971)**
Interest income/(expenses), net	18.6	(6,415)	(5,587)
Income/(expenses) from exchange rates, net	18.7	(321)	126
Loss before taxes		**(691)**	**(6,432)**
Tax income	19	67	1,174
Loss for the period		**(624)**	**(5,258)**
Other comprehensive income		-	-
Total comprehensive income		**(624)**	**(5,258)**

The Financial Statement has been approved by the Board of Directors on March 23, 2011

„ЕКО БЪЛГАРИЯ" ЕАД
ЕКО
4
СОФИЯ

Executive Director
Ioannis Polykandriotis

Financial Director
Georgi Deyanov

Certified in compliance with the audit report:
Date: 31 March 2011.

Registered auditor:
Irena Vakova

СПЕЦИАЛИЗИРАНО ОДИТОРСКО ПРЕДПРИЯТИЕ
София
Рег. №085
"ПрайсуотърхаусКупърс Одит" ООД

Petko Dimitrov
(PricewaterhouseCooper
Audit OOD)

The accompanying notes from pages 11 to 41 are an integral part of these financial statements

EKO BULGARIA EAD
STATEMENT OF CHANGES IN EQUITY
31 DECEMBER 2010

(All amounts are in BGN thousands)

	Note	Share Capital	Retained deficit	Total
Balance as at 1 January 2009	11	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**
Balance as at 1 January 2010	11	51,500	(43,211)	8,289
Loss for the year			(624)	(624)
Balance as at 31 December 2010		**51,500**	**(43,835)**	**7,665**

The Financial Statement has been approved by the Board of Directors on March 23, 2011

Executive Director
Ioannis Polykandriotis

„ЕКО БЪЛГАРИЯ" ЕАД
ЕКО
4
София

Financial Director
Georgi Deyanov

Certified in compliance with the audit report:
Date: 31 March 2011.

Registered auditor:
Irena Vakova

СПЕЦИАЛИЗИРАНО ОДИТОРСКО ПРЕДПРИЯТИЕ
София
Рег. №085
"ПрайсуотърхаусКупърс Одит" ООД

Petko Dimitrov
(PricewaterhouseCoopers Audit OOD

EKO BULGARIA EAD
STATEMENT OF CASH FLOWS
31 DECEMBER 2010

(All amounts are in BGN thousands)

	Note.	Year ended as at 31 December 2010	2009
Cash flows from operating activities	20	11,199	6,661
Interest paid		(4,647)	(5,719)
		6,552	**942**
Cash flow from investing activities			
Purchase of PPE and intangible assets		(2,015)	(10,655)
Proceeds from sale of PPE and intangible assets	20	181	239
Interest received	18.6	78	47
Net cash used in investing activities		**(1,756)**	**(10,369)**
Cash flows from financing activities			
Repayments of borrowings		-	(3,911)
Proceeds from short-term loans		5,867	19,558
Net cash used in financing activities		**5,867**	**15,647**
Decreased in the cash and cash equivalents		**10,663**	**6,220**
At the beginning of the period		**(1,941)**	**(8,161)**
At the end of the period	10	**8,722**	**(1,941)**

The Financial Statement has been approved by the Board of Directors on March 23, 2011

Executive Director
Ioannis Polykandriotis

Financial Director
Georgi Deyanov

Certified in compliance with the audit report:
Date: 31 March 2011

Registered auditor:
Irena Vakova

Petko Dimitrov
(PricewaterhouseCoopers Audit OOD)

The accompanying notes from pages 11 to 41 are an integral part of these financial statements

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 2011.

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.
The financial statements have been prepared under the historical cost convention 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. 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. (Note4).

Going concern

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence in the foreseeable future and management have no intentions to limit or close its operations.
As a result of acquisitions during the last years the Company has accumulated additional short term borrowings. The negative operating capital has decreased 4% compared to the previous year, which is an indicator for the better operating efficiency of the company. All the borrowings are secured by the parent company with corporate guarantees. Interest expense cover is more than six times the gross profit, which is in line with the targets of the Board of Directors. The forecasts and expectations of the Company consider the possible fluctuations in the operating results, which indicate that the Company is able to operate with the current level of financing.
In performing its activity the Company has achieved one of its main operating objectives for the first time – operating profit for the financial year.
The management in light of their assessments of expected future cash flows and resources, are satisfied that it is appropriate for the financial statements to be prepared on a going concern basis.

