



**EKO BULGARIA EAD  
ANNUAL ACTIVITY REPORT  
ANNUAL FINANCIAL STATEMENTS  
INDEPENDENT AUDITOR' S REPORT  
31 DECEMBER 2011**

**EKO BULGARIA EAD**  
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**EKO BULGARIA EAD**  
**ANNUAL ACTIVITY REPORT**  
**31 DECEMBER 2011**

The management prepares its annual activity report and annual financial statement as at 31 December 2011 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 2011 was another year of development for the Company, driven mainly by the management's main goal to improve the efficiency and effectiveness on the existing structure. Only one new petrol station was acquired during the period under the financial lease terms. "Focus on Existing" was the main strategic goal for 2011.

The business environment in 2011 could be described 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 retail fuels market declined by 5-6% as a whole compared to the previous year. In most cases on the local market the prices of the fuels were moving irrespectively of the quotes on the Mediterranean stock exchange for trading fuels (Platt's), which resulted in squeezing the average gross margin versus the one of the previous period. Despite that the 2011 EKO retail sales volumes were 12% higher than the 2010 performance and 6% higher than the plan for 2011. Wholesales of fuels were 21% higher than the planned quantities and lower than 2010 due to suspended contract with one of company's main customers of the previous year.

The excellent performance of EKO retail sales volumes higher by 12% than previous year in a declining by 5% local retail market, has resulted to a substantial increase of our market share exceeding 10% at the end of 2011. This market share improvement is clearly attributable to the successful marketing promotional and advertising activities and the flexible, focused pricing policy petrol station by petrol station.

Despite the serious consequences for the business caused by the banning of smoking inside the petrol stations, non fuels products sales performance has reached 3% increase compared to the last year.

The expenses, effectively controlled throughout the year, were 4% less than the budgeted despite the higher retail sales. The average daily turnover measured in m<sup>3</sup> per petrol station (PS) for the whole chain (82 PS for 2011 and 81 for 2010) was 6.7 m<sup>3</sup> versus 6.2 m<sup>3</sup> in 2010 resulting from the successful marketing activities (both above and below the line), the spectacular improvement of the EKO brand awareness, the prudent pricing policy petrol station by petrol station, together with the close daily monitoring of the stations performance both in terms of sales and expenses and the relative corrective action were necessary.

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

1. Adequate control on the operating expenses of the stations
  - The petrol stations operating department worked independently from the sales and marketing department of the chain.
  - The responsibility for the performance of 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
  - Continuing the successful strategy of the previous period, the price formation of the fuels was made under the strict consideration of the local features of each of the stations. This policy was supported by a lot of local promotions aiming to stimulate the sales on every station for a specific period of time.

**EKO BULGARIA EAD**  
**ANNUAL ACTIVITY REPORT (CONTINUED)**  
**31 DECEMBER 2011**

- The corporate social responsibility programme under the motto “Call When You Get There” was in place during the reported period combined with a variety of advertising and promotional activities focussed on the safety of the people and especially the children on the road. In 2011 EKO received an Annual Award for Road Safety in the “Firms and Corporation” category. The competition was organised by the Bulgarian Association of Insurance Companies and Victims in Car Accidents.
- 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 staff and clearing of the duplicated or unsuccessfully delegated functions.

The Management considers that the results achieved during the reported period are very good in view of the conditions of aggravating financial crisis that has affected the fuel market in Bulgaria too. The management is dedicated to achieving the objectives for 2012 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.
- To build a storage facility (tax depot) for light fuels and liquefied petrol gas (LPG), which will contribute for achieving full independence from competitors’ companies, as well as significant decrease of the expense for maintaining the obligatory stock reserves. Also it will provide opportunities for further activation in the Wholesale business in Bulgaria.
- To have a network of about 100 PS in the market.
- To exceed 13% market share 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 5 (five) 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).

**EKO BULGARIA EAD**  
**ANNUAL ACTIVITY REPORT (CONTINUED)**  
**31 DECEMBER 2011**

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

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. 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 2012**

- Achievement of operational, economic and financial results in compliance to the Business Plan submitted to and approved by the Shareholder, thus providing continuous development and sustainability of the business of Hellenic Petroleum in the country; Further increase of market share.
- Taking a decision for restructuring of the business in Bulgaria- resolving the issue with the existence of two companies of Hellenic Petroleum on the local market;
- Implementing the decision for increasing the company reserves by financing from the parent company and refinancing of the intra-group loan amounting to 30 million EUR.
- Further increase of operational efficiency of the PS;
- Start of the construction of a depot for light fuels and liquefied petrol gas (LPG) near Sofia.
- Further increase of the sales and the market share respectively.

**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,

**EKO BULGARIA EAD**  
**ANNUAL ACTIVITY REPORT (CONTINUED)**  
**31 DECEMBER 2011**

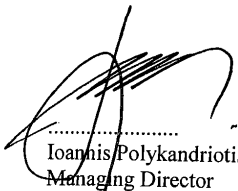
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statutory and legal requirements and the principles of consistency and ongoing activities. All the accruals and provisions are done following the conservative evaluation, fair presentation and consistency.

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  
19 March 2012  
Sofia

**EKO BULGARIA EAD**  
**STATEMENT OF FINANCIAL POSITION**  
**31 DECEMBER 2011**

(All amounts are in BGN thousands)

	Note	As at 31 December	
		2011	2010
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	5	126,839	132,979
Intangible assets	6	9,709	10,290
Deferred tax assets	16	5,423	4,317
Investment property	7	4,749	2,235
		<b>146,720</b>	<b>149,821</b>
<b>Current assets</b>			
Inventories	9	21,643	19,705
Trade and other receivables	8	9,269	7,063
Cash and cash equivalents	10	5,753	8,722
		<b>36,665</b>	<b>35,490</b>
<b>Total assets</b>		<b>183,385</b>	<b>185,311</b>
<b>EQUITY</b>			
<b>Share capital</b>			
Share capital	11	51,500	51,500
Retained deficit		(50,051)	(43,835)
		<b>1,449</b>	<b>7,665</b>
<b>LIABILITIES</b>			
<b>Non current liabilities</b>			
Trade and other payables	12	3,685	4,260
Finance lease	14	11,368	10,339
Liabilities under pension plans	13	61	56
		<b>15,114</b>	<b>14,655</b>
<b>Short-term liabilities</b>			
Borrowings	15	125,669	125,458
Trade and other payables	12	40,246	37,092
Finance lease	14	907	441
		<b>166,822</b>	<b>162,991</b>
<b>Total liabilities</b>		<b>181,936</b>	<b>177,646</b>
<b>Total equity and liabilities</b>		<b>183,385</b>	<b>185,311</b>

