EKO BULGARIA EAD
ANNUAL DIRECTORS' REPORT
ANNUAL FINANCIAL STATEMENTS
INDEPENDENT AUDITOR' S REPORT
31 DECEMBER 2008

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EKO BULGARIA EAD
ANNUAL ACTIVITY REPORT
31 DECEMBER 2008

The management of EKO BULGARIA EAD presents its annual activity report and annual financial statement as at 31 December 2008 prepared 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 2008 has been a year of development for the Company, mainly characterized by the management's main objective to achieve substantial growth of the business.

Business environment in 2008 can be characterized as a period of improved gross profit of the fuels and reduction in the prices of crude oil. Retail sales of the Company reached an increase of 35% over the previous year and 2% against the plan. The average daily through-put (ATP) measured in m3 per PS reached a level higher by 8.4% compared to 2007 (49 PS at year end).Costs were 4% higher than budget because of higher inflation from the expected increase in the price of electricity. Wholesales were not in line with the planned because of the termination during the period of the contract for the sale of fuels with Naftex Petrol.

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

1. Network development
   - Company added to its chain another 23 new PS during the reported period. The company has 72 working PS as at 31 December 2008.
   - Management under operating lease of 15 PS owned by related subsidiary during the last two months of the year.
   - EKO fuels fleet cards were seriously developed during the year as channel for retail sales.
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.
3. Corporate "Discipline"
   - The Company developed and implemented in complement to the existing new procedures for improvement of the internal controls.

The Management considers that the results achieved during the reported period are very good considering the conditions prevailing in the Bulgarian fuels retail market and in full compliance with the company's long-term corporative strategy. The management is optimistic regarding the accomplishment of the goals set for 2009 in the elaborated 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 adjustment or disclosure in the IFRS financial statements or notes there to.

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, recognized 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

MANAGEMENT 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 activities are managed by the Board of Directors through representing and administrating the Company. The Board of Directors appoints a Chairman and a Vice-Chairman, as well as an Executive Director (executive member).

EKO Bulgaria EAD members of the board of directors are as follows:

Apostolos Rizakos - Chairman
Periklis Venieris – Deputy Chairman
Ioannis Anthonios Polykandriotis – Managing Director
Gerasimos Stanicas – Member
Christos Asterios Tziolas – Member
Georgi Iordanov Deyanov – Member

The annual remuneration of the Board of director 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, and other. The Company's general program for risk management is focused on the unpredictability of financial markets and aims to minimize 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 have prepared principles in written for overall risk management, as well as principles that cover specific areas such as risk of changes in exchange rates, interest risk, credit risk, the use of various financial instruments and investment of free cash.

THE COMPANY MANAGEMENT SETS THE FOLLOWING MAIN GOALS FOR 2009

- 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;
- Timely and cost effective accomplishment of the investment program of the Company through construction or acquisition of new petrol stations targeting 80 in total at the end of 2009
- Further increase of operational efficiency of the PS;
- Further increase of our 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 drown 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 the disclosures to the financial statements.

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 February 2009 ,
Sofia

EKO BULGARIA EAD
BALANCE SHEET
31 DECEMBER 2008

(All amounts are in BGN thousands)

	Note	As at 31 December 2008	2007
ASSETS			
Non current assets			
Property, plant and equipment	5	139 126	112 127
Intangible assets	6	11 483	10 193
Deferred tax assets	16	3 076	1 812
		153 685	**124 132**
Current assets			
Inventories	9	9 606	4 940
Trade and other receivables	8	6 546	5 320
Cash and cash equivalents	10	2 479	5 965
		18 631	**16 225**
Assets held for sale	7	-	1 086
Total assets		**172 316**	**141 443**
EQUITY			
Share capital			
Share capital	11	51 500	51 500
Retained Earnings		(37 953)	(29 136)
		13 547	**22 364**
LIABILITIES			
Non current liabilities			
Borrowings	15		3 911
Trade and other payables	12	5 331	5 830
Finance lease	14	9 375	8 709
Retirement benefit obligations	13	39	29
		14 745	**18 479**
Short-term liabilities			
Borrowings	15	114 428	84 834
Trade and other payables	12	29 114	15 326
Finance lease	14	482	440
		144 024	**100 600**
Total liabilities		**158 769**	**119 079**
Total equity and liabilities		**172 316**	**141 443**

Executive Director
Ioannis Polykandriotis

Financial Director
Georgi Deyanov

Certified in compliance with the audit report:

Registered auditor:
Irena Vakova

Petko Dimitrov
(PriceWaterhouseCoopers
Audit OOD)

The accompanying notes from pages 11 to 39 are an integral part of these financial statements.

