EKO

EKO BULGARIA EAD
ANNUAL ACTIVITY REPORT
ANNUAL FINANCIAL STATEMENTS
INDEPENDENT AUDITORS' REPORT
31 DECEMBER 2007

EKO BULGARIA EAD
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The management of EKO BULGARIA EAD presents its annual activity report and annual financial statement as at December 31, 2007 prepared in compliance with the International Financial Reporting Standards (IFRS) adopted for 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 the above, on the territory of the Republic of Bulgaria.

ASSESSMENT OF THE ACTIVITIES FOR THE REPORTED PERIOD

The year 2007 has been a year of development for the Company, mainly characterized by the management's main objective to grow substantially the business – practically doubling the retail fuel and non-fuel sales, at the same time improve retail margin and continuing of improvement its corporate business organization.

The business environment in 2007 was tough and challenging. Crude oil prices reached record highs. The Company retail sales did not reach the level of the budgeted ones due to a delay in starting of some of the petrol stations planed to be in operation in 2007. The Company expenses were fully in compliance with the budget. We achieved to triple 2007 fuel sales volumes versus 2006 due to the wholesale business developed within the reported period. The Average daily through-put (ATP) per PS reached a level higher by 10% for the whole chain (49 PS at year end) compared to 2006 (41 PS at year end).

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

1. Network development
    - Company added to our chain another 8 new PS during the reported period. The company has 49 working PS as of December 31, 2007.
    - The fuels fleet cards had been further developed.
2. Marketing
    - Corporate Social Responsibility (CSR) Program under the heading "Call when you get there" had been continued from the previous year, accompanied by series of "above the line" and "bellow the line" marketing activities. The company received several awards for our CSR program.
3. Wholesales
    - A signed agreement with another petroleum company started in April 2007 was fully implemented for eight months and it is the main contributor for the fuels margin increase (at 65.5 €/m3 versus 50 €/m3 in 2006) despite the serious margin erosion of LPG due to the competition. Apart from this agreement we increased our wholesales customer base.
4. Corporate "Discipline"
    - The company participated in the preparation and adopted the three main procedures developed within the frame of Directorate General of International Activities (DGIA) of Hellenic Petroleum Group – DGIA Authorities Manual, DGIA Procurement Manual and DGIA Credit Manual.

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 objectives and strategy. The management is optimistic regarding the accomplishment of the goals set for 2008 in the elaborated five-year plan.

EVENTS SUBSEQUENT TO THE REPORTING PERIOD END

There have been no events subsequent to the period end, 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 thereto.

COMPANY FUTURE DEVELOPMENT

The company plans to achieve within next 5 years period:

- By the end of the period to be among the most respected firms, included in the top players in the Bulgarian market, profitable, recognized by the consumer by the top quality of our 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/ registered paper - backed shares, with nominal value of BGN 10 /ten/ each, fully subscribed. The full ownership of the Company had been transferred from the previous shareholder Eko ABEE Greece to another member of Hellenic Petroleum Group - Hellenic Petroleum Bulgaria (Holdings) Limited, which is the new sole shareholder of Eko Bulgaria EAD.

MANAGEMENT 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 company's 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) among its members.

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

John Costopoulos – Chairman
Ioannis Georgios Prodromidis – Deputy Chairman
Ioannis Anthonios Polykandriotis – Managing Director
Spyridon Ioannis Kiartzis - Member
Christos Asterios Tziolas – Member

The annual remuneration of the Board of directors members is presented in the notes of the financial statements.

FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including Currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.
Risk management is carried out by a central treasury department (Group Treasury) under policies

approved on group level. Group Treasury identifies, evaluates and decides whether to hedge the financial risks in close co-operation with the Company's management. The Group provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

THE COMPANY MANAGEMENT SETS THE FOLLOWING MAIN GOALS FOR 2008

- Achievement of economic and financial results in accordance with the interests of the share-holders, providing development of the business of Hellenic Petroleum in the country;
- Timely and cost effective accomplishment of the investment program of the Company through construction or acquisition of new petrol stations, targeting 62 in total at the end 2008;
- Further increase of operational efficiency;
- Further increase of our market share.

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 done 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 property 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
7 February 2008
Sofia

EKO BULGARIA EAD
BALANCE SHEET
31 DECEMBER 2007

(All amounts are in BGN thousands)

	Note	As at 31 December 2007	2006
ASSETS			
Non current assets			
Property, plant and equipment	5	112 127	101 576
Intangible assets	6	10 193	10 797
Deferred tax assets	16	1 812	868
		124 132	**113 241**
Current assets			
Inventories	9	4 940	3 206
Trade and other receivables	8	5 320	2 884
Cash and cash equivalents	10	5 965	5 223
Assets held for sale	7	1 086	1 086
Total assets		**141 443**	**125 640**
EQUITY			
Capital and reserves attributable to equity holders of the company			
Share capital	11	51 500	51 500
Retained Earnings		(29 136)	(21 603)
Total equity		**22 364**	**29 897**
LIABILITIES			
Non current liabilities			
Borrowings	15	3 911	7 823
Trade and other payables	12	5 830	6 305
Finance lease	14	8 709	4 748
Retirement benefit obligations	13	29	22
		18 479	**18 898**
Short-term liabilities			
Borrowings	15	84 834	67 216
Trade and other payables	12	15 326	9 356
Finance lease	14	440	273
		100 600	**76 845**
Total liabilities		**119 079**	**95 743**
Total equity and liabilities		**141 443**	**125 640**

Executive Director
Ioannis Polykandriotis

Financial Director
Georgi Deyanov

Certified in compliance with the audit report:

Registered auditor:
Irena Vakova

The notes on pages from10 to 35 are an integral part of these financial statements.