(a) New and amended standards adopted by the Company

There are no new standards and amendments to standards adopted by the Company for the financial year beginning 1 January 2010.

2. Accounting policy (continued)

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

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning on or after 1 January 2010 but not currently relevant to the Company (although they may affect the accounting for future transactions and events)

- IFRIC 12 „Service Concession Arrangements" (IFRIC 12 as adopted by the EU is effective for annual periods beginning on or after 30 March 2009, with early adoption permitted).

- IAS 27 (amendment) „Consolidated and Separate Financial Statements" requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

- IFRS 3 (amendment) „Business combinations" and consequential amendments to IAS 27, 'Consolidated and separate financial statements", IAS 28, 'Investments in associates", and IAS 31, 'Interests in joint ventures", are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re- measured through the statement of comprehensive income. All acquisition-related costs are expensed.

- IFRIC 15 „Agreements for the Construction of Real Estate" (effective for annual periods beginning on or after 1 January 2009; IFRIC 15 as adopted by the EU is effective for annual periods beginning after 31 January 2009, with early adoption permitted).

- IFRIC 16 „Hedges of a net investment in a foreign operation" effective 1 July 2009. This amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the Company, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied.

- Eligible Hedged Items—Amendment to IAS 39 „Financial Instruments": Recognition and Measurement (effective with retrospective application for annual periods beginning on or after 1 July 2009).

- IFRIC 17 „Distribution of non-cash assets to owners" (effective on or after 1 July 2009). IFRIC 17 as adopted by the EU is effective for annual periods beginning after 31 October 2009, with early adoption permitted). The interpretation was published in November 2008. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.

2. Accounting policy (continued)

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

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning on or after 1 January 2010 but not currently relevant to the Company (although they may affect the accounting for future transactions and events) (Continued)

- IFRIC 1 „First-time Adoption of International Financial Reporting Standards" (following an amendment in December 2008, effective for the first IFRS financial statements for a period beginning on or after 1 July 2009; restructured IFRIC 1 as adopted by the EU is effective for annual periods beginning after 31 December 2009, with early adoption permitted).

- IFRIC 18 „Transfers of assets from customers", effective for transfer of assets received on or after 1 October 2009. This interpretation clarifies the requirements of IFRS for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). In some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant, and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (or to do both).

- „Embedded Derivatives" - Amendments to IFRIC 9 and IAS 39 (effective for annual periods ending on or after 30 June 2009; amendments to IFRIC 19 and IAS 39 as adopted by the EU are effective for annual periods beginning after 31 December 2009, with early adoption permitted).

- Group Cash-settled Share-based Payment Transactions - Amendments to IFRS 2, „Share-based Payment" (effective for annual periods beginning on or after 1 January 2010).

- Additional Exemptions for First-time Adopters - Amendments to IFRS 1, „First-time Adoption of IFRS" (effective for annual periods beginning on or after 1 January 2010).

- IFRS 1 „First-time Adoption of IFRS" – the accounting policy shall be changed in the year of adoption of amendments of IFRS 1. Clarifies that, if a first-time adopter changes its accounting policies or its use of the exemptions in IFRS 1 after it has published an interim financial report in accordance with IAS 34 "Interim Financial Reporting", it needs to explain those changes and update the reconciliations between previous GAAP and IFRS. The amendment is applied prospectively. The change in the standard is not applicable for the Company.

- IFRS 1 „First-time Adoption of IFRS - Use of deemed cost for operations subject to rate regulation. Expands the scope of „deemed cost" for property, plant and equipment or intangible assets to include items used subject to rate regulated activities. The exemption will be applied on an item-by-item basis. All such assets will also need to be tested for impairment at the date of transition. The amendment is applied prospectively. The change in the standard is not applicable for the Company.

2. Accounting policy (continued)

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

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning on or after 1 January 2010 but not currently relevant to the Company (although they may affect the accounting for future transactions and events) (Continued)

- IAS 38(Amendment) "INTANGIBLE ASSETS", effective date of 01 January 2010.This amendment represents the line to measure the fair value of an intangible asset, acquired as a part of a business combinations and allows the grouping of intangible assets in one in case that all these assets have one and the same useful economic life.