The Financial Statement has been approved by the Board of Directors on March 28, 2012

Executive Director  
Ioannis Polykandriotis

Financial Director  
Georgi Deyanov

Certified in compliance with the audit report:

Date: 28 March 2012

Registered auditor:  
Irena Vakova

Petko Dimitrov  
(PricewaterhouseCoopers Audit OOD)



**EKO BULGARIA EAD**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**31 DECEMBER 2011**

*(All amounts are in BGN thousands)*

	Note	Year ended as at 31 December	
		2011	2010
Revenue	18.1	475,167	390,588
Cost of sales	18.2	(438,033)	(348,298)
<b>Gross profit</b>		<b>37,134</b>	<b>42,290</b>
Distribution and sale costs	18.4	(30,153)	(30,908)
Administrative expenses	18.5	(6,814)	(6,613)
Other income, net	18.3	1,337	1,276
<b>Operation profit/(loss)</b>		<b>1,504</b>	<b>6,045</b>
Interest income	18.6	70	78
Interest expenses	18.6	(8,766)	(6,493)
Income from exchange rates	18.7	53	3,336
Expenses from exchange rates	18.7	(183)	(3,657)
<b>Loss before taxes</b>		<b>(7,322)</b>	<b>(691)</b>
Tax expense	19	1,106	67
<b>Loss for the period</b>		<b>(6,216)</b>	<b>(624)</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>(6,216)</b>	<b>(624)</b>

The Financial Statement has been approved by the Board of Directors on March 28, 2012

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 Ioannis Polykandriotis

Financial Director  
 Georgi Deyanov

Certified in compliance with the audit report:

Date: 28 March 2012

Registered auditor:  
 Irena Vakova

Petko Dimitrov  
 (BricewaterhouseCooper  
 Audit OOD)

The accompanying notes from pages 12 to 40 are an integral part of these financial statements

**EKO BULGARIA EAD**  
**STATEMENT OF CHANGES IN EQUITY**  
**31 DECEMBER 2011**

*(All amounts are in BGN thousands)*

	Note	Share Capital	Retained deficit	Total
<b>Balance as at 1 January 2010</b>	11	51,500	(43,211)	8,289
Loss for the year		-	(624)	(624)
<b>Balance as at 31 December 2010</b>		<b>51,500</b>	<b>(43,835)</b>	<b>7,665</b>
<b>Balance as at 1 January 2011</b>	11	51,500	(43,835)	7,665
Loss for the year		-	(6,216)	(6,216)
<b>Balance as at 31 December 2011</b>		<b>51,500</b>	<b>(50,051)</b>	<b>1,449</b>

The Financial Statement has been approved by the Board of Directors on March 28, 2012

Executive Director  
 Ioannis Polykandriotis

Financial Director  
 Georgi Deyanov

Certified in compliance with the audit report:

Date: 28 March 2012

Registered auditor:  
 Irena Vakova

Petko Dimitrov  
 (PricewaterhouseCoopers Audit OOD)

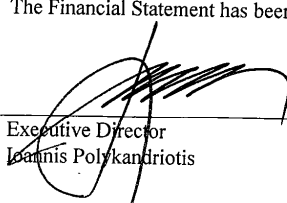
The accompanying notes from pages 12 to 40 are an integral part of these financial statements


**EKO BULGARIA EAD**  
**STATEMENT OF CASH FLOWS**  
**31 DECEMBER 2011**

*(All amounts are in BGN thousands)*

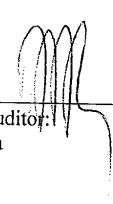
	Note.	Year ended as at 31 December	
		2011	2010
<b>Cash flows from operating activities</b>			
Interest paid	20	7,489	11,199
		(6,712)	(4,647)
		<u>777</u>	<u>6,552</u>
<b>Cash flow from investing activities</b>			
Purchase of PPE and intangible assets		(3,960)	(2,015)
Proceeds from sale of PPE and intangible assets	20	144	181
Interest received	18.6	70	78
<b>Net cash used in investing activities</b>		<u>(3,746)</u>	<u>(1,756)</u>
<b>Cash flows from financing activities</b>			
Repayments of borrowings		-	-
Proceeds from short-term loans		-	5,867
<b>Net cash used in financing activities</b>		<u>-</u>	<u>5,867</u>
<b>Decreased in the cash and cash equivalents</b>		<b>(2,969)</b>	<b>10,663</b>
At the beginning of the period		<b>8,722</b>	<b>(1,941)</b>
<b>At the end of the period</b>	10	<u><b>5,753</b></u>	<u><b>8,722</b></u>

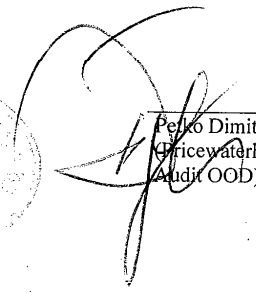
The Financial Statement has been approved by the Board of Directors on March 28, 2012

  
 Executive Director  
 Ioannis Polykandriotis

  
 Financial Director  
 Georgi Deyanov

Certified in compliance with the audit report:  
 Date: 28 March 2012

  
 Registered auditor:  
 Irena Vakova

  
 Petko Dimitrov  
 PricewaterhouseCoopers  
 Audit (OOD)

The accompanying notes from pages 12 to 40 are an integral part of these financial statements

**EKO BULGARIA EAD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2011**

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**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: 1756 Sofia, Str. "170" № 5 bl.A, 9th floor, Administrative - Trade Center Litex

These financial statements have been approved for issuing by the Board of Directors of EKO BULGARIA EAD on 28 March 2012.

