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**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD  
ANNUAL ACTIVITY REPORT  
ANNUAL FINANCIAL STATEMENTS  
INDEPENDENT AUDITOR' S REPORT  
31 DECEMBER 2009**

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
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**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD  
ANNUAL ACTIVITY REPORT  
31 DECEMBER 2009**

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

**MAIN ACTIVITIES**

Hellenic Petroleum Bulgaria Properties EAD is a Bulgarian Public Liability Company registered in Sofia, Bulgaria on 26 June 2003 under company file 6459/2003.

The company main activities include wholesale and retail trade with petroleum and liquefied petroleum gas products, as well as any other activity not prohibited by the law.

The company seat is in the City of Sofia, Izgrev Section, 36 Dragan Tsankov Blvd., INTERPRED, Block A, floor 8, office 800A.

**ASSESSMENT OF THE ACTIVITIES FOR THE REPORTED PERIOD**

As of 31.12.2009 the Company owns 16 petrol stations and 2 operating depots for liquefied petroleum gas. During the reporting period the Company has performed activities in operational leasing of its sites to EKO Bulgaria with the purpose of being exploited by the latter for achieving the goals of the Hellenic Petroleum Group in Bulgaria.

As of 31.12.2009 the Company has 1 employee.

**EVENTS SUBSEQUENT TO THE REPORTING PERIOD END**

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

**COMPANY FUTURE DEVELOPMENT AND MAIN OBJECTIVES FOR 2010**

The company plans to continue its development as a company specialised in the construction and exploitation of immovable property (petrol stations, petrol depots, etc.). The company objectives cover the inclusion in the company structure of all sites of the Hellenic Petroleum Group on the territory of Bulgaria. This step would ensure the separation of the operational from the investment activity in the country. Thus, gaining experience in the immovable property management and exploitation, on one side, and the opportunity of generating financial resources secured by these fixed tangible assets, on the other side, will allow the Hellenic Petroleum Group to optimise its activities on the local market so as to ensure maximum benefit for its shareholders.

The restructuring of the Group activities in the country is expected to be performed within the next calendar year.

A decision of the Company Board of Directors is expected as to the launching of a third depot for liquefied petroleum gas in the village of Yana, Sofia District, which will contribute to the further optimisation of the activity related to the wholesale trade with light fuels and propane-butane gas on the territory of Bulgaria, as well as the supply of such products to the sites of EKO Bulgaria.

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**ANNUAL ACTIVITY REPORT**  
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**COMPANY SHARE CAPITAL STRUCTURE**

As of 31.12.2009 the Company capital amounts to BGN 22 543 082 divided into 22,543,082 shares, with nominal value of BGN 1 each owned by a 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 3 /three/ 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 members of the Board of Directors of Hellenic Petroleum Bulgaria Properties EAD are as follows:

Nikolaos Geogoudas	-	Chairman of the Board of Directors
Yannis Polykandriotis	-	Managing Director
Georgi Iordanov Deyanov	-	Member

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

**FINANCIAL RISK MANAGEMENT**

In conditions of acting during the reporting period global financial crisis the Company's activities suggest a number of financial risks: market risk (including currency risk, interest rate risk, etc.), credit risk, liquidity risk, etc. The Company's general program for risk management is focused on the unpredictability of financial markets and aims to minimise 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 financial risk management policy has been described in detail in the Accounting Policy, a part of the Company financial statements.

**THE COMPANY'S MANAGEMENT RESPONSIBILITY**

In compliance with the Bulgarian legislation it is a duty of the Management of the Company to prepare financial statement for every reported period, which to present truly the financial state, the financial result and the cash flows of the Company in compliance with the International Financial Reporting Standards (IFRS).

The Management of the Company confirms that the present financial statements drawn in compliance with the IFRS are prepared in line with the company's accounting policies, statutory and legal requirements and the principles of consistency and ongoing activities. All the accruals and provisions are done following the conservative evaluation, fair presentation and consistency.

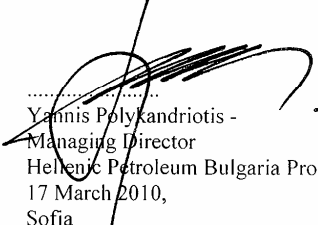
The Management of the Company confirms that all the requirements of the applicable accounting

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**ANNUAL ACTIVITY REPORT**  
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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.



.....  
Yannis Polykandriotis -  
Managing Director  
Hellenic Petroleum Bulgaria Properties EAD  
17 March 2010,  
Sofia

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**STATEMENT OF FINANCIAL POSITION**  
**31 DECEMBER 2009**

*(All amounts are in BGN thousands)*

	Note.	As at 31 December	
		2009	2008
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	5	37,399	37,260
Intangible assets	6	1	12
Deferred Expenses	7	1,004	1,156
		<b>38,404</b>	<b>38,428</b>
<b>Current assets</b>			
Inventories	9	637	436
Trade and other receivables	8	2,965	2,664
Cash and cash equivalents	10	12	3,505
		<b>3,614</b>	<b>6,605</b>
<b>Total assets</b>		<b>42,018</b>	<b>45,033</b>
<b>EQUITY</b>			
<b>Share capital</b>			
Share capital	11	22,543	22,543
Uncovered Loss		(45,502)	(41,525)
		<b>(22,959)</b>	<b>(18,982)</b>
<b>LIABILITIES</b>			
<b>Non current liabilities</b>			
Finance lease	13	424	438
		<b>424</b>	<b>438</b>
<b>Short-term liabilities</b>			
Borrowings	14	64,339	61,605
Trade and other payables	12	200	1,861
Finance lease	13	14	111
		<b>64,553</b>	<b>63,577</b>
<b>Total liabilities</b>		<b>64,977</b>	<b>64,015</b>
<b>Total equity and liabilities</b>		<b>42,018</b>	<b>45,033</b>