- IAS 1 (amendment), „Presentation of financial statements". The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.

- IAS 34 „Interim Financial Reporting"- Provide guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around:
  - The circumstances likely to affect fair values of financial instruments and their classification
  - Transfers of financial instruments between different levels of the fair value hierarchy
  - Changes in classification of financial assets
  - Changes in contingent liabilities and assets.

- IAS 36 (amendment), „Impairment of assets", effective 1 January 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, „Operating segments" (that is, before the aggregation of segments with similar economic characteristics).

- IFRS 2 (amendment) „Group cash-settled share-based payment transactions", effective form 1 January 2010. In addition to incorporating IFRIC 8, „Scope of IFRS 2", and IFRIC 11, IFRS 2 „Group and treasury share transactions", the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation.

- IFRS 5 (amendment) „Non-current assets held for sale and discontinued operations". The amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1.

2. Accounting policy (continued)

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

c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2010 and not early adopted by the Company

- IAS 32 (amendment) „Classification of rights issues", issued in October 2009. The amendment applies to annual periods beginning on or after 1 February 2010. Earlier application is permitted. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment applies retrospectively in accordance with IAS 8 „Accounting policies, changes in accounting estimates and errors". It is not expected the application of the change to have any impact on the Company"s financial statements.

- IFRIC 19, `Extinguishing financial liabilities with equity instruments", effective 1 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. It is not expected the application of the change to have any impact on the Company's financial statements.

- Limited exemption from comparative IFRS 7 disclosures for first-time adopters - Amendment to IFRS 1 (effective for annual periods beginning on or after 1 July 2010). The amendment is not expected to have any impact on the Company's financial statements.

- IFRS 7 „Financial Instruments": Disclosures- Emphasises the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. The amendment is applied retrospectively from 1 January 2011.

- IFRIC 14 (amendment) „Prepayments of a minimum funding requirement".The amendments correct an unintended consequence of IFRIC 14, `IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this.

- IFRS 3 „Business Combinations"- Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS Clarifies that the amendments to IFRS 7 Financial Instruments: Disclosures, IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and Measurement, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008). The amendment is applicable to annual periods beginning on or after 1 July 2010 retrospectively

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

c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2010 and not early adopted by the Company (continued)

- IFRS 3 „Business Combinations"- Measurement of non-controlling interests (NCI) Limits the scope of the measurement choices that only the components of NCI that are present ownership interests that entitle their holders to a proportionate share of the entity's net assets, in the event of liquidation, shall be measured either: At fair value or at the present ownership instruments" proportionate share of the acquiree's identifiable net assets. Other components of NCI are measured at their acquisition date fair value, unless another measurement basis is required by another IFRS. The amendment is applied prospectively from the date the entity applies IFRS 3 (revised) Business Combinations- Measurement of non-controlling interests (NCI). The amendment is applicable to annual periods beginning on or after 1 July 2010 prospectively.

- IAS 1 „Presentation of Financial Statements" - Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The amendment is applied prospectively from 1 January 2011.

- IAS 27 „Consolidated and Separate Financial Statements" - Clarify that the consequential amendments from IAS 27 made to IAS 21 The Effect of Changes in Foreign Exchange Rates.

- IAS 28 „Investments in Associates" and IAS 31 Interests in Joint Ventures apply prospectively for annual periods beginning on or after 1 July 2009 or earlier when IAS 27 is applied earlier. Applicable to annual periods beginning on or after 1 July 2010.

- IFRIC 13 „Customer Loyalty Programmes" – The meaning of fair value is clarified in the context of measuring of program bonus points, regarding Customer Loyalty. In force from 1 January 2011.

- IAS 24 (amendment) "Related party disclosures", issued in November 2009. It supersedes IAS 24, „Related party disclosures", issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part (before 1 January 2011), is permitted. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. When the revised standard is applied, the Company and the parent will need to disclose any transactions between its subsidiaries and its associates.

(d) New or Revised Standards & Interpretations not yet adopted by the European Union.