**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**

The present financial statements were prepared in compliance with the requirements of the International Financial Reporting Standards (IFRS), adopted by EU Commission. The financial statements are drawn in conformity with the principles of historical price.

The preparation of financial statements in compliance with IFRS requires implementation of approximate accounting estimations. It also requires that the Management use their own judgement during the implementation of the entity's accounting policy. The elements of the financial statements, whose presentation includes a higher-degree subjective assessment or complexity, as well as those elements, for which the suppositions and estimations have a considerable impact on the financial statements as a whole, are separately disclosed in Note 4.

**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. All the borrowings are secured by the parent company with corporate guarantees. Interest expense cover is more than four 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 second time – operating profit for the financial year.

According to the analysis, the management has reasonable expectations that the Company has enough resources at its disposal to continue its operating existence in the foreseeable future.

For that reason, the Company continues to apply a going concern principle in preparation of the financial statements.

*(a) New and amended standards adopted by the Company*

There are no new standards and amendments to standards accepted by the Company for application for the financial year, beginning 1 January 2011.

**EKO BULGARIA EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2011**

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**2. Accounting policy (continued)**

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

*(b) New and amended standards, and improvements to IFRS mandatory for the first time for the financial year beginning on or after 1 January 2011 but not currently relevant to the Company (although they may affect the accounting for future transactions and events)*

***Improvements to International Financial Reporting Standards (issued in May 2010 and effective from 1 January 2011).***

- IFRS 1 was amended (i) to allow previous GAAP carrying value to be used as deemed cost of an item of property, plant and equipment or an intangible asset if that item was used in operations subject to rate regulation, (ii) to allow an event driven revaluation to be used as deemed cost of property, plant and equipment even if the revaluation occurs during a period covered by the first IFRS financial statements and (iii) to require a first-time adopter to explain changes in accounting policies or in the IFRS 1 exemptions between its first IFRS interim report and its first IFRS financial statements;
- IFRS 3 was amended (i) to require measurement at fair value (unless another measurement basis is required by other IFRS standards) of non-controlling interests that are not present ownership interest or do not entitle the holder to a proportionate share of net assets in the event of liquidation, (ii) to provide guidance on the acquiree's share-based payment arrangements that were not replaced, or were voluntarily replaced as a result of a business combination and (iii) to clarify that the contingent considerations from business combinations that occurred before the effective date of revised IFRS 3 (issued in January 2008) will be accounted for in accordance with the guidance in the previous version of IFRS 3;
- IFRS 7 was amended to clarify certain disclosure requirements, in particular (i) by adding an explicit emphasis on the interaction between qualitative and quantitative disclosures about the nature and extent of financial risks, (ii) by removing the requirement to disclose carrying amount of renegotiated financial assets that would otherwise be past due or impaired, (iii) by replacing the requirement to disclose fair value of collateral by a more general requirement to disclose its financial effect, and (iv) by clarifying that an entity should disclose the amount of foreclosed collateral held at the reporting date, and not the amount obtained during the reporting period;
- IAS 27 was amended by clarifying the transition rules for amendments to IAS 21, 28 and 31 made by the revised IAS 27 (as amended in January 2008);
- IAS 34 was amended to add additional examples of significant events and transactions requiring disclosure in a condensed interim financial report, including transfers between the levels of fair value hierarchy, changes in classification of *financial* assets or changes in business or economic environment that affect the fair values of the entity's financial instruments;
- IFRIC 13 was amended to clarify measurement of fair value of award credits.

*The above amendments did not result in additional or revised disclosures, and had no material impact on measurement or recognition of transactions and balances reported in these financial statements*

**EKO BULGARIA EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2011**

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

*Other revised standards and interpretations effective for the current period.*

- IFRIC 19 “Extinguishing financial liabilities with equity instruments”, amendments to IAS 32 on classification of rights issues, clarifications in IFRIC 14 “IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction” relating to prepayments of minimum funding requirements and amendments to IFRS 1 “First-time adoption of IFRS”, did not have any impact on these financial statements.

*(c) New standards and interpretations that are mandatory for the annual periods beginning on or after 1 January 2012 or later, and which the Company has not early adopted.*

- Disclosures—Transfers of Financial Assets – Amendments to IFRS 7 (issued in October 2010 and effective for annual periods beginning on or after 1 July 2011). The amendment requires additional disclosures in respect of risk exposures arising from transferred financial assets. The amendment includes a requirement to disclose by class of asset the nature, carrying amount and a description of the risks and rewards of financial assets that have been transferred to another party, yet remain on the entity's balance sheet. Disclosures are also required to enable a user to understand the amount of any associated liabilities, and the relationship between the financial assets and associated liabilities. Where financial assets have been derecognized, but the entity is still exposed to certain risks and rewards associated with the transferred asset, additional disclosure is required to enable the effects of those risks to be understood. Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Company's financial statements.

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

- IFRS 9, Financial Instruments: Classification and Measurement. IFRS 9, issued in November 2009, replaces those parts of IAS 39 relating to the classification and measurement of financial assets. IFRS 9 was further amended in October 2010 to address the classification and measurement of financial liabilities and in December 2011 to (i) change its effective date to annual periods beginning on or after 1 January 2015 and (ii) add transition disclosures. Key features of the standard are as follows:
  - ◆ Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortized cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.
  - ◆ An instrument is subsequently measured at amortised cost only if it is a debt instrument and both (i) the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and (ii) the asset's contractual cash flows represent payments of principal and interest only (that is, it has only “basic loan features”). All other debt instruments are to be measured at fair value through profit or loss.