EKO BULGARIA EAD
INCOME STATEMENT
31 DECEMBER 2008

(All amounts are in BGN thousands)

	Note	Year ended as at 31 December	
		2008	**2007**
Revenue	18.1	234 388	172 405
Cost of sales	18.2	(212 799)	(157 512)
Gross profit		**21 589**	**14 893**
Distribution and sale costs	18.4	(20 620)	(15 733)
Administrative expenses	18.5	(4 362)	(3 927)
Other income, net	18.3	1 285	479
Operation loss		**(2 108)**	**(4 288)**
Interest expense	18.6	(6 967)	(4 774)
Income/(expenses) from exchange rates	18.7	(1006)	585
Loss before taxes		**(10 081)**	**(8 477)**
Tax income	19	1 264	944
Loss for the period		**(8 817)**	**(7 533)**

Executive Director
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Financial Director
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The accompanying notes from pages 11 to 39 are an integral part of these financial statements.

EKO BULGARIA EAD
STATEMENT OF CHANGES IN EQUITY
31 DECEMBER 2008

(All amounts are in BGN thousands)

	Note	Share Capital	Retained earnings/ (loss)	Total
Balance as at 1 January 2007	11	51 500	(21 603)	29 897
Loss for the year		-	(7 533)	(7 533)
Balance as at 31 December 2007		**51 500**	**(29 136)**	**22 364**
Balance as at 1 January 2008	11	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**

Executive Director
Ioannis Polykandriotis

Financial Director
Georgi Deyanov

Certified in compliance with the audit report:

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EKO BULGARIA EAD
CASH FLOW STATEMENT
31 DECEMBER 2008

(All amounts are in BGN thousands)	**Note**	**31 December 2008**	**2007**
Cash flows from operating activities	20	9 378	3 491
Interest paid		(6070)	(4 226)
		3 308	**(735)**
Cash flow from investing activities			
Purchase of PPE and intangible assets		(34 500)	(12 377)
Proceeds from sale of PPE and intangible assets	20	2 119	39
Interest received	18.6	170	117
Net cash used in investing activities		**(32 211)**	**(12 221)**
Cash flows from financing activities			
Repayments of borrowings		(9 779)	(3 911)
Proceeds from short-term loans		39 117	19 558
Net cash used in financing activities		**29 338**	**15 647**
Decreased in the cash and cash equivalents		**435**	**2 691**
At the beginning of the period		**(8 596)**	**(11 287)**
At the end of the period	10	**(8 161)**	**(8 596)**

Executive Director
Ioannis Polykandriotis

Financial Director
Georgi Deyanov

Certified in compliance with the audit report:

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Irena Vakova

Petko Dimitrov
(PricewaterhouseCoopers
Audit OOD)

1. General Information

The main scope of activities of EKO Bulgaria EAD includes trading in petrol products and lubricants, both in Bulgaria and abroad, supply of gas 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 04 March 2009

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 and going concern which impose that the Company will continue to exist in the future. The preparation of 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.

Standards, amendments and interpretations effective as at 2008, but not relevant to the Company's activity and therefore are not analyzed in details

- IFRIC 11, „IFRS 2 – Group share operations and operations with back purchase of own shares

- IFRIC 12, 'Service concession arrangements'

- IFRIC 13, 'Customer loyalty programs'

- IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'

- IFRIC 16, Hedges of a Net Investment in a Foreign Operation (effective at 1 October 2008).

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

2. Accounting policy (continued)

2.1 Basis for Preparation of Annual Financial Statements (continued)

The following standards and amendments of existing standards are published and are mandatory for accounting periods beginning on or after 1 January 2009 or later period but they are not early adopted by the Company:

- IAS 1 (Amendment), Presentation of Financial Statements (effective from 1 January 2009). The amendment prohibits the presentation of certain revenues and costs (changes in share capital arising from operations with owners) in the statement of changes in equity and requires changes in equity arising from operations with owners to be presented separately from the amendments which are result from operations unrelated to the owners. All changes in equity not resulting from operations with owners should be shown in the statement of performance, but the entities can choose whether to present a report on performance (statement of comprehensive income) or two reports (income statement and statement of comprehensive income).

When the subsidiary recalculates and reclassifies comparative information it has to represent recalculated balance sheet as at the beginning of the comparative period in addition to the current requirements the balance sheets to be represented as at the end of the current and comparative period. The Company will apply IAS 1 (Amended) from 1 January 2009

- IAS 36 (Amended), 'Impairment of assets' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment requires close disclosure of the main admissions in which the recoverable amount of the cash-generating units (or group units) is based on the fair value less costs to sell defined using discounted future cash flows. The Company will apply the IAS 36 (Amendment) and provide the required disclosure where applicable for impairment tests from 1 January 2009.

- IAS 38 (Amended), 'Intangible assets'(effective from 1 January 2009). The amendment is part of the IASB annual improvements project published in May 2008. The amendment set that prepayments can be recognized when the subsidiary prepays the right of access to goods or receipt of services.

