

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD  
ANNUAL ACTIVITY REPORT  
ANNUAL FINANCIAL STATEMENTS  
INDEPENDENT AUDITOR' S REPORT  
31 DECEMBER 2010**

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
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**31 DECEMBER 2010**

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**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD  
ANNUAL ACTIVITY REPORT  
31 DECEMBER 2010**

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The management prepares its annual activity report and annual financial statements as at 31 December 2010 in compliance with the International Financial Reporting Standards (IFRS) adopted by the European Union. This report has been audited by PricewaterhouseCoopers Audit OOD.

**MAIN ACTIVITIES**

Hellenic Petroleum Bulgaria Properties EAD is a Bulgarian Public Liability Company registered in Sofia, Bulgaria, fully entitled the rights of Bulgarian joint stock company "Opet Aygaz Bulgaria" EAD 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 31.12.2010 the Company owns 16 petrol stations and 2 operating depots for liquefied natural 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 31.12.2010 the Company has no employees.

**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 2011**

The company plans to continue its development in the middle run 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 accepted as to the launching of a third depot for light fuels as 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 (CONTINUED)  
31 DECEMBER 2010**

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**COMPANY SHARE CAPITAL STRUCTURE**

As of 31 December 2010 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
Ioannis Polykandriotis	-	Managing Director
Georgi Yordanov Deyanov	-	Member

By the reason of participation in other managing committees within the Group the members of the Board of Directors do not receive annual remuneration by the Company.

**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's financial risk management policy has been described in details in the Accounting Policy, a part of the Company's financial statements.

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD  
ANNUAL ACTIVITY REPORT (CONTINUED)  
31 DECEMBER 2010**

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**THE COMPANY'S MANAGEMENT RESPONSIBILITY**

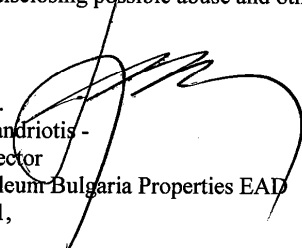
In compliance with the Bulgarian legislation it is a duty of the Management of the Company to prepare financial statement for every reported period, which to present truly the financial state, the financial result and the cash flows of the Company in compliance with the International Financial Reporting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

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

The Management of the Company confirms that all the requirements of the applicable accounting standards have been observed in the preparation of the financial statements.

The Management of the Company is responsible for the presentation of the results, preserving the ownership and the interests of the Company, as well as for undertaking the necessary measures for avoiding and disclosing possible abuse and other irregularities.

.....  
Ioannis Polykandriotis -  
Managing Director  
Hellenic Petroleum Bulgaria Properties EAD  
17 March 2011,  
Sofia



**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**BALANCE SHEET**  
**31 DECEMBER 2010**

*(All amounts are in BGN thousands)*

	Note.	As at 31 December	
		2010	2009
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	5	35,859	37,399
Intangible assets	6	6	1
Deferred Expenses	7	962	1,004
		<b>36,827</b>	<b>38,404</b>
<b>Current assets</b>			
Inventories	9	-	637
Trade and other receivables	8	3,137	2,965
Cash and cash equivalents	10	34	12
		<b>3,171</b>	<b>3,614</b>
<b>Total assets</b>		<b>39,998</b>	<b>42,018</b>
<b>EQUITY</b>			
<b>Share capital</b>			
Share capital	11	22,543	22,543
Retained deficit		(47,982)	(45,502)
		<b>(25,439)</b>	<b>(22,959)</b>
<b>LIABILITIES</b>			
<b>Non current liabilities</b>			
Finance lease	13	410	424
		<b>410</b>	<b>424</b>
<b>Short-term liabilities</b>			
Borrowings	14	64,585	64,339
Trade and other payables	12	428	200
Finance lease	13	14	14
		<b>65,027</b>	<b>64,553</b>
<b>Total liabilities</b>		<b>65,437</b>	<b>64,977</b>
<b>Total equity and liabilities</b>		<b>39,998</b>	<b>42,018</b>

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

Executive Director  
Ioannis Polykandriotis

Financial Director  
Georgi Deyanov

Certified in compliance with the audit report:  
Date:

Registered auditor:  
Irena Vakova

Petko Dimitrov  
(PricewaterhouseCoopers Audit OOD)

The accompanying notes from pages 11 to 35 are an integral part of these financial statements.