**EKO BULGARIA EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2011**

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

*(d) New or Revised Standards & Interpretations not yet endorsed by the European Union  
(Continued)*

- ◆ All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.
- ◆ Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.
- IFRS 10, Consolidated Financial Statements (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013), replaces all of the guidance on control and consolidation in IAS 27 “Consolidated and separate financial statements” and SIC-12 “Consolidation - special purpose entities”. IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control. This definition is supported by extensive application guidance.
- IFRS 11, Joint Arrangements, (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013), replaces IAS 31 “Interests in Joint Ventures” and SIC-13 “Jointly Controlled Entities—Non-Monetary Contributions by Ventures”. Changes in the definitions have reduced the number of types of joint arrangements to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. Equity accounting is mandatory for participants in joint ventures.
- IFRS 12, Disclosure of Interest in Other Entities, (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013), applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. It replaces the disclosure requirements currently found in IAS 28 “Investments in associates”. IFRS 12 requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity’s interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. To meet these objectives, the new standard requires disclosures in a number of areas, including significant judgments and assumptions made in determining whether an entity controls, jointly controls, or significantly influences its interests in other entities, extended disclosures on share of non-controlling interests in group activities and cash flows, summarised financial information of subsidiaries with material non-controlling interests, and detailed disclosures of interests in unconsolidated structured entities.
- IFRS 13, Fair value measurement, (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013), aims to improve consistency and reduce complexity by providing a revised definition of fair value, and a single source of fair value measurement and disclosure requirements for use across IFRSs.

**EKO BULGARIA EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**2. Accounting policy (continued)**  
**2.1. Basis for Preparation of Annual Financial Statements (continued)**

*(d) New or Revised Standards & Interpretations not yet endorsed by the European Union (Continued)*

- IAS 27, Separate Financial Statements, (revised in May 2011 and effective for annual periods beginning on or after 1 January 2013), was changed and its objective is now to prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The guidance on control and consolidated financial statements was replaced by IFRS 10, Consolidated Financial Statements.
- IAS 28, Investments in Associates and Joint Ventures, (revised in May 2011 and effective for annual periods beginning on or after 1 January 2013). The amendment of IAS 28 resulted from the Board's project on joint ventures. When discussing that project, the Board decided to incorporate the accounting for joint ventures using the equity method into IAS 28 because this method is applicable to both joint ventures and associates. With this exception, other guidance remained unchanged.
- Disclosures—Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7 (issued in December 2011 and effective for annual periods beginning on or after 1 January 2013). The amendment requires disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off. The amendment will have an impact on disclosures but will have no effect on measurement and recognition of financial instruments.
- Amendments to IAS 1, Presentation of Financial Statements (issued June 2011, effective for annual periods beginning on or after 1 July 2012), changes the disclosure of items presented in other comprehensive income. The amendments require entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be reclassified to profit or loss in the future. The suggested title used by IAS 1 has changed to 'statement of profit or loss and other comprehensive income'
- Amended IAS 19, Employee Benefits (issued in June 2011, effective for periods beginning on or after 1 January 2013), makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. The standard requires recognition of all changes in the net defined benefit liability (asset) when they occur, as follows: (i) service cost and net interest in profit or loss; and (ii) remeasurements in other comprehensive income.
- Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32 (issued in December 2011 and effective for annual periods beginning on or after 1 January 2014). The amendment added application guidance to IAS 32 to address inconsistencies identified in applying some of the offsetting criteria. This includes clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement.

*Other revised standards and interpretations:*

- The amendments to IFRS 1 "First-time adoption of IFRS", relating to severe hyperinflation and eliminating references to fixed dates for certain exceptions and exemptions, the amendment to IAS 12 "Income taxes", which introduces a rebuttable presumption that an investment property carried at fair value is recovered entirely through sale, and IFRIC 20,



**EKO BULGARIA EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**2. Accounting policy (continued)**  
**2.1. Basis for Preparation of Annual Financial Statements (continued)**

*Other revised standards and interpretations (continued)*

- “Stripping Costs in the Production Phase of a Surface Mine”, which considers when and how to account for the benefits arising from the stripping activity in mining industry, will not have any impact on these 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:

	<b>As at 31 December</b>	
	<b>2011</b>	<b>2010</b>
1 USD	1.51158	1.47276
1 EUR	1.95583	1.95583

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

**2.3. Property, Plant and Equipment**

Land and buildings include mainly commercial premises – petrol stations and land plots for the construction of petrol stations. The land and the building are stated at acquisition cost decreased by subsequent depreciation of buildings.

The costs of acquisition of tangible fixed assets are not depreciated until the moment the assets are put into operation.

The subsequent costs are added to the balance value of the asset or are calculated as a separate asset only when the Company is expected to receive future economic benefits related to the use of this asset and when their book value could be specified in a trustworthy way. All other maintenance and repair costs are reported in the revenue statement for the period, in which they are 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 useful 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

**EKO BULGARIA EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2011**

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**2. Accounting policy (continued)**

**2.3. Property, Plant and Equipment (continued)**

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

**2.4 Fixed Intangible Assets**

*(a) Goodwill*

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 included in the Statement of Financial Position 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 recognised at 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.

**2.6. Investment Property**

Investment Property is initially recognised at 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 their 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**

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 using weighted-average cost method.

**2.8. Trade Receivables**

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

A provision for impairment is recognised 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.

**EKO BULGARIA EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2011**

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**2. Accounting policy (continued)**

**2.8. Trade Receivables (continued)**

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 Statement of Comprehensive Income.

**2.9. Cash and Cash Equivalents**

Cash and cash equivalents include 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 Statement of Financial Position.

**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 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.

**2.14. Provisions**

Provisions are recognised only in cases when the Company has 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 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.

**EKO BULGARIA EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2011**

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**2. Accounting policy (continued)**

**2.15. Revenue Recognition**

Revenue includes the fair value of the sold goods and services provided net of value added tax and discounts. Revenue is recognised as follows:

*(a) Sales of goods retail*

Revenue from sales of goods is 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*

Revenue from services is recognised during the reporting period, in which they were charged on the basis percentage of completion.

*(c) Interest Income*

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired the Company reduces 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 of 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 liabilities 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.

**EKO BULGARIA EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2011**

**3. Financial Risk Management (continued)**

**3.1. Financial Risk Factors(continued)**

*(a) Market Risk (continued)*

*(i) Foreign Exchange Risk (continued)*

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

*(ii) Interest Rate Risk*

As far as 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 2011	Less than a year	Between 1 and 2 years	Between 2 and 5 years
Loans	125,669		
Trade and other liabilities	40,246	1,522	1,523
Finance lease incl. interest	2,056	4,112	3,705
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 incl. interest	1,364	3,338	3,298

**EKO BULGARIA EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2011**

**3. Financial Risk Management (continued)**

**3.2. Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust its capital structure, the Company may adjust the amount of paid dividends to shareholders, return capital to shareholders, issue new shares or sell assets to pay the debts.