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

Executive Director  
Ioannis Polykandriotis



Financial Director  
Georg Deyanov

Certified in compliance with the audit report:

Date: 06.04.2010

Registered auditor:  
Irena Vakova

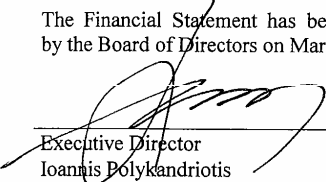
Petko Dimitrov  
(PricewaterhouseCoopers  
Audit OOD)



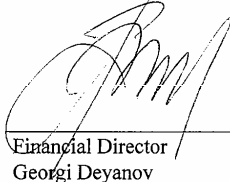
**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**31 DECEMBER 2009**

<i>(All amounts are in BGN thousands)</i>	Note	As at 31 December	
		2009	2008
Revenue	16.1	2,411	61,713
Cost of sales	16.2	(2,489)	(58,016)
<b>Gross profit / (loss)</b>		<b>(78)</b>	<b>3,697</b>
Administrative expenses	16.3	(4,115)	(10,108)
Other income, net	16.4	2,445	144
<b>Operation loss</b>		<b>(1,748)</b>	<b>(6,267)</b>
Interest income / (expense), net	16.5	(2,239)	(5,498)
Income/(expenses) from exchange rates, net	16.6	10	135
<b>Loss before taxes</b>		<b>(3,977)</b>	<b>(11,630)</b>
<b>Loss for the period</b>		<b>(3,977)</b>	<b>(11,630)</b>
<b>Other comprehensive Income</b>		-	-
<b>Total comprehensive Income</b>		<b>(3,977)</b>	<b>(11,630)</b>


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

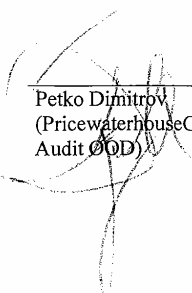
  
 Executive Director  
 Ioannis Polykandriotis



  
 Financial Director  
 Georgi Deyanov

Certified in compliance with the audit report:  
 Date: 06.04.2010

  
 Registered auditor:  
 Irena Vakova

  
 Petko Dimitrov  
 (PricewaterhouseCoopers  
 Audit (O.D.))

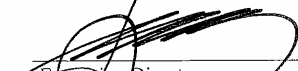
The accompanying notes from pages 11 to 31 are an integral part of these financial statements.

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD  
STATEMENT OF CHANGES IN EQUITY  
31 DECEMBER 2009**

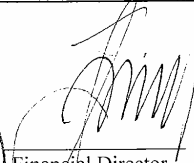
*(All amounts are in BGN thousands)*

	Note	Share Capital	Retained earnings/ (loss)	Total
Balance as at 1 January 2008	10	22,543	(29,895)	(7,352)
Loss for the year		-	(11,630)	(11,630)
<b>Balance as at 31 December 2008</b>		<b>22,543</b>	<b>(41,525)</b>	<b>(18,982)</b>
Balance as at 1 January 2009	10	22,543	(41,525)	(18,982)
Loss for the year			(3,977)	(3,977)
<b>Balance as at 31 December 2009</b>		<b>22,543</b>	<b>(45,502)</b>	<b>(22,959)</b>


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

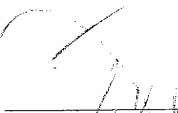
  
Executive Director  
Ioannis Polykandriotis



  
Financial Director  
Georgi Deyanov

Certified in compliance with the audit report:  
Date: 06.04.2010

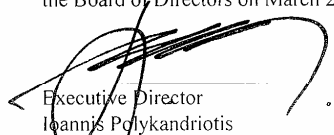
  
Registered auditor:  
Irena Vakova

  
Petko Dimitrov  
(PricewaterhouseCoopers Audit OOD)

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD  
STATEMENT OF CASH FLOWS  
31 DECEMBER 2009**

<i>(All amounts are in BGN thousands)</i>	Note	31 December 2009	2008
<b>Cash flows from operating activities</b>	17	(1,930)	(3,621)
Interest paid		(2,605)	(1,786)
		<b>(4,535)</b>	<b>(5,407)</b>
<b>Cash flow from investing activities</b>			
Purchase of PPE and intangible assets		(2,101)	(494)
Proceeds from sale of PPE and intangible assets	17	11	113
Interest received	16.5	3	70
<b>Net cash used in investing activities</b>		<b>(2,087)</b>	<b>(311)</b>
<b>Cash flows from financing activities</b>			
Repayments of borrowings			(9,127)
Proceeds from short-term loans		3,129	15,647
<b>Net cash used in financing activities</b>		<b>3,129</b>	<b>6,520</b>
<b>Change in the cash and cash equivalents</b>		<b>(3,493)</b>	<b>802</b>
At the beginning of the period		3,505	2,703
<b>At the end of the period</b>	10	<b>12</b>	<b>3,505</b>