- IFRS 9 „ Financial Instruments" (effective for annual periods beginning on or after 1 January 2013; with early adoption permitted. Not yet adopted by the EU). The Company is in process assessing the impact of the new standard

- Disclosures – „Transfers of Financial Assets" – Amendments to IFRS 7 (effective for annual periods beginning on or after 1 July 2011; not yet adopted by the EU. It is not expected the application of the change to have any impact on the Company's financial statements.

2. Accounting policy (continued)

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

(d) New or Revised Standards & Interpretations not yet adopted by the European Union (continued)

- Recovery of Underlying Assets – Amendments to IAS 12 (effective for annual periods beginning on or after 1 January 2012; not yet adopted by the EU). It is not expected the application of the change to have any impact on the Company's financial statements.

- Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters – Amendments to IFRS 1 (effective for annual periods beginning on or after 1 July 2011). It is not expected the application of the change to have any impact on the Company's financial statements.

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	
	2010	**2009**
1 USD	1.47276	1.36409
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.

2. Accounting policy (continued)

2.3 Property, Plant and Equipment (continued)

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	14 years
– Vehicles	6 -7 years
– Furniture, road pavement, other tangible fixed assets	5-14 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.

2.4 Fixed Intangible Assets

(a) Goodwill

The goodwill represents the excess of acquisition cost 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.

The whole activity of Eko Bulgaria EAD is treated as independent unit, generating cash flows, to which the positive goodwill of acquisition of the 12 petrol stations from Eko Petroleum is allocated.

(b) Software

The intangible fixed assets are initially represented at the acquisition price. They are amortized for their expected useful life (from 5 to 7 years).

2.5. Impairment of Non-financial 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. Accounting policy (continued)

2.6. Investment Property

The Investment Property is initially represented at the acquisition price, which include the expenses for the bargain. The initial recognition, investment property is accounted for in accordance with the cost model in compliance with IAS 16. The investment property should be derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.
Transfers to, or from, investment property should only be made when there is a change in use. When a property used by the company is reclassified as an investment property, the company adopts its accounting policy for property, plant and equipment from the date of the change in use.

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.
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.

2. Accounting policy (continued)

2.11. Borrowings (continued)

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.

2.14. 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*

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 Eko-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.

2. Accounting policy (continued)

2.15. Revenue Recognition (continued)

(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 the 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.

2.17. 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 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.

3. Financial Risk Management (continued)

3.1. Financial Risk Factors (continued)

(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.

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 2010	Less than a year	Between 1 and 2 years	Between 2 and 5 years
Loans	125,458	-	-
Trade and other liabilities	36,998	1,522	1,523
Finance lease and interest	1,364	3,338	3,298

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	34,122	1,522	1,523
Finance lease and interest	1,680	3,112	3,289

3. Financial risk management (continued)

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.

3.2. Capital risk management

During 2010 the Company maintains the gearing ratio within 94%. The gearing ratios at 31 December 2010 and 2009 were as follows:

	2010	**2009**
Total borrowings (Note 15)	125,458	124,871
Less with cash and cash equivalents (Note 10)	(8,722)	(3,477)
Net debt	116,736	121,394
Total share capital	7,665	8,289
Total Capital	**124,401**	**129,683**
Gearing ratio	94%	94%

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

The ongoing global liquidity crisis 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 125,458 thousand, including the interest due as of 31 December 2010. 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 (continued)

(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 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
Transfers	-	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**
Net book amount at 1 January 2010	**69,014**	**51,000**	**11,975**	**52**	**3,874**	**2,892**	**2,751**	**141,558**
Additions	1,136	1,862	534	31	84	19	164	3,830
Disposals	-	(45)	(118)	-	(35)	-	(2,446)	(2,644)
Accumulated depreciation of disposals	-	-	16	-	-	-	-	16
Transferred to investment properties	(2,235)	-	-	-	-	-	-	(2,235)
Depreciation charge	-	(2,995)	(3,055)	(26)	(1,176)	(294)	-	(7,546)
Closing net book amount at 31 December 2010	**67,915**	**49,822**	**9,352**	**57**	**2,747**	**2,617**	**469**	**132,979**
Book value	67,915	64,340	23,573	144	8,323	4,531	469	169,295
Accumulated depreciation	-	(14,518)	(14,221)	(87)	(5,576)	(1,914)	-	(36,316)
Net book amount at 31 December 2010	**67,915**	**49,822**	**9,352**	**57**	**2,747**	**2,617**	**469**	**132,979**