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

During 2011 the Company maintains the gearing ratio between 90% and 99% and BB credit rating. The gearing ratios at 31 December 2011 and 2010 were as follows:

	As at 31 December	
	2011	2010
Total borrowings (Note 15)	125,669	125,458
Less with cash and cash equivalents (Note 10)	(5,753)	(8,722)
Net debt	119,916	116,736
Total Share capital	1,449	7,665
Total Capital	<u>121,365</u>	<u>124,401</u>
<b>Gearing ratio</b>	<b>99%</b>	<b>94%</b>

**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 125,669 thousand, including the interest due as of 31 December 2011. 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.

**EKO BULGARIA EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2011**

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**4. Critical Accounting Estimates and Assumptions**

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

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

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

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

*(b) Impairment of Non-financial Assets*

The Company is testing on annual base if there are existing indications, that a certain asset requires and impairment in compliance with the disclosed in note 2.5 accounting policy. Annually the Company is testing the assets for impairment to define their recoverable value. The recoverable value of cash flow generating units (CFGU) is defined on the base of calculated value in use. When defining the value in use, the expected future cash flows are discounted up to the present value using the rate of discounting before taxes, which reflects the current market value of the money in time and the specific risks for the certain asset.

The ability of material and non-material assets to generate significant future economic benefits for recovering their carrying value is uncertain and cannot be estimated reliably. In execution of these estimates of the recoverable value a significant number of estimates and decisions is required including, but not only:

- Estimation of the expected future cash payments, generated by these assets;
- Expectations for the possible variations in amounts and duration of these payments;
- The value of money in time, presented via the rate of discounting. The relevant long term values of the discount factor is 11% for 2011 and 9% for 2010.
- Fixed percentage of increasing the revenues. The average value of the percentage of increasing the revenues is 1% for 2011.

The result of a test performed as of 31 December 2011 is there is no need for impairment of the assets. An increased discount factor of 2 % was used considering a higher business risk than 2010. There would not be impairment even if 10% lower cash flows were used or if the discount factor and the revenue growth rate were 1 % higher/lower.

*(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.

**EKO BULGARIA EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2011**

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**4. Critical Accounting Estimates and Assumptions (continued)**

*(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.



**EKO BULGARIA EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2011**

*(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
<b>Net book amount at 1 January 2010</b>	<b>69,014</b>	<b>51,000</b>	<b>11,975</b>	<b>52</b>	<b>3,874</b>	<b>2,892</b>	<b>2,751</b>	<b>141,558</b>
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
Assets held for sale	(2,235)	-	-	-	-	-	-	(2,235)
Depreciation charge	-	(2,995)	(3,055)	(26)	(1,176)	(294)	-	(7,546)
<b>Closing net book amount at 31 December 2010</b>	<b>67,915</b>	<b>49,822</b>	<b>9,352</b>	<b>57</b>	<b>2,747</b>	<b>2,617</b>	<b>469</b>	<b>132,979</b>
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)
<b>Net book amount at 31 December 2010</b>	<b>67,915</b>	<b>49,822</b>	<b>9,352</b>	<b>57</b>	<b>2,747</b>	<b>2,617</b>	<b>469</b>	<b>132,979</b>
<b>Net book amount at 1 January 2011</b>	<b>67,915</b>	<b>49,822</b>	<b>9,352</b>	<b>57</b>	<b>2,747</b>	<b>2,617</b>	<b>469</b>	<b>132,979</b>
Additions	1,994	455	767	-	-	167	63	3,446
Disposals	-	(27)	(113)	-	(14)	-	-	(154)
Accumulated depreciation of disposals	-	3	3	-	6	-	-	12
Assets held for sale	(2,514)	-	-	-	-	-	-	(2,514)
Depreciation charge	-	(3,073)	(2,503)	(25)	(1,035)	(294)	-	(6,930)
<b>Closing net book amount at 31 December 2011</b>	<b>67,395</b>	<b>47,180</b>	<b>7,506</b>	<b>32</b>	<b>1,704</b>	<b>2,490</b>	<b>532</b>	<b>126,839</b>
Book value	67,395	64,768	24,227	144	8,309	4,698	532	170,073
Accumulated depreciation	-	(17,588)	(16,721)	(112)	(6,605)	(2,208)	-	(43,234)
<b>Net book amount at 31 December 2011</b>	<b>67,395</b>	<b>47,180</b>	<b>7,506</b>	<b>32</b>	<b>1,704</b>	<b>2,490</b>	<b>532</b>	<b>126,839</b>

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

**EKO BULGARIA EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2011**

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

**5. Property, plant and equipment (continued)**

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

	As at 31 December	
	2011	2010
Cost - capitalized finance lease	20,091	17,646
Accumulated depreciation	(3,618)	(2,147)
Net book value	<b>16,473</b>	<b>15,499</b>

**6. Intangible fixed assets**

	Software	Land - right of use	Goodwill	Total
Net book amount at 1 January 2010	2,342	5,939	2,630	10,911
Additions	173	-	-	173
Depreciation charge	(231)	(563)	-	(794)
<b>Closing net book amount at 31 December 2010</b>	<b>2,284</b>	<b>5,376</b>	<b>2,630</b>	<b>10,290</b>
Book value	3,865	7,859	2,630	14,354
Accumulated depreciation	(1,581)	(2,483)	-	(4,064)
<b>Net book amount at 31 December 2010</b>	<b>2,284</b>	<b>5,376</b>	<b>2,630</b>	<b>10,290</b>
Net book amount at 1 January 2011	2,284	5,376	2,630	10,290
Additions	240	-	-	240
Depreciation charge	(258)	(563)	-	(821)
<b>Net book amount at 31 December 2011</b>	<b>2,266</b>	<b>4,813</b>	<b>2,630</b>	<b>9,709</b>
Book value	4,105	7,859	2,630	14,594
Accumulated depreciation	(1,839)	(3,046)	-	(4,885)
<b>Net book amount at 31 December 2011</b>	<b>2,266</b>	<b>4,813</b>	<b>2,630</b>	<b>9,709</b>