EKO BULGARIA EAD
INCOME STATEMENT
31 DECEMBER 2007

(All amounts are in BGN thousands)

	Note	As at 31 December	
		2007	**2006**
Revenue	17.1	172 405	71 434
Cost of sales	17.2	(157 512)	(64 463)
Gross profit		**14 893**	**6 971**
Distribution costs	17.4	(15 733)	(11 552)
Administrative Expenses	17.5	(3 927)	(2 988)
Other income	17.3	479	181
Operating profit/(loss)		**(4 288)**	**(7 388)**
Interest expense	17.6	(4 774)	(2 183)
–Finance income/(expenses) from exchange rates	17.7	585	188
Pre-tax profit		**(8 477)**	**(9 383)**
Tax income	18	944	174
Profit/(loss) for the year		**(7 533)**	**(9 209)**

Executive Director
Ioannis Polykandriotis

Financial Director
Georgi Deyanov

Certified in compliance with the audit report:

Registered auditor:
Irena Vakova

EKO BULGARIA EAD
STATEMENT OF CHANGES IN EQUITY
31 DECEMBER 2007

(All amounts are in BGN thousands)

	Note	Share Capital	Retained earnings	Total
Balance as of 1 January 2006	11	51 500	(12 394)	39 106
Loss for the year		-	(9 209)	(9 209)
Balance as of 31 December 2006		**51 500**	**(21 603)**	**29 897**
Balance as of 1 January 2007	11	51 500	(21 603)	29 897
Loss for the year		-	(7 533)	(7 533)
Balance as of 31 December 2007		**51 500**	**(29 136)**	**22 364**

Executive Director
Ioannis Polykandriotis

Financial Director
Georgi Deyanov

Certified in compliance with the audit report:

Registered auditor:
Irena Vakova

EKO BULGARIA EAD
CASH FLOW STATEMENT
31 DECEMBER 2007

(All amounts are in BGN thousands)	Note	December 31 2007	December 31 2006
Cash flows from operating activities	19	3 491	(242)
Interest paid		(4 226)	(1 961)
Net cash generated from operating activities		**(735)**	**(2 203)**
Cash flows from investing activities			
Purchases of property, plant and equipment (PPE)		(12 377)	(34 529)
Proceeds from sale of PPE	19	39	21
Interest received	17.6	117	27
Net cash used in investing activities		**(12 221)**	**(34 481)**
Cash flows from financing activities			
Repayments of borrowings		(3 911)	(15 367)
Received amounts from borrowings		19 558	46 938
Net cash used in financing activities		**15 647**	**31 571**
Net decrease in the cash and cash equivalents and bank overdrafts		**2 691**	**(5 113)**
Cash and cash equivalents at beginning of the year		(11 287)	(6 174)
Cash, cash equivalents and bank overdrafts at end of year	10	**(8 596)**	**(11 287)**

Executive Director
Ioannis Polykandriotis

Financial Director
Georgi Deyanov

Certified in compliance with the audit report:

Registered auditor
Irena Vakova

1. General Information

The main scope of activities of Eко 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 July 12. 2002. The ownership title on the shares of the company was transferred to Hellenic Petroleum Bulgaria (Holdings) Limited as at July 31, 2007. The name of the company was changed to EKO BULGARIA EAD on November 29, 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 February 14, 2008.

2. Accounting policy

The principal accounting policies applied in the preparation of these financialstatements 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. The financial statements have been prepared under the historical cost convention.

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 group'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 these financial statements.

(a) Standards, amendments and explanations effective as at 2007.

IFRS 7, 'Financial instruments: Disclosures', and the complementary amendment to IAS 1,'Presentation of financial statements – Capital disclosures', introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the group's financial instruments, or the disclosures relating to taxation and trade and other payables.

IFRIC 8, 'Scope of IFRS 2', requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of IFRS 2. This standard does not have any impact on the company's financial statements.

IFRIC 10, 'Interim financial reporting and impairment', prohibits the impairment losses recognized in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date.

2. Accounting policy (continued)

(b) Standards, amendments and interpretations effective in 2007 but not relevant
The following standards, amendments and interpretations must be applied to any reporting periods started or after January 01, 2007, but are not applicable for the Company:

- IFRS 4 “Insurance Contracts”;
- IFRIC 7 “Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies”; and
- IFRIC 9 “Reassessment of Embedded Derivatives”.

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

The following standards, amendments and interpretations to existing standards have been
published and are mandatory for the company’s accounting periods beginning on or after 1 January 2008 or later periods, but the company has not early adopted them:

- IAS 23 (Amendment), ‘Borrowing costs’ (effective from 1 January 2009). The amendment to the standard is still subject to endorsement by the European Union. It 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.