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

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

5. Property, plant and equipment (continued)

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

	As at 31 December	
	2010	**2009**
Cost - capitalized finance lease	17,646	17,646
Accumulated depreciation	(2,147)	(1,220)
Net book value	**15,499**	**16,426**

6. Intangible fixed assets

	Software	Land - right of use	Goodwill	Total
Net book amount at 1 January 2009	**2,351**	**6,502**	**2,630**	**11,483**
Additions	334	-	-	334
Depreciation charge	(343)	(563)	-	(906)
Closing 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**
Net book amount at 1 January 2010	**2,342**	**5,939**	**2,630**	**10,911**
Additions	173	-	-	173
Depreciation charge	(231)	(563)	-	(794)
Net book amount at 31 December 2010	**2,284**	**5,376**	**2,630**	**10,290**
Book value	3,865	7,859	2,630	14,354
Accumulated depreciation	(1,581)	(2,483)	-	(4,064)
Net book amount at 31 December 2010	**2,284**	**5,376**	**2,630**	**10,290**

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

7. Investment Property

	As of 31 December 2010	As of 31 December 2009
Opening balance as of 1 January	-	-
Transferred from Properties, machines and Constructions	2,235	-
	2,235	-

The investment property is a land in the town of Sofia, initially represented at the acquisition price. Its fair value approximates the carrying value.

8. Trade and Other Receivables

	As at 31 December 2010	2009
Trade receivables – regular	5,123	8,405
Trade receivables – overdue, not impaired	1,300	540
Trade receivables – overdue, impaired	1,224	1,134
Impairment of trade receivables	(601)	(304)
Prepayments	17	6
	7,063	**9,781**

The ageing analysis of these trade receivables, overdue but not impaired, is as follows:

	As at 31 December 2010	2009
Up to 6 months	781	540
More than 6 months	519	-
Overdue Unimpaired Receivables – Total	**1,300**	**540**

As at 31 December 2010 trade receivables amounting to BGN 1,224 thousand were impaired. The amount of the provision was BGN 601 thousand as at this date (2009: 304). These individually impaired receivables are due by retailers, which are temporarily in a hard economic situation. All receivables are expected to be recovered.

The ageing analysis of these receivables is as follows:

	As at 31 December 2010	2009
More than 6 months	1,224	1,134
Overdue Impaired Receivables – Total	**1,224**	**1,134**

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:

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

8. Trade and Other Receivables (continued)

Collaterals for trade receivables:

	As at 31 December 2010	
	Receivables	**Collaterals**
Trade receivables insured against financial risk	1,195	2,741
Trade receivables secured by a promissory note	99	210
Trade receivables secured by bank guarantees	2,973	2,222
Trade receivables secured by deposits	165	346
	4,432	**5,519**

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

	As at 31 December	
	2010	**2009**
As at 01 January	**(304)**	**(101)**
Accumulated provision for impaired receivables during the period	(297)	(204)
Received amount from customers	-	1
As at 31 December	**(601)**	**(304)**

9. Inventories

	As at 31 December	
	2010	**2009**
Fuels	15,656	10,375
Lubricants	227	212
Goods in the shops	3,561	3,133
Other inventories	261	222
	19,705	**13,942**

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

10. Cash and Cash Equivalents

	As at 31 December	
	2010	**2009**
Cash at bank and cash in hand	8,572	3,327
Blocked cash	150	150
	8,722	**3,477**

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.

The cash and cash equivalents consist of:

	As at 31 December	
	2010	**2009**
Cash at bank and cash in hand	8,722	3,477
Bank overdraft in current account	-	(5,418)
	8,722	**(1,941)**

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

11. Share capital

	Number of shares (thousand)	Value (BGN thousand)
As at 31 December 2009	5,150	51,500
As at 31 December 2010	**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 2010 the sole shareholder of the Company is:

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

12. Trade and other payables

	As at 31 December	
	2010	**2009**
Short-term liabilities		
Trade payables	16,431	16,067
Amounts due to related parties (Note 21)	20,567	17,824
Leaves not taken	94	101
Other payable	-	231
	37,092	**34,223**

Long-term liabilities	**2010**	**2009**
Trade payables	4,260	4,808
Total	**4,260**	**4,808**