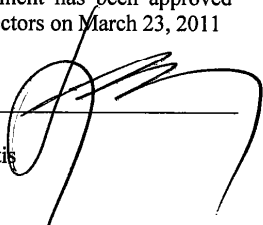
**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**31 DECEMBER 2010**

*(All amounts are in BGN thousands)*

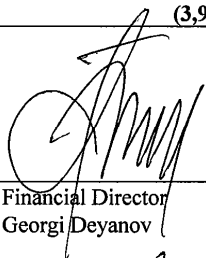
	Note	Year ended as at 31 December	
		2010	2009
Revenue	16.1	637	2,411
Cost of sales	16.2	(637)	(2,489)
<b>Gross profit / (loss)</b>		<b>-</b>	<b>(78)</b>
Administrative expenses	16.3	(3,361)	(4,115)
Other income, net	16.4	3,409	2,445
<b>Operation profit/(loss)</b>		<b>48</b>	<b>(1,748)</b>
Interest income / (expense), net	16.5	(2,528)	(2,239)
Income/(expenses) from exchange rates, net	16.6	-	10
<b>Loss before taxes</b>		<b>(2,480)</b>	<b>(3,977)</b>
<b>Tax expenses</b>		<b>-</b>	<b>-</b>
<b>Loss for the period</b>		<b>(2,480)</b>	<b>(3,977)</b>
<b>Other comprehensive Income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive Income</b>		<b>(2,480)</b>	<b>(3,977)</b>

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

Executive Director  
Ioannis Polykandriotis

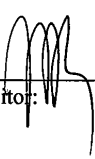



Financial Director  
Georgi Deyanov

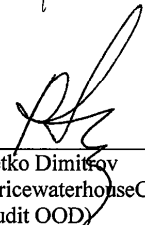


Certified in compliance with the audit report:  
Date:

Registered auditor:  
Irena Vakova




Petko Dimitrov  
(PricewaterhouseCoopers  
Audit OOD)



The accompanying notes from pages 11 to 35 are an integral part of these financial statements.



**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD  
STATEMENT OF CHANGES IN EQUITY  
31 DECEMBER 2010**

*(All amounts are in BGN thousands)*

	Note	Share Capital	Retained deficit	Total
<b>Balance as at 1 January 2009</b>	11	22,543	(41,525)	(18,982)
Loss for the year		-	(3,977)	(3,977)
<b>Balance as at 31 December 2009</b>		22,543	(45,502)	(22,959)
<b>Balance as at 1 January 2010</b>	11	22,543	(45,502)	(22,959)
Loss for the year		-	(2,480)	(2,480)
<b>Balance as at 31 December 2010</b>		22,543	(47,982)	(25,439)

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

Executive Director  
Ioannis Polykandriotis

Financial Director  
Georgi Deyanov

Certified in compliance with the  
audit report:  
Date:

Registered auditor:  
Irena Vakova

Petko Dimitrov  
(PricewaterhouseCoopers Audit OOD)

The accompanying notes from pages 11 to 35 are an integral part of these financial statements.

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**STATEMENT OF CASH FLOWS**  
**31 DECEMBER 2010**

*(All amounts are in BGN thousands)*

	Note	Year ended as at 31 December	
		2010	2009
<b>Cash flows from operating activities</b>	17	2,595	(1,930)
Interest paid		(2,257)	(2,605)
		<b>338</b>	<b>(4,535)</b>
<b>Cash flow from investing activities</b>			
Purchase of PPE and intangible assets		(322)	(2,101)
Proceeds from sale of PPE and intangible assets	17	6	11
Interest received	16.5	-	3
<b>Net cash used in investing activities</b>		<b>(316)</b>	<b>(2,087)</b>
<b>Cash flows from financing activities</b>			
Repayments of borrowings		-	-
Proceeds from short-term loans		-	3,129
<b>Net cash used in financing activities</b>		<b>-</b>	<b>3,129</b>
<b>Change in the cash and cash equivalents</b>		<b>22</b>	<b>(3,493)</b>
At the beginning of the period		12	3,505
<b>At the end of the period</b>	10	<b>34</b>	<b>12</b>

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

Executive Director  
Ioannis Polykandriotis



Financial Director  
Georgi Deyanov

Certified in compliance with the audit report:  
Date:

Registered auditor:  
Irena Vakova



Petko Dimitov  
(PricewaterhouseCoopers  
Audit OOD)

The accompanying notes from pages 11 to 35 are an integral part of these financial statements.

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2010**

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**1. General Information**

The main scope of activity of the Company is construction and exploitation of 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 ultimate parent company is Hellenic Petroleum S.A., Greece (the Group).

The Company's registered address is in Sofia, Izgrev District, 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 2011.

**2. Accounting policy**

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

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

These financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the Commission of European Union.

The financial statements have been prepared under the historical cost convention. The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are separately disclosed in this financial statement. (Note4).

**The Principle of Going Concern**

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence in the foreseeable future and management have no intentions to limit or close its operations.