- IAS 19 (Amendment), 'Employee benefits' (effective from 1 January 2009). The amendment is part of the IASB annual improvements project published in May 2008

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

- The distinction between short term and long term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service

  IAS 37, 'Provisions, contingent liabilities and contingent assets', requires contingent liabilities to be disclosed, not recognised. IAS 19 has been amended to be consistent.

  The Company will apply the IAS 19 (Amended) from 1 January 2009 but this interpretation does not have an impact on the Company's financial statements.

2. Accounting policy (continued)

2.1 Basis for Preparation of Annual Financial Statements (continued)

- IAS 1 (Amended), 'Presentation of financial statements' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The current contents of this standard requiring all financial assets and liabilities held for trading to be classified as current (in accordance with IAS 39), has changed and allows reclassification as non-current for some of these assets and liabilities The Company will apply the IAS 39 (Amendment) from 1 January 2009. It is not expected to have an impact on the Company's financial statements.

- IAS 39 (Amendment), 'Financial instruments: Recognition and measurement'(effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008.

- There are a number of minor amendments to IFRS 7, 'Financial instruments: Disclosures', IAS 8, 'Accounting policies, changes in accounting estimates and errors', IAS 10, 'Events after the reporting period', IAS 18, 'Revenue' and IAS 34, 'Interim financial reporting', which are part of the IASB's annual improvements project published in May 2008 (not addressed above). These amendments are unlikely to have an impact on the Company's financial statements and have therefore not been analysed in detail.

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

The following amendments and interpretations of existing standards are published and mandatory for accounting periods beginning on or after 1 January 2009 or for later periods but they are not related to Company's activity and have therefore not been analysed in detail:

- IFRS 2 (Amendment), 'Share-based payment' (effective from 1 January 2009).

- IFRS 1 (Amendment) 'First time adoption of IFRS' and IAS 27 'Consolidated and separate financial statements' (effective from 1 January 2009).

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

- IFRS 8, 'Operating segments '

- IAS 32 (Amendment), 'Financial instruments: Presentation', and IAS 1 (Amendment), 'Presentation of financial statements' – 'Puttable financial instruments and obligations arising on liquidation' (effective from 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 consequential amendment to IFRS 1, 'First-time adoption of IFRS') (effective from 1 July 2009).
- IAS 16 (Amendment), 'Property, plant and equipment' (and consequential 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.

2. Accounting policy (continued)

2.1 Basis for Preparation of Annual Financial Statements (continued)

- 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 at 1 January 2009)

- IAS 28 (Amendment), 'Investments in associates' (and consequential amendments to IFRS 7, 'Financial instruments: Disclosures' and IAS 32, 'Financial Instruments: Presentation' and) (effective from 1 January 2009).

- IAS 29 (Amendment), 'Financial reporting in hyperinflationary economies' (effective from 1 January 2009)..

- IAS 31 (Amendment), 'Interests in joint ventures (and consequential amendments to IFRS 7 and IAS 32) (effective from 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.

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

- IAS 40 (Amendment), 'Investment property' (and consequential amendments to IAS 16).
- IAS 41 (Amendment), 'Agriculture' (effective from 1 January 2009).
- IAS 20 (Amendment), 'Accounting for government grants and disclosure of government assistance' (effective from 1 January 2009).
- IFRIC 15, 'Agreements for construction of real estates' (effective from 1 January 2009).

Standards, amendments and interpretations that have not been adopted by the European Union.

- IAS 39 "Financial Instruments: Recognition and Measurement"
- IAS 27 "Consolidated and Separate Financial Statements"
- IFRS 3 "Business combinations"
- IFRIC 12 "Service Concession Agreements"
- IFRIC 15 "Agreements for the Construction of Real Estate"
- IFRIC 16, Hedges of a Net Investment in a Foreign Operation
- IFRIC 17 "Distribution of non-cash Assets to Owners"

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 recognized 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 December 31	
	2008	**2007**
USD 1	1.38731	1.33122
EUR 1	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 includes mainly commercial premises – petrol stations and land plots for the construction of petrol stations. The land and the building are stated at cost less 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 are calculated under the linear method aiming at the distribution of the difference between the balance value and the residual value of the assets service life, as follows:

2. Account policy (continued)

2.3 Property, plant and equipment (continued)

- 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 needed the respective adjustments are made by any date of financial report preparation.

2.4 Intangible assets

(a) Goodwill

The goodwill represents the excess of cost of the acquisition of the business activity of Eco Petroleum over the fair value of the identifiable net assets at the acquisition date. Goodwill on acquisition of business is stated in the Balance sheet as 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 and 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 recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the net realizable value and value in use. To define the value in use the assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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 realizable value.

Net realisable value is the estimated of the expected sale price in the ordinary course of business, less direct related to sale expenses. Inventories are written off through weighted-average cost method.