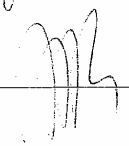
The Financial Statement has been approved by the Board of Directors on March 23, 2010

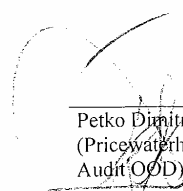
  
Executive Director  
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Financial Director  
Georgi Deyanov

Certified in compliance with the audit report:  
Date: 06.04.2010

  
Registered auditor:  
Irena Vakova

  
Petko Dimitrov  
(PricewaterhouseCoopers  
Audit OOD)

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2009**

**1. General Information**

The main scope of activity of the Company is construction and exploitation petrol stations, wholesale and retail trade with petroleum and liquefied petroleum gas products, oils, etc. Hellenic Petroleum Bulgaria Properties EAD (the Company) is Bulgarian Public Liability Company registered in Sofia, Bulgaria on 26 June 2003 under company file 6459/2003. After change of Company ownership on 31 October 2008 its name is changed from Opet Aygaz Bulgaria EAD to Hellenic Petroleum Bulgaria Properties EAD. Sole-owner of the Company as of 31 October 2008 is Hellenic Petroleum Bulgaria (Holdings) Limited, Cyprus. The final Company shareholder is Hellenic Petroleum S.A., Greece. Sole-owner of the Company until 31 October 2008 was Opet Aygaz B.V., Holland. Final Company shareholders were Aygaz A.S., Turkey and Opet Petrolculuk A.S., Turkey. The company seat is in the City of Sofia, Izgrev Section, 36 Dragan Tsankov Blvd., INTERPRED, Block A, floor 8, office 800A. These financial statements have been approved for issuing by the Board of Directors of Hellenic Petroleum Bulgaria Properties EAD on 23 March 2010.

**2. Accounting policy**

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

**2.1. Basis for Preparation of Annual Financial Statements**

These financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the Commission of European Union. According to International Accounting Standards (Amendment) "Presentation of Financial Statements" (in force as of 1 January 2009), the Company has chosen to present a single Annual Activity (Income Statement) Report.

The financial statements have been prepared under the historical cost convention and going concern which imply that the Company will continue to exist in the future. At year end the management of the Company is making an assessment of the ability of the Company to continue as a going concern. During this assessment the management is evaluating all available information for the future development, at least but without limitation of the business forecasts for 12 months after the end of the reporting period. As a result of the management evaluation the financial statements have been prepared under the going concern principle (Note 22).

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. As of 01.01.2009, the Company has applied the changes that relate to its activity. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are separately disclosed in this financial statement.

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

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

- IFRIC 12, 'Service concession agreements.'

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2009**

**2. Accounting policy (continued)**

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

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

- IFRIC 14, 'IAS 19 – Income of Hired Personnel' – the limit on a defined benefit asset, minimum funding requirements and their interaction'.
- IFRIC 15, "Agreements for construction of real estates" – effective for annual periods starting on or after 1 January 2009.
- IFRIC 16, "Hedges of a Net Investment in a Foreign Operation" – effective for annual periods starting on or after 1 October 2008
- IFRIC 17 "Distribution of non-cash Assets to Owners" – refers to distribution of non-cash dividends to owners, effective for annual periods starting on or after 1 July 2009.
- IFRIC 18, "Transfers of Assets from Customers" – effective for annual periods starting on or after 1 July 2009.
- Amendments in IFRS 1 and IAS 27, "First-Time Adoption of International Financial Reporting Standards" and "Consolidated and Separate Financial Statements" – an amendment related to the cost of acquisition of subsidiary, associated and jointly controlled companies, revised in 2008, effective for annual periods starting on or after 1 January 2009.
- IFRS 2, "Share-based payment" – amendment related to the acquisition and rejection terms (effective as of 1 January 2009)
- IFRS 3 (Amendment), "Business combinations" (effective at 1 July 2009)
- IFRS 5 (Amendment), 'Non-current assets held for sale and discontinued operations' (and subsequent amendment to IFRS 1, 'First-time adoption of IFRS') (effective from 1 July 2009).
- IFRS 7 (revised in March 2009), "Financial instruments – Disclosure" – amendments improving the disclosure of the fair value and the liquidity risk, effective for annual periods starting on or after 1 January 2009
- IFRS 8, "Operating segments" – abrogates IAS 14 "Segment Reporting" (effective as of 1 January 2009)
- IAS 1, "Presentation of Financial Statements" – puttable financial instruments and obligations arising on liquidation, revised in 2008, effective for annual periods starting on or after 1 January 2009
- IAS 16 (Amended), "Property, plant and equipment" (and subsequent amendment to IAS 7, 'Statement of cash flows') (effective from 1 January 2009). The amendment is part of the IASB annual improvements project published in May 2008. The amendment concerns companies whose ordinary activity includes rent and subsequent sale of assets.