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	
	2010	**2009**
Up to 1 year	761	761
Between 1 and 5 years	3,045	3,045
More than 5 years	1,903	2,664
	5,709	**6,470**
Deferred financial expenses	(901)	(1,139)
Net Payments	**4,808**	**5,331**
Incl. short-term part	548	523
long-term part	4,260	4,808
	4,808	**5,331**

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

12. Trade and other payables (continued)

Present value of the future payments:

	2010	2009
Up to 1 year	548	523
Between 1 and 5 years	2,467	2,355
More than 5 years	1,793	2,453
	4,808	**5,331**

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

	Leaves not used as at 31 December	
Short-term	**2010**	**2009**
As at 1 January	101	107
Used in the period	(101)	(107)
Accrued during the period	94	101
As at 31 December	**94**	**101**

13. 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.

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

	As at 31 December	
	2010	**2009**
Interest costs	2	2
Current service costs	9	11
Net actuarial loss recognised in the period	(4)	(3)
Total included in staff costs	7	10

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

	2010	**2009**
At the beginning of the period	49	39
Recognised expense in the income statement	7	10
At the end of the period	**56**	**49**

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

14. Finance lease

	As at 31 December	
	2010	**2009**
The minimum lease payments are as follows:		
Up to 1 year	1,364	1,680
From 1 to 5 years	6,636	6,401
More than 5 years	8,541	10,153
	16,541	**18,234**
Future financial expenses for finance lease	(5,761)	(6,555)
Present value of the future lease payments	**10,780**	**11,679**
Incl. short-term part	441	686
long-term part	10,339	10,993
	10,780	**11,679**

The present value of the obligation is:

	As at 31 December	
	2010	**2009**
Up to 1 year	441	686
From 1 to 5 years	3,671	3,217
More than 5 years	6,668	7,776
	10,780	**11,679**

15. Borrowings

	As at 31 December	
Short-term	**2010**	**2009**
Bank overdrafts (Note 10)	-	5,418
Short-term bank loans	66,498	66,499
Loans from related parties (Note 21)	58,675	52,807
Interest payable	285	147
Total	**125,458**	**124,871**

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

	2010	**2009**
Up to 1 year	20,093	8,568
The borrowings secured by bank guarantees	4,355	-
	24,448	**8,568**

The borrowings up to 1 year are annual commitments which have been reviewed on various dates in 2010.

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

	2010	**2009**
Bank overdrafts	9.11%	4.50%

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

15. Borrowings (continued)

Short-term (continued)

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 9.11 % in 2010 and 4.50% (2009). 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	
	2010	**2009**
Euro	64,146	61,047
Bgn	-	5,473

a) A short-term bank loan agreement from UBB was signed on 26.02.2010. The credit is on the amount of BGN 24,448,000 and is used as bank overdraft on the current account. It is for 1 year term. The interest is payable quarterly A corporate guarantee has been deposited issued by Hellenic Petroleum AD - Greece. The effective interest rate on the loan is a six-month GIR+1.5 points

b) A short-term bank loan from NBG agreement was signed on 13.06.2006 and renegotiated on 13.06.2010. 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+3.75 %.

c) 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 31.03.2010. The loan has a term of use of 1 year. The interest is payable monthly. A corporate guarantee has been deposited, issued by Hellenic Petroleum AD - Greece. The effective interest rate on the credit is twelve-month EURIBOR+5.75%.

d) A short-term bank loan from Hellenic Petroleum Finance was renegotiated on 14.04.2010. The limit on the loan is worth EUR 100,000,000. As at 31.12.2010 EUR 30,000,000 have been utilised. The term of use is five years. The effective interest rate on the credit is six-month EURIBOR+0.60%.