At year end the management of the Company is making an assessment of the ability of the Company to continue as a going concern. The company has a credit, guaranteed by the parent company with a bank warranty. The credit is rendered as an account of short term borrowing, which is the reason the operating capital of the Company to be a negative value. The forecasts and expectations of the Company consider the possible fluctuations in the operating results, which indicate that the Company is able to operate with the current level of financing.

The result of the activity for 2010 is a loss. In performing its activity the Company has achieved one of its main operating objectives— operating profit for the financial year. The total loss for the year has been decreased 1,6 times than 2009. The main revenues of the Company during the reporting period are relatively constant values from rented assets.

The management in light of their assessments of expected future cash flows and resources, are satisfied that it is appropriate for the financial statements to be prepared on a going concern basis.

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

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

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2010**

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**2. Accounting policy (continued)**

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

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

- IFRIC 12 „Service Concession Arrangements” (IFRIC 12 as adopted by the EU is effective for annual periods beginning on or after 30 March 2009, with early adoption permitted).
- IAS 27 (amendment) „Consolidated and Separate Financial Statements” requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.
- IFRS 3 (amendment) „Business combinations” and consequential amendments to IAS 27, ‘Consolidated and separate financial statements’, IAS 28, ‘Investments in associates’, and IAS 31, ‘Interests in joint ventures’, are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. All acquisition-related costs are expensed.
- IFRIC 15 „Agreements for the Construction of Real Estate” (effective for annual periods beginning on or after 1 January 2009; IFRIC 15 as adopted by the EU is effective for annual periods beginning after 31 December 2009, with early adoption permitted).
- IFRIC 16 „Hedges of a net investment in a foreign operation” effective 1 July 2009. This amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the Company, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied.
- Eligible Hedged Items—Amendment to IAS 39 „Financial Instruments”: Recognition and Measurement (effective with retrospective application for annual periods beginning on or after 1 July 2009).
- IFRIC 17 „Distribution of non-cash assets to owners” (effective on or after 1 July 2009). IFRIC 17 as adopted by the EU is effective for annual periods beginning after 31 October 2009, with early adoption permitted). The interpretation was published in November 2008. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2010**

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

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

- IFRIC 1 „First-time Adoption of International Financial Reporting Standards” (following an amendment in December 2008, effective for the first IFRS financial statements for a period beginning on or after 1 July 2009; restructured IFRIC 1 as adopted by the EU is effective for annual periods beginning after 31 December 2009, with early adoption permitted).
- IFRIC 18 „Transfers of assets from customers”, effective for transfer of assets received on or after 1 October 2009. This interpretation clarifies the requirements of IFRS for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). In some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant, and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (or to do both).
- „Embedded Derivatives” - Amendments to IFRIC 9 and IAS 39 (effective for annual periods ending on or after 30 June 2009; amendments to IFRIC 19 and IAS 39 as adopted by the EU are effective for annual periods beginning after 31 December 2009, with early adoption permitted).
- Group Cash-settled Share-based Payment Transactions - Amendments to IFRS 2, „Share-based Payment” (effective for annual periods beginning on or after 1 January 2010).

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

- IFRS 1 „First-time Adoption of IFRS” – the accounting policy shall be changed in the year of adoption of amendments. IFRS 1 clarifies that, if a first-time adopter changes its accounting policies or its use of the exemptions in IFRS 1 after it has published an interim financial report in accordance with IAS 34 Interim Financial Reporting, it needs to explain those changes and update the reconciliations between previous GAAP and IFRS. The amendment is applied prospectively. The change in the standard is not applicable for the Company.
- IFRS 1 „First-time Adoption of IFRS” – revaluation as deemed cost. It allows first-time adopters to use as at the transition date the fair value that corresponds to the deemed cost. Even when the adoption of IFRS has occurred after the amendment date but before the first IFRS statements to be prepared. The change in the standard is not applicable for the Company.
- IFRS 1 „First-time Adoption of IFRS - Use of deemed cost for operations subject to rate regulation. Expands the scope of „deemed cost” for property, plant and equipment or intangible assets to include items used subject to rate regulated activities. The exemption will be applied on an item-by-item basis. All such assets will also need to be tested for impairment at the date of transition. The amendment is applied prospectively. The change in the standard is not applicable for the Company.

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2010**

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**2. Accounting policy (continued)**

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

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

- IAS 38( Amendment) "INTANGIBLE ASSETS", effective date of 01 January 2010. This amendment represents the line to measure the fair value of an intangible asset, acquired as a part of a business combinations and allows the grouping of intangible assets in one in case that all these assets have one and the same useful economic life.
- IAS 1 (amendment), "Presentation of financial statements". The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.
- IAS 34 "Interim Financial Reporting"- Provide guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around:
  - The circumstances likely to affect fair values of financial instruments and their classification
  - Transfers of financial instruments between different levels of the fair value hierarchy
  - Changes in classification of financial assets
  - Changes in contingent liabilities and assets.
- IAS 36 (amendment), "Impairment of assets", effective 1 January 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, "Operating segments" (that is, before the aggregation of segments with similar economic characteristics).
- IFRS 2 (amendments) "Group cash-settled share-based payment transactions", effective from 1 January 2010. In addition to incorporating IFRIC 8, "Scope of IFRS 2", and IFRIC 11, IFRS 2 "Group and treasury share transactions", the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation.
- IFRS 5 (amendment) "Non-current assets held for sale and discontinued operations". The amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1.