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2009**

**2. Accounting policy (continued)**

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

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

- IAS 23 (Amendment), "Borrowing costs" (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset.
- IAS 27 (Amendment), "Consolidated and Separate Financial Statements" (effective as of 1 January 2009)
- IAS 28 (Amendment), "Investments in associates" (and subsequent amendments to IFRS 7, "Financial instruments: Disclosures" and IAS 32, "Financial Instruments: Presentation") (effective as of 1 January 2009).
- IAS 29 (Amendment), "Financial reporting in hyperinflationary economies" (effective as of 1 January 2009).
- IAS 31 (Amendment), "Interests in joint ventures" (and subsequent amendments to IFRS 7 and IAS 32) (effective as of 1 January 2009).
- IAS 32 (revised 2008), "Financial instruments: Presentation", and IAS 1 (Amendment), "Presentation of financial statements" – "Puttable financial instruments and obligations arising on liquidation" (effective as of 1 January 2009)
- IAS 38 (Amendment), 'Intangible assets', (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment deletes the wording that states that there is 'rarely, if ever' support for use of a method that results in a lower rate of amortisation than the straight line method. The amendment will not currently have an impact on the Company's operations as all intangible assets are amortised using the straight line method.
- IAS 39 "Financial Instruments: Recognition and Measurement" – amendments to the positions eligible for hedging, revised July 2008, effective for annual periods starting on or after 1 July 2009.

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

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

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2009**

2. Accounting policy (continued)

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

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

- Amendment of IFRS 2, "Share-based payment" – an amendment related to group transactions based on cash payments, revised in June 2009, effective for annual periods starting on or after 1 January 2010.
- IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments" – effective for annual periods starting on or after 1 July 2010.

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

- Amendment to IFRS 1, "First-time adoption of IFRS" – amendments related to assets in petrol industry and definition whether a transaction contains an element of leasing, restructured in July 2009, effective for annual periods starting on or after 01 January 2010.
- Amendment to IFRS 2, "Share-based payment" – an amendment related to group transactions based on cash payments, revised in June 2009, effective for annual periods starting on or after 01 January 2010.
- IFRS 2; IFRS 5; IFRS 8; IAS1, IAS7, IAS17, IAS36, IAS38, IAS39, IFRIC 9 and IFRIC 16, revised in April 2009 – amendments as a result of the annual improvements in 2009, some of which will be effective for annual periods starting on or after 1 July 2009, and the rest – 1 January 2010.
- IFRS 9, "Financial Instruments – Classification and Assessment" – additional amendments are expected till the end of 2010 after which the standard will replace entirely IAS 39 – issued in November 2009, effective for annual periods starting on or after 1 January 2013.
- IAS 24, "Related parties" – change in the definition of related parties, revised November 2009, effective for annual periods starting on or after 1 January 2011.
- IFRIC 14, "IAS 19 – limit on a defined benefit asset under schemes with defined instalments, minimum funding requirements and their interaction – the change refers to voluntarily pre-paid instalments, revised in November 2009, effective for annual periods starting on or after 1 January 2011.
- IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments" – effective for annual periods starting on or after 1 July 2010.

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2009**

2. Accounting policy (continued)  
 2.2 Foreign Currency Transactions

*(a) Functional currency and currency of presentation*

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

*(b) Transactions and balances*

The foreign currency transactions are translated into a functional currency applying the official exchange rate effective on the respective day. The gains and losses resulting from foreign currency fluctuations occurring as a result of payments under foreign currency transactions and also from reassessment under a closing exchange rate of the assets and liabilities denominated in foreign currency are recognised in the income statement.

The closing exchange rates of the Bulgarian lev to the basic foreign currencies the Company has operated with are as follows:

	<b>As at December 31</b>	
	<b>2009</b>	<b>2008</b>
1 USD	1.36409	1.38731
1 EUR	1.95583	1.95583

2.3. **Property, Plant and Equipment**

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

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

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

The depreciation is calculated under the linear method aiming at reaching the residual value of the assets service life, as follows:

- Buildings – 25 years
- Tanks and Pipe Installations – 25 years
- Installations – 3,34 years
- Computer Equipment – 2 years
- Vehicles – 4 years
- Tank Carriages – 10 years
- Equipment, Furniture and Other Assets – 6,67 years
- Repair of Leased Assets – 6,67 years



**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2009**

**2. Accounting policy (continued)**

**2.4 Fixed Intangible Assets**

The intangible assets include mainly software, fiscal system licences and other assets (prepared plans). The fixed intangible assets are initially represented at their acquisition price.

*(a) Goodwill*

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

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

*b) Software*

Expenses related to an identifiable and unique product, which will be controlled by the Company and has possible commercial benefit, exceeding the annual expenses, will be recognised as an intangible asset. The depreciation is calculated under the linear method aiming at reaching the residual value of the assets service life, as follows:

Computer software – 2 years

Fiscal System Licences – 2 years

Expenses for acquisition of patents, licences and trade marks will be accounted as assets and will be depreciated under the linear method for the period, in which future benefits are expected, usually over 20 years.

**2.5. Impairment of Assets**

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

**2.6. Non-Current Assets Held for Sale**

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

**2.7. Inventory**

The inventories are stated at the lower of cost or net realisable value.

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

**2.8. Trade Receivables**

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

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2009**

**2. Accounting policy (continued)**

**2.8. Trade Receivables (continued)**

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

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

**2.9. Cash and Cash Equivalents**

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

**2.10. Share capital**

Ordinary shares are classified as equity.

**2.11. Borrowings**

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at depreciation cost; any difference between the payments due (net of transaction costs) and borrowing value is recognised in the income statement over the period of the borrowing by using the effective interest rate method.

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

**2.12. Deferred Income Taxes**

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

A deferred tax asset is recognised only in case there are future taxable profits sufficient in size against which these assets could be utilised. As of 31 December 2009 no deferred taxes have been calculated.