**EKO BULGARIA EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2011**

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

**7. Investment Property**

	<b>As of 31 December 2011</b>	<b>As of 31 December 2010</b>
Opening balance as of 1 January	2,235	-
Transferred from Properties, Machines and Constructions	2,514	2,235
	<u>4,749</u>	<u>2,235</u>

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**

	<b>As at 31 December</b>	
	<b>2011</b>	<b>2010</b>
Trade receivables – regular	7,200	5,123
Trade receivables – overdue, not impaired	1,196	1,300
Trade receivables – overdue, impaired	1,025	1,224
Impairment of trade receivables	(811)	(601)
Prepayments	659	17
	<u>9,269</u>	<u>7,063</u>

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

	<b>As at 31 December</b>	
	<b>2011</b>	<b>2010</b>
Up to 6 months	371	781
More than 6 months	825	519
<b>Overdue Unimpaired Receivables – Total</b>	<u>1,196</u>	<u>1,300</u>

As at 31 December 2011 trade receivables amounting to BGN 1,025 thousand were impaired. The amount of the provision was BGN 811 thousand as at this date (2010: 601). 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:

	<b>As at 31 December</b>	
	<b>2011</b>	<b>2010</b>
More than 6 months	1,025	1,224
<b>Overdue Impaired Receivables – Total</b>	<u>1,025</u>	<u>1,224</u>

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:

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

Collaterals for trade receivables:

	As at 31 December 2011	
	Receivables	Collaterals
Trade receivables insured against financial risk	1,585	1,568
Trade receivables secured by a promissory note	858	575
Trade receivables secured by bank guarantees	773	675
Trade receivables secured by deposits	157	153
	<u>3,373</u>	<u>2,971</u>

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

	As at 31 December	
	2011	2010
<b>As at 01 January</b>	<b>(601)</b>	<b>(304)</b>
Accumulated provision for impaired receivables during the period	(265)	(297)
Received amount from customers	55	-
<b>As at 31 December</b>	<b>(811)</b>	<b>(601)</b>

**9. Inventories**

	As at 31 December	
	2011	2010
Fuels	17,794	15,656
Lubricants	290	227
Goods in the shops	3,558	3,561
Other inventories	1	261
	<u>21,643</u>	<u>19,705</u>

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

**10. Cash and Cash Equivalents**

	As at 31 December	
	2011	2010
Cash at bank and cash in hand	5,603	8,572
Blocked cash	150	150
	<u>5,753</u>	<u>8,722</u>

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	
	2011	2010
Cash at bank and cash in hand	5,753	8,722
Bank overdraft in current account	-	-
	<u>5,753</u>	<u>8,722</u>

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**11. Share capital**

	<b>Number of shares (thousand)</b>	<b>Value (BGN thousand)</b>
As at 31 December 2010	5,150	51,500
As at 31 December 2011	<b>5,150</b>	<b>51,500</b>

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 2011 the sole shareholder of the Company is:

<b>Shareholder</b>	<b>Share of capital</b>
Hellenic Petroleum Bulgaria (Holdings) Limited	100 %

**12. Trade and other payables**

	<b>As at 31 December</b>	
	<b>2011</b>	<b>2010</b>
<b>Short-term liabilities</b>		
Trade payables	19,135	16,431
Amounts due to related parties (Note 21)	21,009	20,567
Leaves not taken	102	94
	<b>40,246</b>	<b>37,092</b>
<b>Long-term liabilities</b>		
Trade payables	3,685	4,260
Total	<b>3,685</b>	<b>4,260</b>

**Long-term liabilities**

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

	<b>As at 31 December</b>	
	<b>2011</b>	<b>2010</b>
Up to 1 year	761	761
Between 1 and 5 years	3,045	3,045
More than 5 years	1,141	1,903
	<b>4,947</b>	<b>5,709</b>
Deferred financial expenses	(688)	(901)
<b>Net Payments</b>	<b>4,259</b>	<b>4,808</b>
Incl. short-term part	574	548
long-term part	3,685	4,260
	<b>4,259</b>	<b>4,808</b>

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

Present value of the future payments:

	<b>As at 31 December</b>	
	<b>2011</b>	<b>2010</b>
Up to 1 year	574	548
Between 1 and 5 years	2,585	2,467
More than 5 years	1,100	1,793
	<b>4,259</b>	<b>4,808</b>

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

<b>Short-term</b>	<b>2011</b>	<b>2010</b>
<b>As at 1 January</b>	94	101
Used in the period	(94)	(101)
Accrued during the period	102	94
<b>As at 31 December</b>	<b>102</b>	<b>94</b>

**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:

	<b>As at 31 December</b>	
	<b>2011</b>	<b>2010</b>
Interest costs	2	2
Current service costs	5	9
Net actuarial loss recognised in the period	(2)	(4)
Total included in staff costs	<b>5</b>	<b>7</b>

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

	<b>As at 31 December</b>	
	<b>2011</b>	<b>2010</b>
At the beginning of the period	56	49
Recognised expense in the income statement	5	7
At the end of the period	<b>61</b>	<b>56</b>

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<b>14. Finance lease</b>	<b>As at 31 December</b>	
	<b>2011</b>	<b>2010</b>
The minimum lease payments are as follows:		
Up to 1 year	2,056	1,364
From 1 to 5 years	7,817	6,636
More than 5 years	8,999	8,541
	<u>18,872</u>	<u>16,541</u>
Future financial expenses for finance lease	(6,597)	(5,761)
Present value of the future lease payments	<u>12,275</u>	<u>10,780</u>
Incl. short-term part	907	441
long-term part	11,368	10,339
	<u>12,275</u>	<u>10,780</u>

The present value of the obligation is:

	<b>As at 31 December</b>	
	<b>2011</b>	<b>2010</b>
Up to 1 year	907	441
From 1 to 5 years	4,200	3,671
More than 5 years	7,168	6,668
	<u>12,275</u>	<u>10,780</u>

<b>15. Borrowings</b>	<b>As at 31 December</b>	
	<b>2011</b>	<b>2010</b>
Short-term		
Bank overdrafts (Note 10)	-	-
Short-term bank loans	66,498	66,498
Loans from related parties (Note 21)	58,675	58,675
Interest payable	496	285
Total	<u>125,669</u>	<u>125,458</u>

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

	<b>2011</b>	<b>2010</b>
Up to 1 year	20,031	20,093
The borrowings secured by bank guarantees	4,417	4,355
	<u>24,448</u>	<u>24,448</u>

The borrowings up to 1 year are annual commitments which have been reviewed on various dates in 2011.