2. Account policy (continued)

2.8 Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost (using the method of the effective interest rate) less provision for impairment. A provision for impairment is establsished in case there is objective evidence that the Company will not be able to collect all amount 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 includes cash in hand, deposits held at call with 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 recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the payments due (net of transaction costs) and borrowing value is recognized 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. Account 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 cash by debit and credit cards or with 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 is expected future cash flows discounted on the base 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 Lessor transfers substantially the risks and benefits related to ownership of the asset are recognised as 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 a reduction in 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 recognized 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 is 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 recognized 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 of the Company arises from the received long-term loans. The loans with floating interest rates expose the Company to interest rate risk related to amendments of the future cash flows. The risk depends on the movements in the financial markets.

(b) Credit risk

The Company has not significant concentration of credit risk. The Company has a developed and implemented 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.

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

c) Liquid risk

Prudent liquidity risk management implies maintaining sufficient cash and liquid securities and the ability to be funded additionally or to close certain market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains 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 at the Balance sheet date to the contractual maturity date. 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.

(All amounts are in BGN thousands)

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	1,902	3,803	5,704
As at 31 December 2007	**Less than a year**	**Between 1 and 2 years**	**Between 2 and 5 years**
Loans	84,834	3,911	-
Trade and other liabilities	15,326	-	-
Finance lease and interest	1,790	3,522	5,283

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 the 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 2008 the Company maintains the gearing ratio within 70% to 90%. The gearing ratios at 31 December 2008 and 2007 were as follows:

(All amounts are in BGN thousands)

	2008	2007
Total borrowings (Note 15)	114,428	88,745
Less with cash and cash equivalents (Note 10)	(2,479)	(5,965)
Net debt	111,949	82,780
Total share capital	13,547	22,364
Total Capital	**125,496**	**105,144**
Gearing ratio	89%	79%

3.3 The recent volatility of the global and the local financial markets

The ongoing global liquidity crisis which commenced in the middle of 2008 has resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the banking sector and, at times, higher interbank lending rates and very high volatility in stock markets. The uncertainties in the global financial markets have also led to bank failures and bank rescues in the United States of America, Western Europe, Russia and elsewhere. Indeed the full extent of the impact of the ongoing financial crisis is proving to be impossible to anticipate or completely guard against.

The Management is unable to assess reliably the effects on the financial position of the Company from any further deterioration of liquidity in financial markets and increase of the volatility of the currency and capital market.

Impact on the liquidity :

The Company has a signed contract for short-term loan with Hellenic Petroleum Finance PLC. Loan limit is EUR 100 million from which EUR17 million are used as at 31.12.2008.

The management believes that it takes all necessary measures to maintain stability and development of business of the Company in the current situation.

The borrowers or the debtors of the Group may be affected by the lower liquidity situation which could in turn impact their ability to repay the amounts owed. Deteriorating operating conditions for customers may also have an impact on 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:

4. Critical Accounting Estimates and Assumptions (continued)

(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. The fair value of the financial liabilities for the purposes of the disclosure is calculated by discounting of the future cashflows 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 state 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 making impairments of the receivables the management of the Company 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 and takes also in consideration the current circumstances surrounding the receivables, which are 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 and also considers the current information available about the specific liabilities including information from the legal consultants of the Company.

(in all notes the amounts are presented in BGN thousands unless otherwise stated)

5. Property, plant and equipment

	Lands (land spots)	Buildings and construc tions	Machines, equipment and computers	Vehicles	Fixtures	Other PPE	Assets under construction	Total
Net book amount at 1 January 2007	47,809	36,308	10,311	85	3,078	1,536	2,449	101,576
Additions	5,314	6,248	1,472	1	777	1,377	723	15,912
Disposals	-	-	(50)	(46)	(1)	-	-	(97)
Accumulated depreciation of disposals	-	-	28	33	(15)	-	-	46
Transferred by groups of assets	-	1,381	17	-	36	-	(1,434)	-
Depreciation charge	-	(2,167)	(1,927)	(22)	(824)	(370)	-	(5,310)
Closing net book amount at 31 December 2007	**53,123**	**41,770**	**9,851**	**51**	**3,051**	**2,543**	**1,738**	**112,127**
Book value	53,123	47,784	15,344	122	5,100	3,340	1,738	126,551
Accumulated depreciation	-	(6,014)	(5,493)	(71)	(2,049)	(797)	-	(14,424)
Net book amount at 31 December 2007	**53,123**	**41,770**	**9,851**	**51**	**3,051**	**2,543**	**1,738**	**112,127**
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)	-
Reclassified from the group 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**

(in all notes the amounts are presented in BGN thousands unless otherwise stated)

5. Property, plant and equipment (continued)

No property, plant and equipment have been used as collateral for obtaining of any loans from financial institutions.
The Company has eight gas stations (along all assets available there), three car washes as well as three cars acquired through financial lease, as follows:

	As at 31 December	
	2008	**2007**
Cost - capitalized finance lease	15,150	13,912
Accumulated depreciation	(1,201)	(534)
Net book value	**13,949**	**13,377**