- IFRS 8, ‘Operating segments ‘ (effective from 1 January 2009). IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, ‘Disclosures about segments of an enterprise and related information’. The new standard requires a ‘management approach’, under which segment information is presented on the same basis as that used for internal reporting purposes. This standard does not relate to the activities of the Company.

- IFRIC 14, ‘IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction’ (effective from 1 January 2008). IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. This standard does not refer to the activities of the Company.

(d) Interpretations of existing standards, which have not entered into effect.

The following interpretations to existing standards have been published and are mandatory for the company’s accounting periods beginning on or after 1 January 2008 or later periods:

2. Accounting policy (continued)

- IFRIC 12, 'Service concession arrangements' (effective from 1 January 2008). IFRIC 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector. This interpretation is not relevant to the activities of the Company.

- IFRIC 13, 'Customer loyalty programmes' (effective from 1 July 2008). IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement in using fair values.

Interpretations of the International Accounting Standards Board (IASB) to the existing standards and interpretations, which have not yet entered into effect:
IFRS 2 "Share-based payment: Vesting Conditions and Cancellations"
IFRS 3 "Business combinations" (2008)
IAS 1 "Presentation of the Financial Statements" (effective as at September 2007)
IAS 23 "Borrowing Costs" (effective as at March 2007)
IAS 27 "Consolidated and Separate Financial Statements" (2008)
IFRIC 12 "Service Concession Agreements"
IFRIC 13 "Customer Loyalty Programs"
IFRIC 14 IAS 19 – "The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction"

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 final 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 for the basic currencies the Company has operated within the reported periods are as follows:

	As of December 31	
	2007	**2006**
USD 1	1.33122	1.48506
EUR 1	1.95583	1.95583

2..2. Foreign currency transactions (continued)

The foreign currency differences from restatements of non-monetary financial assets and liabilities are reported as part of the profit and loss.

2.3. Property, plant and equipment

The land and buildings article includes mainly commercial premises – petrol stations and landplots for the construction of petrol stations.

The land and the building are stated at cost less depreciation of buildings. The costs of acquisition of tangible fixed assets shall not be depreciated until the moment the assets are put into operation.

The subsequent costs shall be 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 report value could be specified in a trustworthy way. All other maintenance and repair costs shall be reported in the revenue statement for the period, into which they were incurred.

Land is not depreciated. The depreciation of other realties, machines and equipment shall be calculated under the linear method aiming at the distribution of the difference between the balance value and the written-down value of the assets service life, as follows:

– Buildings, Tanks	14-25years
– Pipe installations	10 years
– Vehicles	6-7 years
– Furniture, fixtures and fittings, Road pavement Other tangible fixed assets	5 years

The residual value and the service life of assets shall be reviewed and, if needed, the respective adjustments shall be 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 included in intangible assets. 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 or companys of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(b) Computer software

The intangible fixed assets shall be initially represented at the acquisition price. They shall be depreciated for their expected service life (from 3 to 4 years).

2.5. Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to

2.5. Impairment of non financial assets (continued)

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 of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are companyed at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.6. Non-current assets held for sale

The non-current assets held for sale shall be those assets which carrying amount will be recovered principally through a sale transaction, not through continuing use. For this to be the case, the assets must be available for immediate sale in its present condition or within a period of up to 12 months as of the classification date. The non-current assets held for sale shall not be depreciated after they are classified as such. The non-current assets kept for sale are evaluated at the lower of the balance sheet value or the fair value, reduced by the salling expenses.

2.7. Inventory

The inventoies shall be stated at the lower of cost or net realizable value. The net realizable value is equal to the expected sale price in the ordinary corse of business less directly related selling expenses. The cost shall be determined using the weighted average cost method.

2.8. Trade receivables

The trade receivables shall be initially recognized according to the 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 shall not be able to collect all sums due under the initial conditions regarding the respective account.

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

2.9. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, cash in bank accounts, other highly liquid investments with up to three-month maturity, as well as bank overdrafts. The overdrafts are shown within borrowing in current liabilities in the balance sheet.

2.10. Share capital

Ordinary shares are classified as equity.

2.11. Borrowings

The borrowings shall be initially recognized under their fair value, decreased by the transaction costs incurred. Subsequently, borrowings shall be stated at amorised cost; any difference between the proceeds (net of the transaction costs) and the redemption value shall be recognized in the income statement over the period of the borrowings, by using the effective interest rate method.

The borrowings shall be classified as short-term liabilities – with up to 12-month repayment period, and long-term liabilities – with a repayment period of over 12 month as of the balance sheet date.

2.12. Deferred Income Taxes

A deferred income tax is provided in full, using the liability method on temporary differences arising between the tax base of the assets and liabilities and their carrying amount in financial statements. When calculating the deferred taxes, the tax rates (and statutory framework) in force by the balance sheet date, and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

2.13. Employee Benefits

Pension obligations

No formal or informal pension plan is operated by the Company. The Government of Bulgaria through the National Insurance Fund is responsible for providing pensions in Bulgaria under a defined contribution pension plan. The company's contributions to the defined contribution pension plan are charged to the income statement in the year to which they relate.

