COMPANY NUMBER: 454043

ANNUAL REPORT AND ACCOUNTS

Hellenic Petroleum Cyprus Limited

31 DECEMBER 2006

ANNUAL REPORT AND ACCOUNTS
for the year ended 31 December 2006

INDEX

Directors' report for the year ended 31 December 2006

Board of directors
The directors who held office during the year and up to the date of signing the financial statements are given below:

Michail Myrianthis (Chairman)
Olga Tsaloglou (resigned 31 January 2007)
Ioannis Grigoriou
Akis Pegasiou
Garry Pegg
Jonathan Ivinson
Nicos Georgoudas (appointed 1 January 2006)
George Gregoras (appointed 31 January 2007)

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2006.

Principal activities

The principal activity of the Company, which is unchanged from last year, is to buy, sell and otherwise deal in petroleum products in Cyprus through a local branch. It is the intention of the board of directors that this business will continue for the foreseeable future.

Review of developments, position and performance of the Company's business

The financial position of the Company as presented in the financial statements is considered satisfactory. During the year ended 31 December 2006, the Company achieved a net profit of £9,818,916 (2005: £9,322,265). As at 31 December 2006 the Company had net assets of £40,129,184 (2005: £31,233,868).

Future developments

The members of the board of directors do not expect any material changes in the Company's activities in the foreseeable future.

Results and dividends

The Company's results for the year are set out on page 6. The board of directors does not recommend the payment of a dividend (2005: £nil).

Directors' report (continued)

Directors and their interests

The directors who held office during the year and up to the date of signing this report are listed on page 1.

The interests of the directors holding office at 31 December 2006, other than directors of the ultimate parent undertaking, and their families, in the ordinary shares of Hellenic Petroleum S.A. were as set out below:

	2006	2005
Michail Myrianthis	**2,884**	2,884
Olga Tsaloglou	**2,489**	2,489
Ioannis Grigoriou	**800**	800

No director had any interest in the shares or debentures of subsidiary undertakings of Hellenic Petroleum S.A. at 31 December 2006.

Policy with respect to payment of suppliers

It is the Company's policy to follow the CBI's prompt payment code of practice for all suppliers to the Company. A copy of the code of practice can be obtained from the CBI.

The number of days of purchases represented by trade creditors at the year-end was 32 (2005: 23 days).

Principal risks and uncertainties

The principal risks and uncertainties that the Company faces are the following:

(a) due to the planned relocation of the Cyprus oil companies' terminals at Vassilico Energy Centre in year 2010, the Company may face exceptional costs in that year and increased storage costs following the relocation; and

(b) the worldwide instability in the price of oil makes the preparation of budgets and long term planning more difficult.

Business risks

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

Financial risk management

The Company's operations expose it to a variety of financial risks that include commodity price risk, credit risk, currency risk and interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company. The policies set by the board of directors are implemented by the Company's finance department.

Directors' report (continued)

Financial risk management (continued)

Commodity price risk

The Company is exposed to commodity price risk through its purchases and distribution of petrol within Cyprus. Management monitors the price fluctuations on a continuous basis and acts accordingly.

Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. Where debt finance is utilised, this is subject to pre-approval by the board of directors and such approval is limited to reputable financial institutions. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the Euro.
Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

Interest rate risk

The Company has no significant interest bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate risk arises from bank loans issued at market rates. Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

Statement of directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' report (continued)

Disclosure of information to auditors

Each of the persons who is a Director at the date of approval of this report confirms that:

(1) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
(2) each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S234ZA of the Companies Act 1985.

Auditors

The auditors, PricewaterhouseCoopers LLP will continue in office as the Company's auditor in accordance with the elective resolution passed by the Company under section 386 Companies Act 1985.

By Order of the Board

M. Myl

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.........Dr. M. L. MYRIANTHIS

Registered Office
Juxon House
100 St Paul's Churchyard
London EC4M 8BU

Hellenic Petroleum Cyprus Limited

Independent Auditors' Report to the members of Hellenic Petroleum Cyprus Limited

We have audited the financial statements of Hellenic Petroleum Cyprus Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if whether in our opinion the information given in directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Auditing Standards on Accounting (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
~~Date~~ 17 December 2008

Hellenic Petroleum Cyprus Limited

Profit and loss account for the year ended 31 December 2006

	Note	2006 £	2005 £
Turnover	3	**158,039,978**	141,060,630
Cost of sales		**(134,786,848)**	(118,495,452)
Gross profit		**23,253,130**	22,565,178
Distribution and marketing expenses		**(9,498,718)**	(8,601,661)
Administrative expenses		**(1,952,606)**	(2,263,413)
Other operating income		**235,048**	69,364
Operating profit	4	**12,036,854**	11,769,468
Interest payable and similar charges	7	**(155,197)**	(115,744)
Other finance costs	20	**(8,178)**	(21,807)
Profit on ordinary activities before taxation		**11,873,479**	11,631,917
Tax on profit on ordinary activities	8	**(2,054,563)**	(2,309,652)
Profit for the financial year and retained profit for the year	17	**9,818,916**	9,322,265

All results relate to continuing operations.

There are no material differences between the profit for the financial year and the retained profit for the year stated above and their historical cost equivalents.