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

16. 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 2010	2009
Deferred tax assets:		
– Deferred tax assets to be recovered after more 12 months	4,317	4,250
	4,317	**4,250**

The movement in the deferred tax account is as follows:

	2010	2009
At the beginning of the period(assets)	4,250	3,076
Charged to the income statement (Note 19)	67	1,174
As at the end of the period(assets)	**4,317**	**4,250**

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

	Accelerated Depreciation	Provision art.222 of the Labour Code	Unpaid leave	Written off Receivable	Bonus	Week capitalisation	Total
As at 31 December 2009	**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**	**-**	**1,385**	**4,250**
(Cost) /income in the income statement	(64)	1	(1)	30	-	101	67
As at 31 December 2010	**2,757**	**6**	**8**	**60**	**-**	**1,486**	**4,317**

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

17. Financial instruments

17.1. Financial instruments by category

As at 31 December	**2010**	**2009**
Assets as per balance sheet:		
Trade and other receivables excluding prepayments	7,046	9,775
Cash and cash equivalents	8,722	3,477
Total:	**15,768**	**13,252**

As at 31 December	**2009**	**2008**
Liabilities as per balance sheet:		
Borrowings	125,458	124,871
Trade and other payables excluding statutory liabilities	52,038	50,609
Total:	**177,496**	**175,480**

17.2 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:

	2010	**2009**
Contractors without external credit rating		
Group 1	133	238
Group 2	4,990	8,167
Group 3	1,300	540
Total trade receivables:	**6,423**	**8,945**

- Group 1 – existing 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.

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

17. Financial instruments (continued)

17.2 Credit quality of financial assets (continued)

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

Banks	**2010** Rating	**2010** Cash at hand	**2009** Rating	**2009** Cash at hand
United Bulgarian Bank	BB	7,181	BBB+	639
EFG	BB	1,527	A-	2,791
Total cash at bank and short-term bank deposits		**8,708**		**3,430**

18. Operating revenue and expenses

18.1. Revenue

	2010	**2009**
Sale of fuels		
- Retail	262,123	183,131
- Wholesale	98,162	88,028
Sales of lubricants	497	422
Sale of goods	29,806	23,034
	390,588	**294,615**

18.2. Cost of goods sold

	2010	**2009**
Cost of fuels sold		
- Retail	227,984	159,087
- Wholesale	96,232	86,109
Cost of lubricants sold	334	287
Cost of goods sold	23,748	17,367
	348,298	**262,850**

18.3. Other Operating Income (net)

	2010	**2009**
Incomes from sales of tangible fixed assets (net)	1	4
Rents and advertisement	397	430
Other income	878	915
	1,276	**1,349**

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

18. Operating revenue and expenses (continued)

18.4. Sales and distribution expenses

	2010	2009
Maintenance and repairs	2,274	2,697
Dealer's remuneration	10,428	9,444
Advertisement and marketing	2,003	1,204
Electricity, water, consumable	2,312	2,266
Property taxes and fees	858	1,111
Depreciation and amortisation	8,059	8,294
Other expenses	4,974	3,853
	30,908	**28,869**

18.5. Administrative expenses

	2010	2009
Salaries and social security	1,984	1,814
Rents	902	554
Consumable and maintenance	284	330
Hired services	1,222	1,372
Depreciation and amortisation	281	266
Other	1,940	880
	6,613	**5,216**

18.6. Interest income / (expense)

	2010	2009
Interest expense	(6,493)	(5,634)
Interest income	78	47
	(6,415)	**(5,587)**

18.7. Foreign exchange income / (expense)

	2010	2009
Income from foreign exchange differences	3,336	2,188
Expenses from foreign exchange differences	(3,657)	(2,062)
	(321)	**126**

19. Tax expense

	2010	2009
Deferred tax effect	67	1,174
	67	**1,174**

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

19. Tax expense (continued)

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:

	2010	2009
Accounting loss (before tax)	(691)	(6,432)
Theoretical tax expense at 10% (2009:10%)	(69)	(643)
Not-recognised expense	22	38
Recognised deferred tax asset from previous years	-	(11)
Previous years tax loss deduction	(20)	(558)
Tax expense	**(67)**	**(1,174)**

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	3,933

20. Cash generated from operation activity:

	As at 31 December	
	2010	**2009**
Loss before income tax	(691)	(6,432)
Adjustments for:		
Depreciation and amortisation	8,340	8,560
(Profit)/Loss on disposal	(1)	(4)
Change in the liability provision	7	10
Interest expense, net	6,415	5,587
Exchange rate differences, net	321	(126)
Impairment expense	297	204
Changes in the working capital:		
- Inventories	(5,763)	(4,336)
- Trade and other receivables	2,718	(3,236)
- Obligations	(444)	6,434
Cash generated from operation activity	**11,199**	**6,661**