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**15. Borrowings (continued)**  
**Short-term (continued)**

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

The fair value of the current loans is equal to their balance sheet values, because the effect of the discounting is insignificant.

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

	As at 31 December	
	2011	2010
Euro	64,254	64,146
BGN	-	-

- a) A short-term bank loan agreement from UBB was signed on 11.10.2011. 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 Eurobank EFG Private Bank Luxemburg S.A. agreement was signed on 13.06.2006 and renegotiated on 13.06.2011. 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+5.75 %.
- 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 31.03.2011. 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 14.04.2011. The limit on the loan is worth EUR 100,000,000. As at 31.12.2011 EUR 30,000,000 have been utilised. The term of use is five years. The effective interest rate on the credit is one-month EURIBOR+2.31%.



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**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	
	2011	2010
Deferred tax assets:		
– Deferred tax assets to be recovered after more 12 months	5,423	4,317
	<b>5,423</b>	<b>4,317</b>

The movement in the deferred tax account is as follows:

At the beginning of the period (assets)	4,317	4,250
Charged to the income statement (Note 19)	1,106	67
<b>As at the end of the period (assets)</b>	<b>5,423</b>	<b>4,317</b>

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	Week capitalisati on	Total
<b>As at 31 December 2010</b>	<b>2,821</b>	<b>5</b>	<b>9</b>	<b>30</b>	<b>1,385</b>	<b>4,250</b>
(Cost) /income in the income statement	(64)	1	(1)	30	101	67
<b>As at 31 December 2010</b>	<b>2,757</b>	<b>6</b>	<b>8</b>	<b>60</b>	<b>1,486</b>	<b>4,317</b>
(Cost) /income in the income statement	464	1	1	21	619	1,106
<b>As at 31 December 2011</b>	<b>3,221</b>	<b>7</b>	<b>9</b>	<b>81</b>	<b>2,105</b>	<b>5,423</b>

**EKO BULGARIA EAD**  
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**17. Financial instruments**

**17.1. Financial instruments by category**

<b>As at 31 December</b>	<b>2011</b>	<b>2010</b>
<b>Assets as per balance sheet:</b>		
Trade and other receivables excluding prepayments	8,610	7,046
Cash and cash equivalents	<u>5,753</u>	<u>8,722</u>
<b>Total:</b>	<b><u>14,363</u></b>	<b><u>15,768</u></b>

<b>As at 31 December</b>	<b>2011</b>	<b>2010</b>
<b>Liabilities as per balance sheet:</b>		
Borrowings	125,669	125,458
Trade and other payables excluding statutory liabilities	<u>56,104</u>	<u>52,038</u>
<b>Total:</b>	<b><u>181,773</u></b>	<b><u>177,496</u></b>

**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:

	<b>2011</b>	<b>2010</b>
Contractors without external credit rating		
Group 1	334	133
Group 2	6,866	4,990
Group 3	<u>1,196</u>	<u>1,300</u>
Total trade receivables:	<b><u>8,396</u></b>	<b><u>6,423</u></b>

- 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.

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

<b>Banks</b>	<b>2011</b>	<b>2010</b>
	Rating	Rating
	Cash at hand	Cash at hand
United Bulgarian Bank	BB	BB
EFG	BB	BB
	<u>2,332</u>	<u>7,181</u>
	<u>3,151</u>	<u>1,527</u>
Total cash at bank and short-term bank deposits	<b><u>5,483</u></b>	<b><u>8,708</u></b>

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<b>18. Operating revenue and expenses</b>		
<b>18.1. Revenue</b>		
	<b>2011</b>	<b>2010</b>
Sale of fuels		
- Retail	330,974	262,123
- Wholesale	112,247	98,162
Sales of lubricants	558	497
Sale of goods	31,388	29,806
	<u>475,167</u>	<u>390,588</u>
<b>18.2. Cost of goods sold</b>		
	<b>2011</b>	<b>2010</b>
Cost of fuels sold		
- Retail	301,144	227,984
- Wholesale	110,910	96,232
Cost of lubricants sold	398	334
Cost of goods sold	25,581	23,748
	<u>438,033</u>	<u>348,298</u>
<b>18.3. Other Operating Income (net)</b>		
	<b>2011</b>	<b>2010</b>
Incomes from sales of tangible fixed assets (net)	-	1
Rents and advertisement	388	397
Other income	949	878
	<u>1,337</u>	<u>1,276</u>
<b>18.4. Sales and distribution expenses</b>		
	<b>2011</b>	<b>2010</b>
Maintenance and repairs	2,548	2,274
Dealer's remuneration	10,625	10,428
Advertisement and marketing	1,326	2,003
Electricity, water, consumable	2,513	2,312
Property taxes and fees	772	858
Depreciation and amortisation	7,474	8,059
Other expenses	4,895	4,974
	<u>30,153</u>	<u>30,908</u>
<b>18.5. Administrative expenses</b>		
	<b>2011</b>	<b>2010</b>
Salaries and social security	1,786	1,984
Rents	549	902
Consumable and maintenance	371	284
Hired services	1,171	1,222
Depreciation and amortisation	277	281
Other	2,660	1,940
	<u>6,814</u>	<u>6,613</u>

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**18. Operating revenue and expenses (continued)**  
**18.6. Interest income / (expense)**

	<b>2011</b>	<b>2010</b>
Interest expense	(8,766)	(6,493)
Interest income	70	78
	<u>(8,696)</u>	<u>(6,415)</u>

**18.7. Foreign exchange income / (expense)**

	<b>2011</b>	<b>2010</b>
Income from foreign exchange differences	53	3,336
Expenses from foreign exchange differences	(183)	(3,657)
	<u>(130)</u>	<u>(321)</u>

**19. Tax expense**

	<b>2011</b>	<b>2010</b>
Deferred tax effect	1,106	67
	<u>1,106</u>	<u>67</u>

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:

	<b>2011</b>	<b>2010</b>
Accounting loss (before tax)	(7,322)	(691)
Theoretical tax expense at 10% (2010:10%)	(732)	(69)
Not-recognised expense	19	22
Recognised deferred tax asset from previous years	-	-
Previous years tax loss deduction	(393)	(20)
Tax expense	<u>(1,106)</u>	<u>(67)</u>

The company has deducted the last annual tax loss on the amount of 3,933 BGN thousands.