6. Intangible fixed assets

	Software	Land - right of use	Goodwill	Total
Net book amount				
01.01.2007	**542**	**7,625**	**2,630**	**10,797**
Opening net book amount	542	7,625	2,630	**10,797**
Additions	250			**250**
Disposals	(14)			**(14)**
Amortization charge	(279)	(561)		**(840)**
Closing net book amount	**499**	**7,064**	**2,630**	**10,193**
As at 31.12.2007				
Book value	1,158	7,859	2,630	**11,647**
Accumulated amortization and impairment	(659)	(795)	-	**(1,454)**
Net book amount				
01.01.2008	**499**	**7,064**	**2,630**	**10,193**
Additions	2,200			**2,200**
Disposals	-			-
Amortization charge	(348)	(562)		**(910)**
Closing net book amount	**2,351**	**6,502**	**2,630**	**11,483**
As at 31.12.2008				
Cost	3,358	7,859	2,630	**13,847**
Accumulated amortization and impairment	(1,007)	(1,357)	-	**(2,364)**
Net book amount	**2,351**	**6,502**	**2,630**	**11,483**

(in all notes the amounts are presented in BGN thousands unless otherwise stated)

6. Intangible fixed assets

For the purpose of impairment testing the goodwill is allocated to the whole chain of 12 PS (acquired from Eko-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.

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

	Weighted average - the first 6 years	**Weighted average - the second 6 years**
Average annual increase in the retail sales	3%	3%
Annual increase in the gross margin	3%	3%
Annual increase in the sales of other goods	3%	3%
Annual increase in the operating expenses	3%	3%
Annual discount rate	9%	9%

Management has determined budgeted gross margin based on the real data for past period and its expectations of 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. Non-current assets held for sale

	As at 31 December	
	2008	**2007**
Re-classified	-	1,086
Closing balance	**-**	**1,086**

In the group of the tangible assets is reclassified an asset held as property for sale. Preliminarily signed contract for purchase – sale at 21 August 2006 is suspended as at the date of the Balance sheet.

8. Trade and other receivables

	As at 31 December	
	2008	**2007**
Trade receivables – regular	5,068	3,662
Trade receivables – overdue, not impaired	945	948
Trade receivables – overdue, impaired	628	629
Impairment of trade receivables	(101)	(102)
Prepayments	6	183
	6,546	**5,320**

Trade receivables that are less than 180 days past due are not considered impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

(in all notes the amounts are presented in BGN thousands unless otherwise stated)

8. Trade and other receivables (continued)

	As at 31 December	
	2008	**2007**
Up to 6 months	735	497
More than 6 months	210	451
Overdue unimpaired receivables – total	**945**	**948**

As at 31 December 2008 trade receivables amounting to BGN 628 thousand were impaired. The amount of the provision was BGN 101 thousand as at this date (2007: 102). The individually impaired receivables mainly relate to retail customers, which are in unexpectedly difficult economic situations. It is assessed that the full amount of the receivables would be expected to be recovered.

The ageing analysis of these receivables is as follows:

	As at 31 December	
	2008	**2007**
Up to 6 months		66
More than 6 months	628	563
Overdue unimpaired receivables – total	**628**	**629**

The maximum exposure of the credit risk at the reporting date is the fair value of the receivable mentioned above. The Company has secured the receivables from customers through an insurance against financial risk and promissory notes signed by the debtors. The analysis of the receivables that have been outstanding for more than 180 day is presented as follows:

Collaterals for trade receivables with a period longer than 6 months

	As at 31 December	
	2008	**2007**
	Receivables	**Collaterals**
Trade receivables paid by insurers after the balance sheet date	-	227
Trade receivables insured against financial risk	2,108	415
Trade receivables secured by a promissory note	1,721	371
	3,829	**1,013**

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

	Impairment
As at 01 January 2007	-
Accumulative provision for impairment receivables during the period	(102)
As at 31 December 2007	(102)
Received amount from customers	1
As at 31 December 2008	**(101)**

9. Inventories

	As at 31 December	
	2008	**2007**
Fuels	6,477	2,965
Lubricants	137	129
Goods in the shops	2,854	1,735
Other inventories	138	111
	9,606	**4,940**

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

(in all notes the amounts are presented in BGN thousands unless otherwise stated)

10. Cash and cash equivalents

	As at 31 December	
	2008	**2007**
Cash at bank and cash in hand	2,329	5,422
Blocked cash	150	543
	2,479	**5,965**

The amount of BGN 150 thousand. is deposited in the 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:

	2008	**2007**
Cash at bank and cash in hand	2,329	5,422
Bank overdraft in current account	(10,490)	(14,018)
	(8,161)	**(8,596)**

11. Share capital

	Number of shares (thousand)	**Value (BGN thousand)**
As at 31 December 2007	5,150	51,500
As at 31 December 2008	**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 2008 the principal shareholder of the Company is:

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

12. Trade and other payables

	As at 31 December	
	2008	**2007**
Short-term liabilities		
Trade payables	18,141	8,859
Amounts due to related parties (Note 21)	10,347	5,935
Provisions	107	86
Other payable	519	446
	29,114	**15,326**

Long-term liabilities	**2008**	**2007**
Trade payables	5,331	5,830
Total	**5,331**	**5,830**

(in all notes the amounts are presented in BGN thousands unless otherwise stated)

12. Trade and other payables (continued)

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

	As at 31 December	
	2008	**2007**
Up to 1 year	761	761
Between 1 and 5 years	3,045	3,045
More than 5 years	3,425	4,186
	7,231	**7,992**
Deferred financial expenses	(1,401)	(1,686)
Net payments	5,830	6,306
Incl. short-term part (Note 14)	499	476
long-term part	5,331	5,830
	5,830	**6,306**

Present value of the future payments:

	2008	**2007**
Up to 1 year	499	476
Between 1 and 5 years	2,247	2,145
More than 5 years	3,084	3,685
	5,830	**6,306**

Other payables included accruals for not used leaves as follows:

	Not used leaved as at 31 December	
Short-term	**2008**	**2007**
As at 1 January	86	63
Used in the period	(86)	(63)
Accrued during the period	107	86
As at 31 December	**107**	**86**

(in all notes the amounts are presented in BGN thousands unless otherwise stated)

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 Labor Code art. 222, paragraph 3 in case of termination of the labor relation after the worker or the employee has been entitled to retirement rights for time served and age reached in spite 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 recognized in the income statement are as follows:

	As at 31 December	
	2008	**2007**
Interest costs	1	1
Current service costs	10	7
Net actuarial loss recognized in the period	(1)	(1)
Total included in staff costs	**10**	**7**

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

	2008	**2007**
At the beginning of the period	29	22
Recognized expense in the income statement	10	7
At the end of the period	**39**	**29**

14. Finance lease

	As at 31 December	
	2008	**2007**
The minimum lease payments are as follows:		
Up to 1 year	1,141	1,029
From 1 to 5 years	4,562	3,999
More than 5 years	9,489	9,209
	15,192	**14,237**
Future financial expenses for finance lease	(5,335)	(5,088)
Present value of the future lease payments	**9,857**	**9,149**
Incl. short-term part	482	440
long-term part	9,375	8,709
	9,857	**9,149**

The present value of the obligation is:	As at 31 December	
	2008	**2007**
Up to 1 year (Note 14)	482	440
From 1 to 5 years	2,274	1,930
More than 5 years	7,101	6,779
	9,857	**9,149**

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

15. Borrowings

	As at 31 December 2008	2007
Long-term		
Bank borrowings	-	3,911
Short-term		
Bank overdrafts (Note 10)	10,490	14,018
Short-term bank loans	70,410	66,498
Loans from related parties (Note 21)	33,249	-
Short-term part of the non-current bank borrowings	-	3,911
Interest payable	279	407
Total	**114,428**	**88,745**

The maturity of the long-term borrowings is as follows:	2008	2007
From 1 to 2 years	-	3,911
	-	**3,911**

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

	2008	2007
Up to 1 year	13,958	7,496
	13,958	**7,496**

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:

	2008	2007
Bank overdrafts	5,42%	5.34%
Long-term bank borrowings	-	5.30%

The carrying value and fair value of long-term loans are as follows:

	Book value		Fair value	
	2008	2008	2007	2007
Payable from 1 to 2 years			3,911	3,911
Payable from 2 to 5 years	-	-	-	-
	-	**-**	**3,911**	**3,911**

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 5.42 %(2008) / 5.34 %(2007). The balance sheet value of the current loans is approximately equal to their fair value.

(in all notes the amounts are presented in BGN thousands unless otherwise stated)

15. Borrowings (continued)

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

	As at 31 December	
	2008	**2007**
Euro	58,506	45,167
	58,506	**45,167**

a) A long-term bank loan agreement was signed on 08.09.2004. The maximum amount of the loan is EUR 7,000,000. It is an investment loan for the purchase of land, construction of petrol stations and other purposes. The loan was fully tapped on 09.05.2005. The interest is due and payable on the 15th day of the last month of every six-month period as of 15.03.2005 to 15.09.2009. The discharge of the principal is made in seven equal six-month installments as of September 2006 to September 2009. A special irrevocable order on the loan has been deposited as security opened by a Greek bank in favor 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 31.10.2008. The amount of the loan is EUR 12,500,000, and is used in the form of overdraft on current accounts. The loans is for 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+1.4%.

c) A short-term bank loan agreement was signed on 13.06.2006 and amended on 13.06.2008. The loan amounts to EUR 24, 000, 000. The loan was fully tapped with one 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 credit is three-month EURIBOR+1.75%.

d) A short-term bank loan agreement was signed on 06.03.2007. The loan amounts to EUR 10, 000, 000. The loans is for 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 one-month EURIBOR+2.25%.

e) A short-term bank loan was signed on 10.04.2008. The limit on the loan is worth EUR 100, 000, 000. As at 31.12.2008 was tapped EUR 17,000,000. The term of use is five years. The effective interest rate on the credit is six-months EURIBOR+ 0.35%.