**2.13. Employee Benefits**

*Pension obligations*

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

**2.14. Provisions**

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

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2009**

**2. Accounting policy (continued)**

**2.15. Revenue Recognition**

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

*(a) Sales of Goods - Retail Sales*

Revenues from sales of goods are recognised when the Company sells goods to the customer, along with the transfer of the respective risks and benefits.

*(b) Sales of Services*

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

*(c) Interest Income*

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

**2.16. Leases**

Leases, in which a significant portion of the risks and rewards is taken over by the Lessor, are classified as operational leasing. Payments under operational leasing (net regarding the Lessor's discounts) are recognised as a cost in the income statement in equal parts for the period of the lease.

Financial lease, under the power of which the risks and benefits related to ownership of 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 principal and interest, so as to obtain permanent interest rate in percentage expression, calculated based on the remaining principal. The respective lease payments net of interest are included in other long-term or short-term liabilities. The interest is recognised as a current expense in the Income Statement for the period of the lease.

**2.17. Dividend Distribution**

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

**3. Financial Risk Management**

**3.1. Financial Risk Factors**

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

*(a) Market Risk*

*(i) Foreign Exchange Risk*

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

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2009**

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

**3.1. Financial Risk Factors (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*

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. The Company collects its receivables by presenting a promissory note, concluding contracts for bank guarantees and deposits.

No credit limits were exceeded during the reporting period. The Company expects the credit risk to be decreased as the Company's main client is an associated company from the Group.

*(c) Liquid Risk*

Prudent liquidity risk management implies maintaining sufficient cash and liquid securities, providing the Company with the opportunity to cover its exigible liabilities. The 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.

<b>As at 31 December 2009</b>	<b>Less than a Year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>
Loans	64,339		
Trade and other liabilities	200		
Finance lease and interest	14	30	394
<b>As at 31 December 2008</b>	<b>Less than a Year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>
Loans	61,605		
Trade and other liabilities	1,891		
Finance lease and interest	111	30	407

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2009**

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

**3.2. Capital Risk Management**

The Company objectives when managing the capital are to safeguard the Company's ability to continue as a going concern with the aim of ensuring the returns for shareholders and maintaining an optimal capital structure to reduce the cost of capital.

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

Consistent with others in the industry, the Company controls the 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.

The Company has liabilities under a credit agreement with Eurobank EFG, Luxembourg.

During 2009 the Company maintains the gearing ratio within 155% to 149%. The gearing ratios at 31 December 2009 and 2008 were as follows:

	<b>2009</b>	<b>2008</b>
Total borrowings (Note 14)	64,339	61,605
Less with cash and cash equivalents (Note 9)	(12)	(3,505)
Net debt	64,327	58,100
Total share capital	(22,959)	(18,982)
Total Capital	<b>41,368</b>	<b>39,118</b>
<b>Gearing ratio</b>	155%	149%

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

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

**Impact on the Liquidity:**

The Company has concluded loan contract with financial institutions to the amount of BGN 64,339 thousand, including the interest due as of 31 December 2009. The management takes all necessary measures to maintain stability and Company business development in the present situation.

**Impact on the clients/debtors**

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

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2009**

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 Goodwill*

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

*(c) Income tax*

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

*(d) Useful Life of Tangible Assets*

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

*(e) Impairment of receivables*

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

*(f) Provisions*

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

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2009**

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

**5. Property, plant and equipment**

	Lands (land spots)	Buildings and construc tions	Machines, equipment and computers	Vehicles	Fixtures	Other PPE	Assets under construct ion	Total
<b>Net book amount at 1 January 2008</b>	12,227	19,287	545	123	1,807	-	3,949	37,938
Additions	-	490	104	-	624	-	56	1,274
Disposals	-	(32)	(138)	-	(85)	-	-	(255)
Accumulated depreciation of disposals	-	4	55	-	67	-	-	126
Transferred by groups of assets	-	-	-	-	-	-	-	-
Depreciation charge	-	(957)	(305)	(56)	(505)	-	-	(1,823)
<b>Closing net book amount at 31 December 2008</b>	<b>12,227</b>	<b>18,792</b>	<b>261</b>	<b>67</b>	<b>1,908</b>	<b>-</b>	<b>4,005</b>	<b>37,260</b>
Book value	12,227	22,645	2,404	317	4,078	-	4,005	45,676
Accumulated depreciation	-	(3,853)	(2,143)	(250)	(2,170)	-	-	(8,416)
<b>Net book amount at 31 December 2008</b>	<b>12,227</b>	<b>18,792</b>	<b>261</b>	<b>67</b>	<b>1,908</b>	<b>-</b>	<b>4,005</b>	<b>37,260</b>
Net book amount at 1 January 2009 r.	<b>12,227</b>	<b>18,792</b>	<b>261</b>	<b>67</b>	<b>1,908</b>	<b>-</b>	<b>4,005</b>	<b>37,260</b>
Additions	-	845	70	-	609	8	554	2,086
Disposals	-	-	-	(25)	(27)	-	-	(52)
Accumulated depreciation of disposals	-	-	-	25	26	-	-	51
Transferred by groups of assets	-	-	-	-	-	-	-	-
Reclassified from the group non-current assets held for sale	-	-	-	-	-	-	-	-
Depreciation charge	-	(1,006)	(142)	(40)	(758)	-	-	(1,946)
<b>Closing net book amount at 31 December 2009</b>	<b>12,227</b>	<b>18,631</b>	<b>189</b>	<b>27</b>	<b>1,758</b>	<b>8</b>	<b>4,559</b>	<b>37,399</b>
Book value	12,227	23,490	2,474	292	4,660	8	4,559	47,710
Accumulated depreciation	-	(4,859)	(2,285)	(265)	(2,902)	-	-	(10,311)
<b>Net book amount at 31 December 2009</b>	<b>12,227</b>	<b>18,631</b>	<b>189</b>	<b>27</b>	<b>1,758</b>	<b>8</b>	<b>4,559</b>	<b>37,399</b>