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**20. Cash generated from operation activity:**

	<b>As at 31 December</b>	
	<b>2011</b>	<b>2010</b>
Loss before income tax	(7,322)	(691)
Adjustments for:		
Depreciation and amortisation	7,751	8,340
(Profit)/Loss on disposal	-	(1)
Change in the liability provision	5	7
Interest expense, net	8,696	6,415
Exchange rate differences, net	130	321
Receivables impairment expense	210	297
Changes in the working capital:		
- Inventories	(1,938)	(5,763)
- Trade and other receivables	(2,379)	2,718
- Obligations	2,336	(444)
Cash generated from operation activity	<u>7,489</u>	<u>11,199</u>

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

	<b>2011</b>	<b>2010</b>
Net book amount	144	180
(Profit)/loss of sale of tangible fixed assets	-	1
Proceeds from the sale of tangible fixed assets	<u>144</u>	<u>181</u>

**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**

	<b>2011</b>	<b>2010</b>
- Eko-Elda ABEE – purchase of fuels and lubricants	343	285
- Hellenic Petroleum Greece – purchase of fuels, lubricants and services	195,823	155,042
- Hellenic Petroleum Bulgaria Properties – purchase of fuels and lubricants, fixed assets, services	3,887	4,745
- HELPE International Consulting – consultant services	352	473
	<u>200,405</u>	<u>160,545</u>

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**21. Related - party transactions (continued)**  
**Payables to related parties**

	<b>As at 31 December</b>	
	<b>2011</b>	<b>2010</b>
– Eko-Elda ABEE – trade liabilities for purchase of fuels and lubricants	124	89
– Hellenic Petroleum Greece - purchase of fuels, lubricants and services	20,442	17,610
– Hellenic Petroleum Bulgaria Properties – purchase of services	443	2,868
	<b>21,009</b>	<b>20,567</b>

**Amounts due to related parties on received loans:**

	<b>As at 31 December</b>	
	<b>2011</b>	<b>2010</b>
– Hellenic Petroleum Finance - loan	58,675	58,675
	<b>58,675</b>	<b>58,675</b>

**Sales of goods and services to related parties**

	<b>2011</b>	<b>2010</b>
– Hellenic Petroleum Bulgaria Properties EAD – sale of assets and services	176	214
	<b>176</b>	<b>214</b>

**Receivables from related parties**

	<b>As at 31 December</b>	
	<b>2011</b>	<b>2010</b>
– Hellenic Petroleum Bulgaria Properties EAD – sale of assets and services	436	261
	<b>436</b>	<b>261</b>

The Board of Directors of EKO Bulgaria EAD consists of six persons, and their gross salary for 2011 is estimated at BGN 23 thousand (2010: 22 thousand).

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**22. Contingent assets and liabilities**

**Taxation**

The taxation of the Company is done under the regulations of the Republic of Bulgaria for year 2011. 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. In 2011 tax audits under the Law on Corporate Income Tax, Law on Personal Income Tax have been performed until 31 December 2010, and under the Law on VAT – until the end of February 2011. As of the date of the balance sheet the company is claiming the Audit statement of the National Revenue Agency via representative in the Administrative Court, city of Sofia. The amount in the audit statement is paid and shown as receivable in the financial statement of the company. 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.

**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 2011 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

Up to 1 year	<b>2011</b>	<b>2010</b>
From 1 to 5 years	427	468
	1,166	126
	<b>1,593</b>	<b>594</b>

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:

Up to 1 year	<b>2011</b>	<b>2010</b>
From 1 to 5 years	250	244
	1,001	997
	<b>1,251</b>	<b>1,241</b>

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**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, as well wagons for its operational activity. Term of the contract is 5 years.

	<b>As of 31 December</b>	
	<b>2011</b>	<b>2010</b>
Up to 1 year	2,944	2,944
From 1 to 5 years	2,944	5,888
	<b>5,888</b>	<b>8,832</b>

Bank guarantees provided to third parties:

As at 31 December 2011 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.
- to secure the rent office Litex Tower - BGN 62 thousand,

The bank guarantees have been secured by the loan limit of BGN 24,448,000.

As at 31 December 2011 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.





## ***Independent auditor's report***

***To Shareholder of "Eko Bulgaria" EAD***

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of "Eko Bulgaria" EAD (the "Company") which comprise the statement of financial position as of 31 December 2011 and the statements of 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 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.

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T: +359 2 9355200, F: +359 2 9355266, [www.pwc.com/bg](http://www.pwc.com/bg)  
Registered with the Sofia City Court under company file number 13424/1997.*

***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.***



*Opinion*

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the "Eko Bulgaria" EAD as of 31 December 2011, and 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.

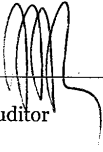
Without qualifying our opinion, we draw attention to the fact that as of 31 December 2011 the Company's registered share capital exceeds its net assets which is not in compliance with art. 252 par.1 clause 5 of the Bulgarian Commercial Act, which requires that in such instance the shareholders take a 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.

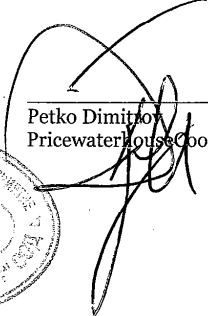
We are required by the Accounting Act to express an opinion whether the Annual Report is consistent with the annual financial statements of the Company.

In our opinion, the Annual Report set out on pages 4 to 7, is consistent with the accompanying financial statements of the Company as of 31 December 2011.

  
Irena Vakova  
Registered Auditor

28 March 2012  
Sofia, Bulgaria



  
Petko Dimitov  
PricewaterhouseCoopers Audit OOD