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

	2010	2009
Net book amount	180	235
(Profit)/loss of sale of tangible fixed assets	1	4
Proceeds from the sale of tangible fixed assets	**181**	**239**

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

21. 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

	2010	2009
– Eko-Elda ABEE – purchase of fuels and lubricants	285	262
– Hellenic Petroleum Greece – purchase of fuels, lubricants and services	155,042	102,909
– Hellenic Petroleum Bulgaria Properties – purchase of fuels and lubricants, fixed assets, services	4,745	5,177
– HELPE International Consulting – consultant services	473	391
	160,545	**108,739**

Payables to related parties

	As at 31 December	
	2010	**2009**
– Eko-Elda ABEE – trade liabilities for purchase of fuels and lubricants	89	54
– Hellenic Petroleum Greece - purchase of fuels, lubricants and services	17,610	15,423
– Hellenic Petroleum Bulgaria Properties – purchase of fuels and lubricants, fixed assets, services	2,868	2,347
	20,567	**17,824**

Amounts due to related parties on received loans:

	As at 31 December	
	2010	**2009**
– Hellenic Petroleum Finance - loan	58,675	52,807
	58,675	**52,807**

Sales of goods and services to related parties

	2010	2009
– Hellenic Petroleum Bulgaria Properties EAD – sale of fuels and lubricants, fixed assets	214	2,126
	214	**2,126**

Receivables from related parties

	As at 31 December	
	2010	**2009**
– Hellenic Petroleum Bulgaria Properties EAD – sale of fuels and lubricants, fixed assets	261	47
	261	**47**

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

21. Related - party transactions (continued)

The Board of Directors of EKO Bulgaria EAD consists of six persons, and their gross salary for 2010 is estimated at BGN 22 thousand (2009: 45 thousand).
Under a program which provides right to buy shares of Hellenic Petroleum 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 December 2010 the stock option right was not exercised.

22. Contingent assets and liabilities

Taxation
The taxation of the Company is done under the regulations of the Republic of Bulgaria for year 2010. 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. Tax audits under the Law on Corporate Income Tax, Law on Personal Income Tax are performed till end of December 2007 and VAT - till end April 2008.

23. Commitments

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

Commitments under operational lease contracts:
As at 31 December 2010 the Company has rented offices and premises under the terms of irrevocable lease agreements.
The value of the future minimum payments on these agreements is as follows

	2010	2009
Up to 1 year	468	513
From 1 to 5 years	126	106
	594	**619**

The Company has 10 year rent contracts for the petrol stations in the town of Vratza, Ruse and Targovishte. The part of the contract concerning the land is treated as operating lease
The value of the future minimum payments on these agreements is as follows

	2010	2009
Up to 1 year	70	244
From 1 to 5 years	997	819
	1,067	**1,063**

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

23. Commitments (continued)

The advance payment , together with the additional expenses for the contract (CPC, court and notary charges) are presented as deferred expenses and are recognised as current expenses on the linear method for the term of the contract.
On 1 January 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.

	2010	2009
Up to 1 year	209	174
From 1 to 5 years	418	522
	627	**696**

Bank guarantees provided to third parties:
As at 31 December 2010 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 1,365 thousand,
- In favour of Customs Agency, Central Customs Administration – BGN 1,685 thousand.

The bank guarantees have been secured by the loan limit of BGN 24,448,000.
As at 31 December 2010 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.

24. 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.

PRICEWATERHOUSECOOPERS

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Independent auditor's report

To Shareholder and 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 of 31 December 2010 and the statements of income, comprehensive income, changes in equity and 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 by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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Bulstat number 121499387, tax registraton number 1220110741

This version of our report/the accompanying documents 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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accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of "EKO Bulgaria" EAD as of 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw attention to the fact that as of 31 December 2010 the Company's registered share capital exceeds its net assets which is not in 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 shareholder has 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 page4 to 6, is consistent with the accompanying financial statements of the Company as of 31 December 2010.

Irena Vakova
Registered Auditor

Petko Dimitrov
PricewaterhouseCoopers Audit OOD

31 March 2011
Sofia

Специализирано одиторско предприятие "ПрайсуотърхаусКупърс Одит" ООД
София
Рег. №085