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2010**

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**2. Accounting policy (continued)**

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

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

- IAS 32 (amendment) „Classification of rights issues”, issued in October 2009. The amendment applies to annual periods beginning on or after 1 February 2010. Earlier application is permitted. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. It is not expected the application of the change to have any impact on the Company’s financial statements.
- IFRIC 19, “Extinguishing financial liabilities with equity instruments”, effective 1 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. It is not expected the application of the change to have any impact on the Company’s financial statements.
- Limited exemption from comparative IFRS 7 disclosures for first-time adopters - Amendment to IFRS 1 (effective for annual periods beginning on or after 1 July 2010). The amendment is not expected to have any impact on the Company’s financial statements.
- IFRS 7 „Financial Instruments”: Disclosures - Emphasises the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. The amendment is applied retrospectively from 1 January 2011.
- IFRIC 14 (amendment) „Prepayments of a minimum funding requirement”.The amendments correct an unintended consequence of IFRIC 14, IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendment corrects this.
- IFRS 3 „Business Combinations”- Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS. It clarifies that the amendments to IFRS 7 Financial Instruments: Disclosures, IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and Measurement, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008). The amendment is applicable to annual periods beginning on or after 1 July 2010 retrospectively.

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**2. Accounting policy (continued)**

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

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

- IFRS 3 „Business Combinations”- Measurement of non-controlling interests (NCI) Limits the scope of the measurement choices that only the components of NCI that are present ownership interests that entitle their holders to a proportionate share of the entity’s net assets, in the event of liquidation, shall be measured either: At fair value or at the present ownership instruments proportionate share of the acquiree’s identifiable net assets. Other components of NCI are measured at their acquisition date fair value, unless another measurement basis is required by another IFRS. The amendment is applied prospectively from the date the entity applies IFRS 3 (revised) Business Combinations- Measurement of non-controlling interests (NCI). The amendment is applicable to annual periods beginning on or after 1 July 2010 prospectively.
- IAS 1 „Presentation of Financial Statements” - Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The amendment is applied retrospectively from 1 January 2011.
- IAS 27 „Consolidated and Separate Financial Statements” - Clarify the consequential amendments from IAS 27 made to IAS 21 The Effect of Changes in Foreign Exchange Rates.
- IAS 28 „Investments in Associates” and IAS 31 „Interests in Joint Ventures” apply prospectively for annual periods beginning on or after 1 July 2009 or earlier when IAS 27 is applied earlier. Applicable retrospectively to annual periods beginning on or after 1 July 2010.
- IFRIC 13 „Customer Loyalty Programmes” – The meaning of fair value is clarified in the context of measuring of program bonus points, regarding Customer Loyalty. Effective since 1 January 2011.
- IAS 24 (amendment) „Related party disclosures”, issued in November 2009. It supersedes IAS 24, „Related party disclosures”, issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, fully or partially, is permitted. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. When the revised standard is applied, the Company and the parent will need to disclose any transactions between its subsidiaries and its associates.

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

- IFRS 9 „Financial Instruments” (effective for annual periods beginning on or after 1 January 2013; not yet adopted by the EU). The Company is in process assessing the impact of the new standard.
- Disclosures – „Transfers of Financial Assets” – Amendments to IFRS7 (effective for annual periods beginning on or after 1 July 2011; not yet adopted by the EU. It is not expected the application of the change to have any impact on the Company’s financial statements.



**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2010**

**2. Accounting policy (continued)**

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

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

- Recovery of Underlying Assets – Amendments to IAS 12 (effective for annual periods beginning on or after 1 January 2012; not yet adopted by the EU). It is not expected the application of the change to have any impact on the Company’s financial statements.
- Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters – Amendments to IFRS 1 (effective for annual periods beginning on or after 1 July 2011). It is not expected the application of the change to have any impact on the Company’s financial statements.