(in all notes the amounts are presented 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 2008	2007
Deferred tax assets:		
– Deferred tax assets to be recovered more after 12 months	3,076	1,812
	3,076	**1,812**

The movement in the deferred tax account is as follows:

	2008	2007
At the beginning of the period	1,812	868
Charged to the income statement (Note 19)	1,264	944
As at the end of the period	**3,076**	**1,812**

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

	Depr.	Provision art.222 of the Labor Code	Unpaid leave	Depr. Receivable	Bonus	Non-capitalized assets	Week capitalization	Total
As at 31 December 2007	863	2	3	-	-	-	-	868
(Cost) /income in the income statement	538	1	(1)	10	7	4	385	944
As at 31 December 2007	**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**

(in all notes the amounts are presented in BGN thousands unless otherwise stated)

17. Financial instruments
17.1 Financial instruments by category

As at 31 December	2008	2007
Assets as per balance sheet:		
Trade and other receivables excluding repayments	6,540	5,137
Cash and cash equivalents	2,479	5,965
Total:	**9,019**	**11,102**

As at 31 December	2008	2007
Liabilities as per balance sheet:		
Borrowings	114,428	88,745
Trade and other payables excluding statutory liabilities	44,302	30,305
Total:	**158,730**	**119,050**

17.2 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by historical information for level of default from this type:

	2008	2007
Counterparties with external credit rating		
Group 1	777	133
Group 2	4,291	3,529
Group 3	945	948
Total trade receivables:	**6,013**	**4,610**

- 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. All defaults have been fully recovered.

(in all notes the amounts are presented in BGN thousands unless otherwise stated)

17. Financial instruments (continued)

17.2 Credit quality of financial assets (continued)

Cash at bank and short-term bank deposits	2008	2007
AAA	997	2,995
AA	1,202	2,591
A	249	365
Total cash at bank and short-term bank deposits	**2,448**	**5,951**

18. Operating revenue and expenses

18.1 Revenue

	2008	2007
Sale of fuels		
- Retail	174,740	113,623
- Wholesale	41,201	46,066
Sales of lubricants	290	188
Sale of goods	18,157	12,528
	234,388	**172,405**

18.2 Cost of goods sold (COGS)

	2008	2007
Cost of fuels sold		
- Retail	158,956	102,617
- Wholesale	40,542	45,363
Cost of lubricants sold	178	112
Cost of goods sold	13,123	9,420
	212,799	**157,512**

18.3 Other operating income

	2008	2007
Incomes from sales of non-current fixed assets (net)	916	2
Penalties and fines charged to suppliers	-	34
Rents and advertisement	239	234
Other income	130	209
	1,285	**479**

(in all notes the amounts are presented in BGN thousands unless otherwise stated)

18. Operating revenues and expenses (continued)

18.4 Sales and distribution expenses

	2008	2007
Maintenance and repairs	1,260	855
Dealer's remuneration	6,781	4,727
Advertisement and marketing	1,431	1,183
Electricity, water, consumable	1,603	1,748
Property taxes and fees	996	633
Depreciation and amortization	7,379	5,906
Other expenses	1,170	681
	20,620	**15,733**

18.5 Administrative expenses

	2008	2007
Salaries and social security	1,648	1,436
Rents	293	255
Consumable and maintenance	268	248
Hired services	1,251	1,090
Depreciation and amortization	326	246
Other	576	652
	4,362	**3,927**

18.6 Interest income / (expense)

	2008	2007
Interest expense	(7,137)	(4,891)
Interest income	170	117
	(6,967)	**(4,774)**

18.7 Foreign exchange income / (expense)

	2008	2007
Income from foreign exchange differences	2,532	842
Expenses from foreign exchange differences	(3,538)	(257)
	(1,006)	**585**

19. Tax expense

	2008	2007
Deferred tax effect	1,264	944
	1,264	**944**

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:

(in all notes the amounts are presented in BGN thousands unless otherwise stated)

19. Tax expense (continued)

	2008	2007
Accounting loss (before tax)	(10,081)	(8,477)
Theoretical tax expense at 10% (2007:10%)	(1,008)	(848)
Not-recognized expense	18	10
Recognized deferred tax asset from previous years	(6)	-
Previous years tax loss deduction	(268)	(106)
Tax expense	**(1,264)**	**(944)**