In accordance with the Labour Code the employer is obliged to pay the employees at retirement age an indemnity, which varies between two and six gross monthly wages at the time of the termination of the labour contract depending on the length of service in the Company.

2.14. Provisions

Provisions shall be recognized only in case when the Company has the current legal or constructive obligation as a result of past events; it is probable that out flows of resources will be required to settle the obligation (rather than not appear) ; and the amount has been reliably estimated. The provisions shall be measured at the balance sheet date at the present value of the expenditures expected to be required to settle the obligation. The contingent liabilities shall not be recognized, but announced except in the cases when the probability to have future cash flows, including economic benefits for the repayment of the obligation is distant in time. Provisions for future losses shall not be recognized.

2.15. Revenue Recognition

The revenues shall include the fair value of the goods sold and services provided in the ordinary course of the Company's activity, net of value added tax and discounts. The revenues shall be recognized as follows:

(a) *Sales of goods - wholesales*

The revenues from wholesales of goods shall be recognized when the Company sells goods to the customer. The wholesales shall be paid cash. In order to guarantee the receivables from the customers, the Company shall conclude contracts requiring an advance payment prior to delivery from all customers, except one with which the company has an agreement (SWAP agreement) to deliver fuels on reciprocal base buying the same quantity and type of fuel on the same price for the needs of its operation in the east part of the country.

(b) Sales of goods - retail sales

The revenues from sales of goods shall be recognized when the Company sells goods to the customer. The retail sales shall be paid cash, by means of 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 shall conclude contracts on Bank guarantees, Deposits and Insurance in case of deferred payment.

(c) Sales of Services

The revenues from services rendered shall be recognized during the reporting period, in which they were carried out, on the basis of the degree of performance, specified as a percentage of services rendered so far against all services to be rendered.

(d) Interest income

Interest income is recognized on a time-proportion basis using the effective interest rate method. In case of impaired receivable, the Company shall reduce its carrying value to its recoverable value, being the estimated future cash flow, discounted at the initial efficient interest rate. The interest income on impaired receivable shall be recognized 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 shall be taken over by the Lessee, shall be classified as operational leasing. Payments under operational leasing (net regarding the Lessee's discounts) shall be recognized as a cost in the income statement in equal parts for the period of the lease.

Leases of property, plant and equipment where substantially all the risks and rewards of ownership are transferred to the Company, shall be recognized as finance lease. Finance lease are shown as an asset and a liability at the commencement of the lease period at the lower of the fair value of the leased asset and the present value of the minimal lease payments. Each lease payment is allocated betweent the liability and finance charge so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost shall be recognized as a current expense for the period in the income statement.

2.17. Dividend distribution

The distribution of dividend among the Company shareholders shall be recognized as an obligation for the period when the dividend was approved by shareholders.

3. Financial risk management

3.1. Financial risk factors

The financial assets and financial liabilities represented in the Company balance include cash, trade and other short-term receivables and obligations, long-term and short-term loans and obligations. The main risks related to these financial

3.1. Financial risk factors (continued)

instruments include currency risk, credit risk, liquidity risk and risk of change of interest rates. The main risks related to those financial instruments are a currency risk, a credit risk, a liquidity risk and a risk of interest rate fluctuations.

(a) Market risk

(i) Currency risk

The Company shall carry out transactions, under which payments shall be denominated in foreign currency and which are related mainly to its funding, as well as the operational activity. The Company shall 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 Lev/Euro rate is fixed). Therefore, it could be considered that the currency risk shall be 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

Since the Company does not dispose of significant interest-bearing assets, the revenues and the operative cash flows of the Company shall not be influenced by the changes in the market interest rates.

The interest rate risk of the Company shall arise from the long-term loans received. The loans with floating interest rates shall expose the Company to interest rate risk, related to amendments of future cash flows. The risk shall depend on the movements in the finance market and the Company has not developed methods for minimizing it.

(b) Credit risk

The Company shall have no significant concentration of credit risk. The Company shall have a developed and implemented policy, which guarantees that the sales of goods and services shall be carried out by customers with suitable credit history. In order to guarantee the receivables from Customers - card holders, in the cases of deferred payment, the Company shall conclude contracts for Bank Guarantees, Deposits and Insurances

The table below shows the credit limits and the balances of the four biggest counterparties as at the balance sheet date:

		31 December 2007		**31 December 2006**	
Counterparty	**Rating**	**Credit limit**	**Balance**	**Credit limit**	**Balance**
Bank	AAA	**5,000**	**1,682**	5,000	1,943
		5,000	**1,682**	5,000	1,943
Customer 1	A	**150**	**101**	55	47
Customer 2	A	**50**	**30**	50	22
Customer 3	A	**50**	**9**	25	13
		250	**140**	130	82

The Company has its own system fort determining of the customer rating (the highest shall be A and the lowest shall be D).