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

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2009**

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

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

	<b>As at 31 December</b>	
	<b>2009</b>	<b>2008</b>
Cost - capitalised finance lease	1,065	1,940
Accumulated depreciation	(461)	(950)
Net book value	<u>604</u>	<u>990</u>

The costs for assets under construction include costs on design and construction of petrol stations and storage installations for petrol products.

**6. Intangible Fixed Assets**

	<b>Software</b>	<b>Other</b>	<b>Total</b>
<b>Net book amount at 1 January 2008</b>	<b>25</b>	<b>-</b>	<b>25</b>
Additions	-	4	4
Disposals	(449)	-	(449)
Disclosed Depreciation	445	-	445
Depreciation charge	(13)	-	(13)
<b>Net book amount at 31 December 2008</b>	<b>8</b>	<b>4</b>	<b>12</b>
Book value	68	4	72
Depreciation Accrued	(60)	-	(60)
<b>Net book amount at 1 January 2009</b>	<b>8</b>	<b>4</b>	<b>12</b>
Additions	1	-	1
Disposals	(17)	(4)	(21)
Disclosed Depreciation	10	-	10
Depreciation charge	(1)	-	(1)
<b>Net book amount at 31 December 2009</b>	<b>1</b>	<b>-</b>	<b>1</b>
Book value	52	-	52
Depreciation Accrued	(51)	-	(51)
<b>Net book amount at 31 December 2009</b>	<b>1</b>	<b>-</b>	<b>1</b>

**7. Deferred Expenses**

The non-current deferred expenses are related to lease contracts for the loans at the petrol stations in Sofia and Burgas, which have been paid in advance for more than a year.

	<b>As at 31 December</b>	
	<b>2009</b>	<b>2008</b>
Non-current deferred expenses	1,004	1,156
Current deferred expenses (note 8)	152	148
	<u>1,156</u>	<u>1,304</u>



**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2009**

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

<b>8. Trade and other Receivables</b>	<b>As at 31 December</b>	
	<b>2009</b>	<b>2008</b>
Trade receivables – regular	2,536	1,491
Trade receivables – overdue, not impaired	163	1,169
Trade receivables – overdue, impaired	440	528
Trade receivables impairment	(440)	(524)
Other receivables	266	-
-VAT for recovering	114	-
-Current deferred Expenses	152	-
	<u>2,965</u>	<u>2,664</u>

The trade receivables which are overdue by less than 150 days will not be deemed impaired. They are from different independent customers without past default. The ageing analysis of these trade receivables, overdue but unimpaired, is as follows:

	<b>As at 31 December</b>	
	<b>2009</b>	<b>2008</b>
Less than 6 months	163	1,040
More than 6 months		129
<b>Total Overdue Unimpaired Payables</b>	<u>163</u>	<u>1,169</u>

As of 31 December 2009, trade receivables to the amount of BGN 440 thousand have been impaired. At this date the value of the provisions is BGN 440 thousand (2008: 524). 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>2009</b>	<b>2008</b>
Less than 6 months		80
More than 6 months	440	448
<b>Total Overdue Impaired Receivables</b>	<u>440</u>	<u>528</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:

**Collaterals for trade receivables with a period longer than 6 months**

	<b>As at 31 December</b>	
	<b>2009</b>	<b>2009</b>
	<b>Receivables</b>	<b>Collaterals</b>
Trade receivables secured by a promissory note	539	712
Trade receivables secured by deposits	1	1
	<u>540</u>	<u>713</u>

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2009**

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

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

	Impairment	
	2009	2008
As at 01 January	(524)	(256)
Accumulative provision for impairment receivables during the period	-	(268)
Received amount from customers	84	-
As at 31 December	(440)	(524)

9. **Inventories**

	As at 31 December	
	2009	2008
Fuels	637	434
Goods in stores	-	2
	637	436

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

10. **Cash and cash equivalents**

	As at 31 December	
	2009	2008
Cash at bank and cash in hand	12	3,505
	12	3,505

The cash and cash equivalents consist of:

	As at 31 December	
	2009	2008
Cash at bank and cash in hand	12	3,505
	12	3,505

11. **Share capital**

	Number of shares (thousand)	Value (BGN thousand)
As at 31 December 2008	22,543	22,543
As at 31 December 2009	22,543	22,543

The share capital consists 22,543,082 ordinary shares with a nominal value of BGN 1 each. The issued share capital has been fully paid.