**2.2. Foreign Currency Transactions**

*(a) Functional currency and currency of presentation*

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

*(b) Transactions and balances*

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

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

	<b>As at December 31</b>	
	<b>2010</b>	<b>2009</b>
1 USD	1.47276	1.36409
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:

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2010**

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**2. Accounting policy (continued)**

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

Buildings	– 25 years
Tanks and Pipe Installations	– 20 years
Installations	– 6 years
Computer Equipment	– 6 years
Vehicles	– 6 years
Tank Carriages	– 20 years
Equipment, Furniture and Other Assets	– 5-14 years

**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.

*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 – 5 years

Fiscal System Licences – 5 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 Non-financial Assets**

Assets that have an indefinite useful life are not subject to amortisation but are tested annually for impairment. 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. Annually the Company is testing the assets for impairment to define their recoverable value. The recoverable value of cash flow generating units (CFGU) is defined on the base of calculated value in use. When defining the value in use, the expected future cash flows are discounted up to the present value using the rate of discounting before taxes, which reflects the current market value of the money in time and the specific risks for the certain asset.

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

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

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2010**

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**2. Accounting policy (continued)**

**2.5. Impairment of Non-financial Assets (continued)**

As of 31 December 2010 the assets are tested and the result is that there is no impairment. There would not be an impairment even if 10% lower cash flows were used or if the discount factor and the growth rate of revenues were 0.5% high/low.

**2.6. Inventory**

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

Net realisable value is 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.

**2.7. Trade Receivables**

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

A provision for impairment is established in case there is an 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.

**2.8. 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.

**2.9. Share capital**

Ordinary shares are classified as equity.

**2.10. 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.

**2.11. 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 2010 no deferred taxes have been calculated.

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2010**

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**2. Accounting policy (continued)**

**2.12. 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.

**2.13. 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 (rather than not) that outflows of resources will be required to settle the obligation and the amount of obligation can be reliably estimated. Provisions are considered at every balance sheet date and recalculated aiming to reflect the best current assessment. The contingent liabilities are not recognised, but disclosed unless the probability to use cash flows, including economic benefits for the repayment of the obligation is distant in time. Provisions for future losses are not recognised.

**2.14. 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 - Wholesales*

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 rendered 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 rate 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 effective 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.

**2.15. 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.

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2010**

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**2. Accounting policy (continued)**

**2.16. Dividend Distribution**

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

**3. Financial Risk Management**

**3.1. Financial Risk Factors**

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

*(a) Market Risk*

*(i) Foreign Exchange Risk*

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

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

*(ii) Interest Rate Risk*

The Company does not have significant interest-bearing assets. Therefore, the revenue 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 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 a related party within 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.

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2010**

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

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

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 2010</b>	<b>Less than a Year</b>	<b>Between 1 and 5 years</b>	<b>More than 5 years</b>
Loans	64,585		
Trade and other liabilities	428		
Finance lease and interest	14	67	343
<b>As at 31 December 2009</b>	<b>Less than a Year</b>	<b>Between 1 and 5 years</b>	<b>More than 5 years</b>
Loans	64,339		
Trade and other liabilities	200		
Finance lease and interest	14	63	361

**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 2010 the Company maintains the gearing ratio below 170%. The gearing ratios at 31 December 2010 and 2009 were as follows:

	<b>2010</b>	<b>2009</b>
Total borrowings (Note 14)	64,585	64,339
Less with cash and cash equivalents (Note 10)	(34)	(12)
Net debt	64,551	64,327
Total share capital	(25,439)	(22,959)
Total Capital	<b>39,112</b>	<b>41,368</b>
<b>Gearing ratio</b>	165%	155%

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2010**

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

**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 64,585 thousand, including the interest due as of 31 December 2010. The management takes all necessary measures to maintain stability and Company's business development in the present situation.

**Impact on the clients/debtors**

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

**4. Critical Accounting Estimates and Assumptions**

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.

When the fair value of the financial assets and financial liabilities, represented in the financial result, could not be get from the active markets, it is measured under the discounting of the negotiated future cash flows with the short term market interest rate from similar financial instruments available at the Company. Such information requires an assessment at a certain degree, which includes revising of the incoming information such as liquidity risk, credit risk and variability (see Note 15). The changes in the assumption of these factors could reflect on the booked fair value of the financial instruments.

*(b) Income tax*

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the final tax 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.

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2010**

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

*(e) Impairment of receivables*

When applying impairments to receivables, the Company management evaluates both the amount and the period of the estimated future cash flows related to the receivable that are expected based on past 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 basis 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's legal consultants.