(b) Credit risk (continued)

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) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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

As of 31 December 2007	**Less than an year**	**Between 1 and 2 years**	**Between 2 and 5 years**
Loans	84 834	3 911	-
Trade and other liabilities	14 764	-	-

As of 31 December 2006	**Less than an year**	**Between 1 and 2 years**	**Between 2 and 5 years**
Loans	67 217	3 912	3 911
Trade and other liabilities	8 838	-	-

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 benefits for other stakeholders 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 dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

3.2. Capital risk management (continued)

During 2007, the company's strategy, which was unchanged from 2006, was to maintain the gearing ratio within 60% to 80%. The gearing ratios at 31 December 2007 and 2006 were as follows:

	2007	2006
Total borrowings (Note 15)	**88,745**	75,039
Less: cash and cash equivalents (Note 10)	(5,965)	(5.223)
Net debt	**82,780**	69,816
Total equity	22,364	29,897
Total Capital	**105,143**	99,713
Gearing ratio	**79%**	70%

4. Critical Accounting Estimates and Assumptions

The Company makes estimates and assumptions based on the best knowledge of the management regarding events and activities for the period, factual results might have difference in relation to these estimates.The estimates and assessment are based on experience accumulated and on some other factors, including expectations for the occurrence of some future events in the specific circumstances. The reliability of the estimates and assessment is regularly reviewed.
The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.:

(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) Estimated 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 have been determined based on value-in-use calculations. These calculations require the use of estimates.

4. Critical Accounting Estimates and Assumptions (continued)

(c) Income tax

Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(d) Useful life of tangible assets

The management of Company has determined the expected useful life and depreciation and amortization plans, related to the long-term assets. This estimate is based on a projection of 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 that the one specified in advance or will 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 cashflows that are expected on the basis of its experience with other receivables that are similar in their nature and also into 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 considering the current information available about the specific liabilities, including information from the legal counsellors of the company.

5. Property, plant and equipment

	Lands (sites)	Buildings and constructions	Machines, equipment and computers	Automobiles	Fixtures and fittings	Other tangible long-term assets	Tangible long-term assets in progress	Total
Year ended 31 December 2006	35 118	22 761	7 768	110	1 753	629	3 313	**71 452**
Additions	13 777	13 736	4 056	-	1 885	1 105	1 517	**36 076**
Disposals			(22)				(771)	**(793)**
Non-current assets for sale	(1 086)	-	-	-	-	-	-	**(1 086)**
Transferred by groups of assets	-	1 569	36	-	2	3	(1 610)	-
Depreciation charge	-	(1 758)	(1 527)	(25)	(562)	(201)	-	**(4 073)**
Closing net book amount at 31 December 2006	**47 809**	**36 308**	**10 311**	**85**	**3 078**	**1 536**	**2 449**	**101 576**
Cost or valuation	47 809	40 155	13 905	167	4 288	1 963	2 449	**110 736**
Accumulated depreciation	-	(3 847)	(3 594)	(82)	(1 210)	(427)	-	**(9 160)**
Net book amount at 31 December 2006	**47 809**	**36 308**	**10 311**	**85**	**3 078**	**1 536**	**2 449**	**101 576**
Year ended 31 December 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**
Cost or valuation	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**

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

The Company has seven gas stations (along all assets available there), three car washes as well as three cars acquired through finance lease, as follows:

5. Property, plant and equipment (continued)

	As at 31 December 2007	2006
Cost - capitalized finance lease	13,912	7,276
Accumulated depreciation	(534)	(37)
Net book value	**13,377**	**7,239**

6. Intangible fixed assets

	Software	Land - right of use	Goodwill	Total
Year ended 31 December 2006				
Opening net book amount	360	-	-	**360**
Additions	399	7,859	2,630	**10,888**
Amortisation charge	(217)	(234)	-	**(451)**
Closing net book amount	**542**	**7,625**	**2,630**	**10,797**
At 31 December 2006				
Cost	922	7,859	2,630	**11,411**
Accumulated amortisation and impairment	(380)	(234)	-	**(614)**
Net book amount at 31 December 2006	**542**	**7,625**	**2,630**	**10,797**
Year ended 31 December 2007				
Opening net book amount	542	7,625	2,630	**10,797**
Additions	250			**250**
Disposals	(14)			**(14)**
Amortisation charge	(279)	(561)		**(840)**
Closing net book amount 31 December 2007	**499**	**7,064**	**2,630**	**10,193**
At 31 December 2007				
Cost	1,158	7,859	2,630	**11,647**
Accumulated amortisation and impairment	(659)	(795)	-	**(1,454)**
Net book amount at 31 December 2007	**499**	**7,064**	**2,630**	**10,193**

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to the whole chain of 12 PS (acquired from Eкo-Petroleum) as a cash generating unit (CGU).

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the retailing of fuels business in which the CGU operates.

6. Intangible fixed assets (continued)

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

	Weighted average - the first 6 years	Weighted average - the second 6 years
Average annual increase in the retail sales	4%	3%
Annual increase in the gross margin	3%	2%
Annual increase in the sales of other goods	3%	1%
Annual increase in the operating expenses	4%	3%
Annual discount rate	9%	9%

Management determined budgeted gross margin based on past performance 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 has indicated no impairment of the goodwill is needed. The current period is the first period for which a test for impairment of the goodwill was performed.