As at 31 December 2009 r. the sole shareholder of the Company is:

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

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2009**

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

<b>12. Trade and other payables</b>	<b>As at 31 December</b>	
	<b>2009</b>	<b>2008</b>
<b>Short-term liabilities</b>		
Trade payables	133	1,341
Amounts due to related parties (Note 21)	47	472
Other payable	20	48
	<u>200</u>	<u>1,861</u>
<b>Long-term liabilities</b>	<b>2009</b>	<b>2008</b>
Trade payables	424	438
<b>Total</b>	<u><b>424</b></u>	<u><b>438</b></u>

The Company has concluded lease contracts for lease of property and equipment. The financial lease of the property and equipment refers to a 25-year lease contract. The fair value of this liability has been calculated based on the discounted cash flows, using a discount interest rate which the Company expects to be applied over a loan, negotiated with the EBRD in December 2003. The present value of the future lease liabilities is presented as follows:

<b>13. Financial Lease</b>	<b>As at 31 December</b>	
	<b>2009</b>	<b>2008</b>
The minimum lease payments are as follows:		
Less than 1 year	14	111
1 to 5 years	63	60
More than 5 years	361	378
	<u>438</u>	<u>549</u>
Future finance charges on finance leases	<u>240</u>	<u>264</u>
	<u>678</u>	<u>813</u>
The present value of the liabilities is:	<u>438</u>	<u>549</u>
Incl. Short-term part	14	111
Long-term part	424	438
	<u>438</u>	<u>549</u>

<b>14. Borrowings</b>	<b>As at 31 December</b>	
<b>Short-term</b>	<b>2009</b>	<b>2008</b>
Short-term bank loans	64,045	60,915
Interest payable	294	690
<b>Total</b>	<u><b>64,339</b></u>	<u><b>61,605</b></u>

The borrowings are annual commitments, which have been reviewed on various dates during the reporting year.

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2009**

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

**14. Borrowings (continued)**

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

	As at 31 December	
	2009	2008
Euro	32,745	31,145
	<b>32,745</b>	<b>31,145</b>

- A short-term bank loan agreement has been signed on 31.10.2008 and renegotiated on 14.04.2009. The loan, amounting to EUR 33,000,000 has been utilised. The loan utilisation term is 1 year. The interest is due and payable quarterly. A corporate guarantee, issued by Hellenic Petroleum SA – Greece, has been deposited in the Bank as a loan collateral. The effective interest rate on the loan is a 3-month EURIBOR+2.00 %.

**15. Financial instruments**

**15.1. Financial instruments by category**

As at 31 December	2009	2008
<b>Assets as per balance sheet:</b>		
Trade and other receivables excluding prepayments	2,813	2,516
Cash and cash equivalents	12	3,505
<b>Total:</b>	<b>2,825</b>	<b>6,021</b>

As at 31 December	2009	2008
<b>Liabilities as per balance sheet:</b>		
Borrowings	64,399	61,605
Trade and other payables excluding statutory liabilities	638	2,410
<b>Total:</b>	<b>64,977</b>	<b>64,015</b>

**15.2 Credit quality of financial assets**

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

	2009	2008
Contractors without external credit rating		
Group 1	2,802	1,491
Group 2	163	1,169
Group 3	440	528
<b>Total trade receivables:</b>	<b>3,405</b>	<b>3,188</b>

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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*(All amounts are presented in BGN thousands unless otherwise stated)*

**15. Financial instruments (continued)**

**15.2 Credit quality of financial assets (continued)**

- Group 1 – existing customers/related parties without defaults
- Group 2 – existing customers/related parties with defaults but without impairments
- Group 3 – existing customers/related parties with defaults and impairments

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

	Banks			
	Rating	2009 Cash available	Rating	2008 Cash available
United Bulgarian Bank	BBB+	11	AAA	1,714
Total cash at bank and short-term bank deposits		<b>11</b>		<b>1,714</b>

**16. Operating Revenue and Expenses**

**16.1. Revenue**

	2009	2008
Sale of fuels		
- Retail	-	39,333
- Wholesale	2,411	22,380
	<b>2,411</b>	<b>61,713</b>

**16.2. Cost of goods sold**

	2009	2008
Cost of fuels sold		
- Retail	-	35,841
- Wholesale	2,489	22,175
	<b>2,489</b>	<b>58,016</b>

**16.3. General and administrative expenses**

Maintenance and repair	83	252
Dealer fees	10	1,544
Property taxes and fees	349	298
Depreciation and amortisation	1,947	1,836
Salaries and social security	20	1,197
Rents	-	559
Consumables	39	157
Hired services	1,085	3,577
Other expenses	582	688
	<b>4,115</b>	<b>10,108</b>