**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2010**

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

**5. Property, plant and equipment**

	<b>Lands (land spots)</b>	<b>Buildings and construc tions</b>	<b>Machines, equipment and computers</b>	<b>Vehicles</b>	<b>Fixtures</b>	<b>Other PPE</b>	<b>Assets under construct ion</b>	<b>Total</b>
<b>Net book amount at 1 January 2009</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>
Additions	-	845	70	-	609	8	554	2,086
Disposals	-	-	-	(25)	(27)	-	-	(52)
Accumulated depreciation of disposals	-	-	-	25	26	-	-	51
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>
Net book amount at 1 January 2009 r.	12,227	18,631	189	27	1,758	8	4,559	37,399
Additions	-	77	93	-	48	-	248	466
Disposals	-	-	-	(35)	-	-	-	(35)
Accumulated depreciation of disposals	-	-	-	35	-	-	-	35
Transferred by groups of assets	-	3,278	-	-	-	-	(3,278)	-
Depreciation charge	-	(1,124)	(48)	(15)	(819)	-	-	(2,006)
<b>Closing net book amount at 31 December 2010</b>	<b>12,227</b>	<b>20,862</b>	<b>234</b>	<b>12</b>	<b>987</b>	<b>8</b>	<b>1,529</b>	<b>35,858</b>
Book value	12,227	26,845	2,567	257	4,708	8	1,529	48,141
Accumulated depreciation	-	(5,983)	(2,333)	(245)	(3,721)	-	-	(12,282)
<b>Net book amount at 31 December 2010</b>	<b>12,227</b>	<b>20,862</b>	<b>234</b>	<b>12</b>	<b>987</b>	<b>8</b>	<b>1,529</b>	<b>35,859</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 2010**

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

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

	<b>As at 31 December</b>	
	<b>2010</b>	<b>2009</b>
Cost - capitalised finance lease	1,065	1,065
Accumulated depreciation	(461)	(461)
Net book value	<b>604</b>	<b>604</b>

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 2009</b>	<b>8</b>	<b>4</b>	<b>12</b>
Additions	1		1
Disposals	(17)	(4)	(21)
Depreciation of disposals	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
Accumulated Depreciation	(51)	-	(51)
<b>Net book amount at 31 December 2009</b>	<b>1</b>	<b>-</b>	<b>1</b>
<b>Net book amount at 1 January 2010</b>	<b>1</b>	<b>-</b>	<b>1</b>
Additions	6		6
Depreciation charge	(1)	-	(1)
<b>Net book amount at 31 December 2010</b>	<b>6</b>	<b>-</b>	<b>6</b>
Book value	58	-	58
Accumulated Depreciation	(52)	-	(52)
<b>Net book amount at 31 December 2010</b>	<b>6</b>	<b>-</b>	<b>6</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>2010</b>	<b>2009</b>
Non-current deferred expenses	962	1,004
Current deferred expenses (note 8)	54	152
	<b>1,016</b>	<b>1,156</b>

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2010**

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

8. Trade and other receivables	As at 31 December	
	2010	2009
Trade receivables – regular	2,909	2,536
Trade receivables – overdue, not impaired	37	163
Trade receivables – overdue, impaired	448	440
Trade receivables impairment	(448)	(440)
Other receivables	191	266
-VAT for recovering	-	114
-Current deferred expenses	54	152
	<b>3,137</b>	<b>2,965</b>

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 not impaired, is as follows:

	As at 31 December	
	2010	2009
Less than 6 months	-	163
More than 6 months	37	-
<b>Total Overdue not impaired Payables</b>	<b>37</b>	<b>163</b>

As of 31 December 2010, trade receivables to the amount of BGN 448 thousand have been impaired. At this date the value of the provisions is BGN 448 thousand (2009: BGN 440 thousand). These individually impaired receivables are due by retailers, which are temporarily in a hard economic situation and have occurred before more than six months.

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:**

	As at 31 December	
	2010receivable s	2010 collaterals
Trade receivables secured by a promissory note	415	572
	<b>415</b>	<b>572</b>

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

	Impairment	
	2010	2009
As at 1 January	(440)	(524)
Accrued provision for impaired receivables during the period	(45)	-
Received amount from customers	37	84
As at 31 December	<b>(448)</b>	<b>(440)</b>

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
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*(All amounts are presented in BGN thousands unless otherwise stated)*

<b>9. Inventories</b>	<b>As at 31 December</b>	
	<b>2010</b>	<b>2009</b>
Fuels	-	637
Goods in stores	-	-
	<u>-</u>	<u>637</u>

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

**10. Cash and cash equivalents**

The available cash and cash equivalents consist of as follows:

	<b>As at 31 December</b>	
	<b>2010</b>	<b>2009</b>
Cash at bank and cash in hand	34	12
	<u>34</u>	<u>12</u>

**11. Share capital**

	<b>Number of shares (thousand)</b>	<b>Value</b>
<b>As at 31 December 2009</b>	<u>22,543</u>	<u>22,543</u>
<b>As at 31 December 2010</b>	<u>22,543</u>	<u>22,543</u>

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 2010 the sole shareholder of the Company is:

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

**12. Trade and other payables**

	<b>As at 31 December</b>	
	<b>2010</b>	<b>2009</b>
<b>Short-term liabilities</b>		
Trade payables	167	133
Payables to related parties (Note 19)	261	47
Other payables	-	20
	<u>428</u>	<u>200</u>

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
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**13. Financial Lease**

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 for a loan, negotiated with the EBRD in December 2003.