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

Year of occurrence	Tax loss for carrying over
2004	2,040
2005	2,402
2006	5,286

20. Cash generated from operation activity

	As at 31 December	
	2008	**2007**
Loss before income tax	(10,081)	(8,477)
Adjustments for:		
Depreciation and amortization	7,705	6,152
(Profit)/Loss of sales of assets	(916)	(2)
Change in the liability provision	10	105
Interest expense, net	6,967	4,774
Exchange rate differences, net	1,006	(585)
Changes in the turnover capital:		
- Inventories	(4,666)	(1,739)
- Trade and other receivables	(1,226)	(2,586)
- Obligations	10,579	5,849
Cash generated from operation activity	**9,378**	**3,491**

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

	2008	2007
Net book amount (Note 15)	1,203	37
(Profit)/loss of sale of tangible fixed assets	916	2
Proceeds from the sale of tangible fixed assets	**2,119**	**39**

(in all notes the amounts are presented in BGN thousands unless otherwise stated)

21. Related - party transactions

Hellenic Petroleum Bulgaria (Holdings) holds 100% of the shares of Eко 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	
	2008	**2007**
– Eко-Elda ABEE – purchase of fuels and lubricants	183	7,970
– Hellenic Petroleum Greece - purchase of fuels and lubricants	76,607	59,991
– Hellenic Petroleum Bulgaria Properties- fuels and lubricants purchase,fixed assets	1,035	-
– HELPE International Consulting – consultant services	352	333
	78,177	**68,294**

Payables to related parties

	As at 31 December	
	2008	**2007**
– Eко-Elda ABEE – trade liabilities for purchase of fuels and lubricants	12	60
– Hellenic Petroleum Greece - purchase of fuels and lubricants	10,335	5,875
– Hellenic Petroleum Bulgaria Properties- fuels and lubricants purchases, fixed assets	1,242	-
	11,589	**5,935**

Amounts due to related parties on received loans

	As at 31	December
	2008	**2007**
- Hellenic Petroleum Finance - loan	33,249	-
	33,249	-

Sales of goods and services to related parties

	As at 31	December
	2008	**2007**
– Hellenic Petroleum Bulgaria Properties EAD-fuels and lubricants sales, fixed assets	771	-
	771	-

Receivables from related parties

	As at 31	December
	2008	**2007**
– Hellenic Petroleum Bulgaria Properties EAD - fuels and lubricants sales, fixed assets	472	-
	472	-

(in all notes the amounts are presented in BGN thousands unless otherwise stated)

21. Related - party transactions (continued)

Management remuneration

The Board of Directors of EKO Bulgaria EAD consists of six persons, and their gross salary for 2008 is estimated at BGN 383 thousand (2007: BGN 352 thousand).

Under a program which provides right to buy shares of Hellenic Petrolium SA Greece at preferential conditions are given options 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 2008 the stock option right is 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 as at 31 December 2008 is as follows:

	2008	2007
Corporate loan receivables from employees	3	21
	3	**21**

22. 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 finalized after inspection by the tax authorities or the expiry of five year limitation period which starts with the date of submission.

Tax audits for Corporate Income, Personal Income Tax and VAT are performed till 30.04.2008.

On 01.01.2009 the company rents under operating lease 16 gas stations and 2 depots owned by Hellenic Petroleum Bulgaria Properties EAD. Term of the contract is 5 years and amounts to BGN 10,667 thousand.

23. Commitments

Capital investment commitments

The Company has commitment under signed contracts for construction of fixed assets with a value of BGN 2,013 thousand.

Comittments under operational lease contracts:

As at 31 December 2008 the Company has been commited to several operational leasing agreements with annual payments amounting to BGN 282 thousand (2007: BGN 196 thousand).

(in all notes the amounts are presented in BGN thousands unless otherwise stated)

23. Commitments (continued)

The total value of the future payments on operational leasing is as follows:

	2008	**2007**
Up to 1 year	493	263
From 1 to 5 years	98	55
	591	**318**

Bank guarantees provided to third parties:
As at 31 December 2008 the Company has issued two bank guarantees to the customs offices in Thessaloniki and Airport Sofia amounting respectively to EUR 1,300 000 and BGN 4,400,000 to guarantee its liabilities for excise on fuel deliveries from our supplier in Greece. They are secured through the limit of the credit of EUR 12, 500, 000.

At 31 December 2008 the Company is committed for providing fuel up to the amount of BGN 2 thousand to three persons who won a lottery prize for whole their remaining life.

24. Post balance sheet events

The Company's 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 SHAREHOLDERS 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 balance sheet as of 31 December 2008 and the income statement, statement of changes in equity and cash flow statement 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

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.

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 2008, 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.

Without qualifying our opinion, we draw attention to the fact that as of December 31, 2008 and 2007 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 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 3 to 5, is consistent with the accompanying financial statements of the Company as of 31 December 2008.

Irena Vakova
Registered Auditor

Petko Dimitrov
PricewaterhouseCoopers Audit OOD

18 March 2009
Sofia