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2009**

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

<b>16.</b>	<b>Operating revenues and expenses ( continued)</b>		
<b>16.4.</b>	<b>Other operating income (net)</b>		
		<b>2009</b>	<b>2008</b>
	Incomes from sales of current tangible assets, net	8	14
	Rents and advertisement	2,066	127
	Other income	371	3
		<u>2,445</u>	<u>144</u>
<b>16.5.</b>	<b>Interest Income / (Expense)</b>		
		<b>2009</b>	<b>2008</b>
	Interest expense	(2,242)	(5,568)
	Interest income	(3)	70
		<u>(2,239)</u>	<u>(5,498)</u>
<b>16.6.</b>	<b>Foreign exchange income / (expense)</b>		
		<b>2009</b>	<b>2008</b>
	Income from foreign exchange differences	12	143
	Expenses from foreign exchange differences	(2)	(8)
		<u>10</u>	<u>135</u>
<b>17.</b>	<b>Cash generated from operation activity:</b>		
		<b>2009</b>	<b>2008</b>
	Loss before income tax	(3,977)	(11,630)
	<b>Adjustments for:</b>		
	Depreciation and amortisation	1,947	1,836
	(Profit)/Loss from sales of assets	(8)	(1)
	Change in the liability provision		
	Interest expense, net	2,239	5,498
	Exchange rate differences, net	(10)	(135)
	Changes in the turnover capital:		
	- Inventories	(201)	4,274
	- Trade and other receivables	(149)	2,874
	- Obligations	(1,771)	(6,337)
	Cash generated from operation activity	<u>(1,930)</u>	<u>(3,621)</u>
	In the cash flow statement the amount of sale of long-term tangible assets consists of:		
		<b>2009</b>	<b>2008</b>
	Net book amount	3	112
	(Profit)/loss from sale of tangible fixed assets	8	1
	Proceeds from the sale of tangible fixed assets	<u>11</u>	<u>113</u>

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**18. Taxes**

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

Year of occurrence	Tax loss to be carried over
2004	6,287
2005	8,036
2006	6,769
2007	7,667
2008	9,637

**19. 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**

	2009	2008
– Eko Bulgaria EAD – purchase of assets and services	2,126	771
– Aygaz AS, Turkey -- purchase of fuels	-	3,708
– Opet Petrolculuk AS, Turkey – fuel additives	-	57
– Aygaz AS, Turkey – interest accrued on a loan contract	-	508
– Opet Petrolculuk AS, Turkey – interest accrued on a loan contract	-	508
	<u>2,126</u>	<u>5,552</u>

**Payables to related parties**

	2009	2008
– Eko Bulgaria EAD – purchase of assets and services	47	472
	<u>47</u>	<u>472</u>

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

	2009	2008
– Eko Bulgaria EAD – sale of fuels and lubricant and assets	5,177	1,035
	<u>5,177</u>	<u>1,035</u>

**Receivables from related parties**

	2009	2008
– Eko Bulgaria EAD – sale of fuels and lubricant and assets	2,347	1,242
	<u>2,347</u>	<u>1,242</u>

The Board of Directors of Hellenic Petroleum Bulgaria Properties EAD consists of 3 persons and their gross salary for 2009 is estimated at BGN 15 thousand (2008: BGN 531 thousand).

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2009**

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

**20. Contingent assets and liabilities**

**Taxation**

The taxation of the Company is done under the regulations of the Republic of Bulgaria for year 2009. It should be taken in mind that in the application of several provisions of the tax rules different interpretations are possible. National tax law is in the process of development and adaptation to variable business environment that is why there is a potential possibility the tax administration to impose its vision after any tax examination which may increase the amount of taxation of the Company or to impose fines. Tax liabilities of the Company are based on filed tax returns and are considered to be finalised after inspection by the tax authorities or the expiry of five year limitation period, which has started as of the end of the year, in which the tax has become payable. Tax audits under the Law on Corporate Income Tax, Law on Personal Income Tax and VAT are performed till 31.12.2008, and under the Law on VAT – till 31.03.2009.

On 01.01.2009 the company lends under operating lease 16 petrol stations and 2 depots owned by Hellenic Petroleum Bulgaria Properties EAD. Term of the contract is 5 years and amounts to BGN 11,366 thousand.

**21. 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 2009 the Company has concluded a long-term rent agreement for a petrol station in the City of Sofia. The part of the contract related to the land is deemed an operational lease.

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

	<b>2009</b>	<b>2008</b>
Up to 1 year	82	82
From 1 to 5 years	329	329
More than 5 years	1,171	1,253
	<u>1,582</u>	<u>1,664</u>

**22. Going concern principle**

Although the Company incurred a loss during the year, it does not have overdue amounts to suppliers and banks. In 2010 pending interest payments on credit to EFG Luxembourg are to be made, which the company will cover with cash received from customers. All legal actions to collect overdue receivables from customers have been taken. Rented assets of another related entity shall ensure sufficient current cash resources that will allow the Company to cover its monthly payment obligations.

In addition, the owners are committed to provide financial assistance when necessary. Therefore, the management has every reason to believe that the Company will continue as a going concern.

**23. Post balance sheet events**

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



**INDEPENDENT AUDITOR'S REPORT**

**TO THE SHAREHOLDER OF HELLENIC PETROLEUM BULGARIA EAD**

**REPORT ON THE FINANCIAL STATEMENTS**

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

*Management's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

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

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

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

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 Hellenic Petroleum Bulgaria EAD as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted in the European Union.

*Emphasis of matter*

Without qualifying our opinion, we draw attention to the fact that, as described at page 11 and 33, the financial statements of the Company have been prepared on a going concern basis. The Company generated a net loss of BGN 3,977 thousand for the year ended 31 December 2009 and its net assets are negative amounting to BGN 22,959 thousand. These matters indicate the existence of a material uncertainty which may affect the ability of the Company to continue as a going concern.


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

*Report on Other Legal and Regulatory Requirements*

Management is also responsible for preparing the Annual Report in accordance with the Accounting Act.

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

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

  
\_\_\_\_\_  
Irena Vakova  
Registered Auditor

06 April 2010  
Sofia

  
\_\_\_\_\_  
Petko Dimitrov  
PricewaterhouseCoopers Audit OOD