The present value of the future lease liabilities is presented as follows:

	<b>As at 31 December</b>	
	<b>2010</b>	<b>2009</b>
The minimum lease payments are as follows:		
Less than 1 year	14	14
1 to 5 years	67	63
More than 5 years	343	361
	<b>424</b>	<b>438</b>
Future finance charges on finance leases	219	240
	<b>643</b>	<b>678</b>
The present value of the liabilities is:	<b>424</b>	<b>438</b>
Incl. Short-term part	14	14
Long-term part	410	424
	<b>424</b>	<b>438</b>

**14. Borrowings**

	<b>As at 31 December</b>	
	<b>2010</b>	<b>2009</b>
<b>Short-term</b>		
Short-term bank loans	64,045	64,045
Interest payable	540	294
<b>Total</b>	<b>64,585</b>	<b>64,339</b>

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

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

	<b>As at 31 December</b>	
	<b>2010</b>	<b>2009</b>
Euro	32,745	32,745
	<b>32,745</b>	<b>32,745</b>

A short-term bank loan agreement has been signed on 31 October 2008 and renegotiated on 29 October 2010. 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+3.75 %.

**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**  
**15.1. Financial instruments by category**

<b>Assets as per balance sheet:</b>	<b>As at 31 December</b>	
	<b>2010</b>	<b>2009</b>
Trade and other receivables excluding prepayments	3,083	2,813
Cash and cash equivalents	34	12
<b>Total:</b>	<u><b>3,117</b></u>	<u><b>2,825</b></u>
<b>Liabilities as per balance sheet:</b>		
Borrowings	64,585	64,339
Trade and other payables excluding statutory liabilities	852	638
<b>Total:</b>	<u><b>65,437</b></u>	<u><b>64,977</b></u>

**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:

	<b>2010</b>	<b>2009</b>
Contractors without external credit rating		
Group 1	2,908	2,802
Group 2	37	163
Group 3	448	440
<b>Total trade receivables:</b>	<u><b>3,393</b></u>	<u><b>3,405</b></u>

- 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:

<b>Banks</b>	<b>2010</b>	<b>2009</b>
	Rating    Cash available	Rating    Cash available
United Bulgarian Bank	BB            34	BBB+        11
<b>Total cash at bank and short-term bank deposits</b>	<b>34</b>	<b>11</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)*

<b>16. Operating Revenue and Expenses</b>		
<b>16.1. Revenue</b>		
	<b>2010</b>	<b>2009</b>
Sale of fuels		
- Wholesale	637	2,411
	<u>637</u>	<u>2,411</u>
<b>16.2. Cost of goods sold</b>		
	<b>2010</b>	<b>2009</b>
Cost of fuels sold		
- Wholesale	637	2,489
	<u>637</u>	<u>2,489</u>
<b>16.3. General and administrative expenses</b>		
	<b>2010</b>	<b>2009</b>
Maintenance and repair	39	83
Dealer fees	-	10
Property taxes and fees	315	349
Depreciation and amortisation	2,007	1,947
Salaries and social security	5	20
Consumables	45	39
Hired services	657	1,085
Other expenses	293	582
	<u>3,361</u>	<u>4,115</u>
<b>16.4. Other operating income (net)</b>		
	<b>2010</b>	<b>2009</b>
Incomes from sales of current tangible assets, net	3	8
Rents and advertisement	3,222	2,066
Other income	184	371
	<u>3,409</u>	<u>2,445</u>
<b>16.5. Interest Income / (Expense)</b>		
	<b>2010</b>	<b>2009</b>
Interest expense	(2,528)	(2,242)
Interest income	-	(3)
	<u>(2,528)</u>	<u>(2,239)</u>

**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)*

<b>16.6. Foreign exchange income / (expense)</b>		
	<b>2010</b>	<b>2009</b>
Income from foreign exchange differences	-	12
Expenses from foreign exchange differences	-	(2)
	<u>-</u>	<u>10</u>

<b>17. Cash generated from operation activity:</b>		
	<b>2010</b>	<b>2009</b>
Loss before income tax	(2,480)	(3,977)
<b>Adjustments for:</b>		
Depreciation and amortisation	2,007	1,947
(Profit)/Loss from sales of assets	(3)	(8)
Change in the liability provision		
Interest expense, net	2,528	2,239
Exchange rate differences, net	-	(10)
Impairment expenses	45	-
Changes in the turnover capital:		
- Inventories	637	(201)
- Trade and other receivables	(173)	(149)
- Liabilities	34	(1,771)
<b>Cash generated from operation activity</b>	<u><b>2,595</b></u>	<u><b>(1,930)</b></u>