7. Non-current assets held for sale

	As at 31 December	
	2007	**2006**
Re-classified	-	1,086
Closing balance	**1,086**	**1,086**

A plot of land is included here, for which there is a preliminary sale contract signed in 2006. There are technical obstacles which delayed the finalization of the deal.

8. Trade and other receivables

	As at 31 December	
	2007	**2006**
VAT tx refund	-	275
Trade receivables – regular	3,662	1,667
Trade receivables – overdue, not impaired	948	686
Trade receivables – overdue, impaired	629	-
Impairment of trade receivables	(102)	-
Prepayments	183	256
	5,320	**2,884**

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:

8. Trade and other receivables (continued)

	As at 31 December	
	2007	**2006**
Up to 6 months	497	686
More than 6 months	451	-
Overdue unimpaired receivables – total	**948**	**686**

As of 31 December 2007, trade receivables amounting to BGN 629 thousand (2006: 0) were impaired and provided for. The amount of the provision was BGN 102 thousand as of 31 December 2007 (for the year 2006: 0). The individually impaired receivables mainly relate to retail customers, which are in unexpectedly difficult economic situations. It was assessed that the full amount of the receivables is expected to be recovered. The ageing of these receivables is as follows:

	As at 31 December	
	2007	**2006**
Up to 6 months	66	-
More than 6 months	563	-
Overdue impaired receivables – total	**629**	-

The maximum exposure to credit risk at the reporting date is the fair value of the receivable mentioned above. The company does not hold any collateral as security. 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	
	2007 Receivables	**2007 Collaterals**
Trade receivables paid by insurers after the balance sheet date	227	-
Trade receivables insured against financial risk	415	415
Trade receivables secured by a promissory note	371	391
	1 013	**806**

9. Inventories

	As at 31 December	
	2007	**2006**
Fuels	2,965	1,780
Lubricants	129	88
Merchandise in the shops	1,735	1,116
Other	111	190
Fuels in transportation	-	32
	4,940	**3,206**

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

10. Cash and cash equivalents

	As at 31 December	
	2007	**2006**
Cash at bank and on hand	5,422	4,831
Blocked cash	543	392
	5,965	**5,223**

10. Cash and cash equivalents (continued)

The blocked cash consists of amounts securing preliminary agreements concluded amounting to BGN 393 thousand. The other amount of BGN 150 thousand is deposited into a bank pursuant to the requirements for trading with electrical power. A license has been issued to the Company for trading with electrical power.

For the purposes of the cash flow statement, the cash and cash equivalents available consist of:

	2007	2006
Cash and cash equivalents	5,965	5,223
Bank overdrafts	(14,018)	(16,118)
	(8,053)	**(10,895)**

11. Share capital

	Number of shares (thousand)	Value (BGN thousand)
As at 31 December 2006	5,150	51,500
As at 31 December 2007	**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 2007 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 2007	2006
Short-term liabilities		
Trade payables	8,859	6,689
Amounts due to related parties (Note 21)	5,935	2,249
Provisions	86	63
Other payable	446	355
	15,326	**9,356**

Long-term liabilities	**2007**	**2006**
Trade payables	5, 830	6, 305
Total	**5, 830**	**6, 305**

12. Trade and other payable (continued)

There were 12 petrol stations acquired through a business combination in 2006.
The minimum payments under the business combination are as follows:

	As at 31 December	
	2007	**2006**
Up to 1 year	761	761
Between 1 and 5 years	3,045	3,045
More than 5 years	4,186	4,947
	7,992	**8,753**
Deferred financial expenses	(1,686)	(1,993)
Net payments	**6,306**	**6,760**
Incl. short-term part	476	455
Long-term part	5,830	6,305
	6,306	**6,760**

Present value of the future payments:

	2007	**2006**
Up to 1 year	476	455
Between 1 and 5 years	2,145	2,047
More than 5 years	3,685	4,259
	6,306	**6,760**

Provisions

	Not used vacations as of December 31	
Short-term	**2007**	**2006**
As of 1 January	63	34
Used in the period	(63)	(34)
Accrued during the year	86	63
As at 31 December	**86**	**63**

13. Retirement benefit obligations

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

Pursuant to requirements of the Labour code, art. 222, paragraph 3, in case of termination of the labour relation after the worker or the employee has been granted entitled to retirement rights for time served and age reached, in spite of the reason for the termination, he/she shall be entitled to a compensation from the employer amounting to his/her gross monthly salary in spite of the ground for 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 one and the same employer in the last 10 years of its 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	
	2007	**2006**
Interest costs	1	1
Current service costs	7	7
Net actuarial (gain) / loss recognized in the period	(1)	(1)
Total, included in staff costs	**7**	**7**

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

	2007	**2006**
At the beginning of the year	22	15
Recognized expense	7	7
At the end of the year	**29**	**22**

14. Finance lease

	As at 31 December	
	2007	**2006**
The minimum lease payments are as follows:		
Up to 1 year	1,029	506
From 1 to 5 years	3,999	1,828
More than 5 years	9,209	4,994
	14,237	**7,328**
Future financial expenses for finance lease	(5,088)	(2,307)
Present value of the Future lease payments	**9,149**	**5,021**
incl. Short-term part	440	273
Long-term part	8,709	4,748
	9,149	**5,021**

14. Finance lease (continued)

The present value of the obligation is:

	As at 31 December 2007	2006
Up to 1 year	440	273
From 1 to 5 years	1,930	1,025
More than 5 years	6,779	3,723
	9,149	**5,021**

15. Borrowings

	As at 31 December 2007	2006
Non-current		
Bank borrowings	3,911	7,823
Current		
Bank overdrafts (Note 15 b)	14,018	16,118
Bank borrowings	66,498	46,940
Short-term part of the non-current bank borrowings	3,911	3,911
Interest payable	407	247
	84,834	**67,216**
Total	**88,745**	**75,039**

The maturity of the long-term borrowings is as follows:	2007	2006
From 1 to 2 years	3,911	3,911
From 2 to 5 years	-	3,912
	3,911	**7,823**

The following amounts have not been used as of December 31:

	2007	2006
Up to 1 year	7,496	5,396
	7,496	**5,396**

The borrowings up to 1 year are annual commitments which have been reviewed on various dates within 2007.

15. Borrowings (continued)

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

	2007	2006
Bank overdrafts	5.34%	4.37%
Non-current bank borrowings	5.30%	4.39%

The book value and the fair value of the non-current borrowings is as follows:

	Book value		Fair value	
	2007	2006	2007	2006
Payable from 1 to 2 years	3,911	3,911	3,911	3,911
Payable from 2 to 5 years	-	3,912	-	3,912
	3,911	**7,823**	**3,911**	**7,824**

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 cashflows at a discount interest rate of the interest loans of 5.34 %(2007) / 4.68 %(2006). The balance sheet value of the short –term loans is approxinately equal to their fair value.

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

	As at 31 December	
	2007	2006
Euro	45,167	38,367
	45,167	**38,367**

a) A long-term bank loan agreement was signed on 08.09.2004. The maximum amount of the loan is Euro 7,000,000. It is an investment loan for the purchase of land and construction of petrol stations. 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 shall be made in seven equal six-month instalments 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 favour of the lending Commercial bnk. The effective interest rate on the loan is a six-month EURIBOR+0.85%.

b) A short-term bank loan agreement for a credit line was signed on 31.10.2007. The credit line amounts up to Euro 11, 000,000 and is being used as an overdraft on a bank current account. The loan has a 1-year term of use with a possibility for 2 more years extension. The interest is payable quarterly. A corporate guarantee has been deposited as a security on the loan, issued by Hellenic Petroleum AD - Greece. The effective interest rate on the loan is three-months EURIBOR+0.65%.

15. Borrowings (continued)

c) A short-term bank loan agreement was signed on 13.06.2006 and amended on 28.06.2006, 28.09.2006 and 13.06.2007. The loan amounts to Euro 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-months EURIBOR+0.6%.

d) A short-term bank loan agreement was signed on 06.03.2007. The loan amounts to Euro 10, 000, 000 The loan was fully tapped with one year term. 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-months EURIBOR+0.53%.

16. Deferred tax assets and liabilities

The deferred tax assets and liabilities (temporary tax differences) are compensated where there is a legal right of reciving compensation for the short-term tax assets against the short-term tax liabilities and where the temporary tax differences refere to one and the same tax administration. The following amounts are stated in the balance sheet:

	As at 31 December 2007	2006
Deferred tax assets:		
– Deferred tax assets to be recovered more after 12 months	1,812	865
– Deferred tax assets to be recovered within 12 months	-	3
	1,812	**868**

The gross movement in the deferred tax account is as follows:

At the beginning of the year	868	694
Charged to the income statement (Note 20)	944	174
As at the end of the year	**1,812**	**868**

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

	Depreciation	**Prov. Art. 222 Labour Code**	**Unpaid leave**	**Depreciated receivables**	**Bonus for 2006**	**Uncapitalized assets**	**Week capit.**	**Total**
As at 1 January 06	691	2	1	-	-	-	-	694
(Cost) /income in the income statement	172	-	2	-	-	-	-	174
As at 31 December 2006	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**

17. Operating revenues and expenses

17.1. Revenues

	2007	2006
Sale of fuels		
- Retail	113,623	64,746
- Wholesale	46,066	-
Sales of lubricants	188	105
Sale of goods	12,528	6,583
	172,405	**71,434**

17.2. Cost of goods sold (COGS)

	2007	2006
Cost of fuels sold		
- Retail	102,617	59,540
- Wholesale	45,363	-
Cost of lubricants sold	112	59
Cost of shop goods sold	9,420	4,864
	157,512	**64,463**

17.3. Other operating income

	2007	2006
Incomes from sales of non-current assets (net)	2	1
Penalties and fines charged to suppliers	34	22
Rents of free spaces	234	108
Other income	209	50
	479	**181**

17.4. Distribution cost

	2007	2006
Maintenance and repairs	855	688
Dealers' remuneration	4,727	2,945
Marketing	1,183	1,349
Electricity, water, consumable	1,748	1,054
Property taxes and fees	633	538
Depreciation and amortisation	5,906	4,300
Other	681	678
	15,733	**11,552**