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

	<b>2010</b>	<b>2009</b>
Net book amount	3	3
(Profit)/loss from sale of tangible fixed assets	3	8
Proceeds from the sale of tangible fixed assets	<u>6</u>	<u>11</u>

**18. Taxes**

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

<b>Year of occurrence</b>	<b>Tax loss to be carried over</b>
2006	5,759
2007	7,567
2008	9,637
2009	1,600
	<u><b>24,563</b></u>



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

	<b>2010</b>	<b>2009</b>
– Eko Bulgaria EAD – purchase of assets and services	214	2,126
	<b>214</b>	<b>2,126</b>

**Payables to related parties**

	<b>As at 31 December</b>	
	<b>2009</b>	<b>2009</b>
– Eko Bulgaria EAD – purchase of assets and services	261	47
	<b>261</b>	<b>47</b>

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

	<b>2010</b>	<b>2009</b>
– Eko Bulgaria EAD – sale of fuels and lubricant and assets	4,745	5,177
	<b>4,745</b>	<b>5,177</b>

**Receivables from related parties**

	<b>As at 31 December</b>	
	<b>2010</b>	<b>2009</b>
– Eko Bulgaria EAD – sale of fuels and lubricant and assets	2,868	2,347
	<b>2,868</b>	<b>2,347</b>

**20. Contingent assets and liabilities**

**Taxation**

The taxation of the Company is done under the regulations of the Republic of Bulgaria for year 2010. It should be taken into consideration that in the application of several provisions of the tax rules different interpretations are possible. National tax law is in the process of development and adaptation to variable business environment that is why there is a potential possibility the tax administration to impose its vision after any tax examination which may increase the amount of taxation of the Company or to impose fines.

Tax liabilities of the Company are based on filed tax returns and are considered to be finalised after inspection by the tax authorities or the expiry of five year limitation period, which has started as of the end of the year, in which the tax has become payable. Tax audits under the Law on Corporate Income Tax, Law on Personal Income Tax are performed until 31 December 2008, and under the Law on VAT – until 31 March 2009.

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2010**

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

**20. Contingent assets and liabilities (continued)**

On 1 January 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.

	<b>As at 31 December</b>	
	<b>2010</b>	<b>2009</b>
Up to 1 year	209	174
From 1 to 5 years	418	522
	<b>627</b>	<b>696</b>

**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 2010 the Company has concluded a long-term rent agreement for a petrol station in 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>As at 31 December</b>	
	<b>2010</b>	<b>2009</b>
Up to 1 year	82	82
From 1 to 5 years	329	329
More than 5 years	1,089	1,171
	<b>1,500</b>	<b>1,582</b>

The Company has concluded a 25-year rent agreement for a land plot on which a petrol station is constructed in Burgas.

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

	<b>As at 31 December</b>	
	<b>2010</b>	<b>2009</b>
Up to 1 year	94	-
From 1 to 5 years	375	375
More than 5 years	1,315	1,409
	<b>1,784</b>	<b>1,784</b>

**22. Going concern principle**

Although the Company incurred a loss during the year, it does not have overdue amounts to suppliers and banks. In 2011 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 party shall ensure sufficient current cash resources that will allow the Company to cover its monthly payment obligations.

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2010**

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

**22. Going concern principle (continued)**

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 Shareholder of "Hellenic Petroleum Bulgaria Properties" EAD

### Report on the Financial Statements

We have audited the accompanying financial statements of "Hellenic Petroleum Bulgaria Properties" EAD (the "Company") which comprise the statement of financial position of 31 December 2010 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

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

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

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 "Hellenic Petroleum Bulgaria Properties" EAD as of 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

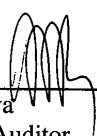
Without qualifying our opinion, we draw attention to the fact that as of 31 December 2010 the Company's registered share capital exceeds its net assets which is not in compliance with art. 252 par.1 clause 5 of the Bulgarian Commercial Act, which requires that in such instance the shareholders take a decision to decrease the registered share capital, restructure or liquidate the Company or other appropriate measures. Otherwise the Company may be liquidated by the court of registration. As of the date of the approval of the accompanying financial statements the shareholder has not taken a decision for restructuring, liquidation or decrease of registered share capital or other appropriate measures.

**Report on Other Legal and Regulatory Requirements**

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

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

In our opinion, the Annual Report set out on pages 4 to 6, is consistent with the accompanying financial statements of the Company as of 31 December 2010.

  
Irena Vakova  
Registered Auditor

  
Rositsa Boteva  
PricewaterhouseCoopers Audit OOD

31 March 2011  
Sofia