17.5. Administrative expenses

	2007	2006
Salaries and social security	1,436	1,218
Rents	255	233
Consumable and maintenance	248	211
Third party services	1,090	818
Depreciation and amortisation	246	227
Other	652	281
	3,927	**2,988**

17. Operating revenues and expenses (continued)

17.6. Interest income / (expense)

	2007	2006
Interest expense	(4,891)	(2,210)
Interest income	117	27
	(4,774)	**(2,183)**

17.7. Foreign exchange income / (expense)

	2007	2006
Foreign exchange income	842	285
Foreign exchange expense	(257)	(97)
	585	**188**

18. Tax expense

	2007	2006
Deferred tax	944	174
	944	**174**

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

	2007	2006
Accounting loss	(8,477)	(9,383)
Theoretical tax expense at 10% (2006:15%)	(848)	(1,407)
Not-recognized expense	10	6
Not-recognized deferred tax asset of the tax loss	-	793
Previous years tax loss utilized	(106)	-
Effect from change in the tax rates	-	434
Tax expense	**(944)**	**(174)**

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
2003	1,198
2004	3,524
2005	2,402
2006	5,287
2007	-

19. Cash generated from operations

	As at 31 December	
	2007	**2006**
Loss before income tax	(8 477)	(9 383)
Adjustments for:		
Depreciation and amortisation	6 152	4 526
(Profit)/Loss on disposal of PPE	(2)	(1)
Change in the liability provision	105	36
Interest expense - net	4 774	2 183
Exchange rate differences - net	(585)	(188)
Changes in the working capital:		
- Inventories	(1 739)	(1 078)
- Trade and other receivables	(2 586)	(2 488)
- Trade and other payables	5 849	6 151
Cash generated from operations	**3 491**	**(242)**

In the cash flow statement, proceeds from sale of long-term tangible fixed assets comprise:

	2007	**2006**
Net book amount	37	20
Profit/(loss) on disposal of property, plant and equipment	2	1
Proceeds from disposal of property, plant and equipment	**39**	**21**

20. Related - party transactions

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

HELPE International Consulting is a subsidiary of Hellenic Petroleum Group.

Purchase of goods and services from related parties

	2007	**2006**
Purchase of goods:		
– Еко-Elda ABEE – purchase of fuels and lubricants	7,970	21,054
– Hellenic Petroleum - purchase of fuels and lubricants	59,991	-
– HELPE International Consulting – consultant's services	333	343
	68,294	**21,397**

Payables to related parties

	2007	**2006**
– Еко-Elda ABEE – trade liabilities for purchase of fuels and lubricants	60	2,177
– Hellenic Petroleum - purchase of fuels and lubricants	5,875	-
– HELPE International Consulting – consultant's services	-	72
	5,935	**2,249**

20. Related - party transactions (continued)

Management remuneration

Eko Bulgaria EAD Board of directors (BoD) consist of five persons, who are related parties to the company and ttheir gross remuneration incl. the salary of the Executive Director for 2007 amounts to BGN 352 thousand (2006: BGN 358 thousand) .

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, 000. The loan term is 20 months. The interest is 4.73% payable monthly. The receivable amount on this loan as of December 31, 2007 is as follows:

	2007	2006
Receivables from employees for given company loans	21	-
	21	**-**

21. Contingencies

The tax liabilities of the Company are grounded on tax returns and are considered completed after the audit of the respective tax authorities or after expiry of the five-year term of limitation, which begins on the date of the tax return submition. Tax audits for Corporate Income and Persomal Income Tax are performed till the end of 2005 and the check for VAT – till 05/2006 and still are not finalised as of December 31, 2007. Therefore, any additional tax liabilities that might be imposed can not be calculated. The management of the Company is not familiar with any circumstances that might lead to significant liabilities in this regard.

22. Commitments

Capital investment commitments

As of 31.12.2007 year the Company has commitments, under signed construction agreements amounting to leva 2, 001 thousand , and for re-branding of the acquired petrol stations- up to leva 1,000 thousand (for 2006: leva 1,500 thousand)

Comittments under operational lease contracts:

- As of 31 December 2007 the Company has been commited to several operational leasing agreements with annual payments amounting to 196 thousand, such as the rent of the office.

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

	2007	2006
Up to 1 year	263	142
From 1 to 5 years	55	568
	318	**710**

22. Commitments (continued)

Bank guarantees provided to third parties:

As of 31 December 2007 the Company has issued two bank guarantees to the customs offices in Thesaloniki and Sofia amounting respectively Euro 1, 300 000 and 2, 800, 000 BGN to guarantee its liabilities for excise on fuel deliveries from our supplier in Greece. They are secured through the limit of the credit of Euro 11, 000, 000.

23. Post balance sheet events

On January 15, 2008 the Company acquired, pursuant to a long-tem finance lease agreement, a petrol sattion station - a building with a commercial area and a car wash located in the town of Svilengrad, with a value of the assets amounting to BGN 1, 238 thousand.

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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 2007 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 2007, 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, 2007 and 2006 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 2007.

Irena Vakova
Registered Auditor

Petko Dimitrov
PricewaterhouseCoopers Audit OOD

24 March 2008
Sofia