Statement of total recognised gains and losses for the year ended 31 December 2006

	Note	2006 £	2005 £
Profit for the financial year		**9,818,916**	9,322,265
Actuarial gain/(loss) on pension schemes	20	**585,819**	(163,685)
Movement of deferred tax relating to pension deficit	17	**(433,252)**	49,105
Currency translation differences	17	**(1,076,167)**	(464,716)
Total recognised gains and losses relating to the year		**8,895,316**	8,742,969
Prior year adjustment – FRS 17		**-**	(764,609)
Total gains and losses recognised since last annual report		**8,895,316**	7,978,360

Hellenic Petroleum Cyprus Limited

Balance sheet as at 31 December 2006

	Note	2006 £	2005 £
Fixed assets			
Intangible assets	9	**893,137**	-
Tangible assets	10	**16,864,691**	16,281,217
Investment in subsidiary	11	**413,611**	426,330
		18,171,439	16,707,547
Current assets			
Stocks	12	**4,722,448**	6,301,425
Debtors	13	**18,576,515**	15,404,081
Cash at bank and in hand		**17,807,065**	12,854,206
		41,106,028	34,559,712
Creditors: Amounts falling due within one year	14	**(18,360,443)**	(19,309,728)
Net current assets		**22,745,585**	15,249,984
Total assets less current liabilities		**40,917,024**	31,957,531
Provisions for liabilities and charges			
Deferred tax provision	8, 15	**(1,044,927)**	(545,477)
Net Assets excluding pension asset/(liability)		**39,872,097**	31,412,054
Pension asset/(liability)	20	**257,087**	(178,186)
Net assets including pension asset/(liability)		**40,129,184**	31,233,868
Capital and reserves			
Called up share capital	16	**4,433,450**	4,433,450
Revaluation reserve	17	**219,420**	219,420
Other reserves	17	**931,444**	931,444
Profit and loss reserve	17	**34,544,870**	25,649,554
TOTAL SHAREHOLDERS' FUNDS		**40,129,184**	31,233,868

The financial statements on pages 6 to 25 were approved by the board of directors on ..17/12/... 2007 and were signed on its behalf by:

....
Director

....
Director

Notes to the financial statements

1. Accounting policies

Basis of preparation

The financial statements are prepared on a going concern basis in accordance with the Companies Act 1985 and conform with applicable United Kingdom accounting standards. The financial statements have been prepared in accordance with the historical cost convention with the exception of tangible fixed assets, which, under the transitional rules of Financial Reporting Standard 15 "Tangible Fixed Assets" (FRS 15), are included at their previous valuations. On implementation of FRS 15 in 2000 the Company did not adopt a policy of revaluations. Historical cost accounts show the profits available to shareholders and are the most appropriate basis for presentation of the Company's balance sheet. The directors consider that the accounting policies set out below are suitable, have been consistently applied and are supported by reasonable and prudent judgements and estimates.
The principal accounting policies are set out below.

Group financial statements

Group financial statements have not been prepared as the Company is exempt from the obligation to prepare group accounts under Section 228(1) of the Companies Act 1985. The results of the subsidiary undertaking are dealt with in the consolidated accounts of the ultimate parent undertaking, Hellenic Petroleum S.A., a company registered in Greece.

The financial statements present information about the Company as an individual undertaking and not about the group.

Turnover

Turnover comprises the fair value for the sale of goods net of value added tax, excise duties, rebates and discounts. Revenues earned by the Company are recognised on the following basis:

Sales are recognised when significant risks and rewards of ownership of the goods have been transferred to the customer, which is usually when the Company has sold or delivered goods to the customer, the customer has accepted the goods and collectability of the related receivable is reasonably assured.

Employee benefits

The Company and the employees contribute to the Cyprus Government Social Insurance Fund based on employees' salaries. In addition, the Company operates two defined benefit retirement schemes, the assets of which are held in a separate trustee administered fund. The defined contribution scheme is funded by contributions from employees and by the Company. The cost under the defined contribution scheme is the amount of contributions payable for the year.

The defined benefit schemes are funded by the Company's contributions. For defined benefit post-employment plans, the difference between the fair value of the plan assets (if any) and the present value of the plan liabilities is recognised as an asset or liability on the balance sheet. Actuarial gains and losses arising in the year are taken to the statement of total recognised gains and losses. For this purpose, actuarial gains and losses comprise both the effects of changes in actuarial assumptions and experience adjustments arising because of differences between the previous actuarial assumptions and what has actually occurred.

Other movements in the net surplus or deficit are recognised in the profit and loss account, including the current service cost, any past service cost and the effect of any curtailment or settlements. The interest cost less the expected return on assets is also charged to the profit and loss account.

The most significant assumptions used in accounting for pension plans are the long term rate of return on plan assets, the discount rate and the mortality assumptions. The long term rate of return on plan assets is used to calculate interest income on pension assets, which is credited to the Company's profit and loss account. The discount rate is used to determine the net present value of future liabilities and each year the unwinding of the discount on those liabilities is charged to the Company's profit and loss account as the interest cost. The mortality assumption is used to project the future stream of benefit payments, which is then discounted to arrive at a net present value of liabilities.

The values attributed to plan liabilities are assessed in accordance with the advice of independent qualified actuaries using the projected unit method.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Foreign currency translation

(a) **Functional and presentation currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"), Cyprus pounds (C£). The financial statements are presented in Sterling (STG), which is the Company's presentation currency.

For presentation purposes, assets and liabilities are translated into sterling at closing rates of exchange. Profit and loss account is translated at the average rates of exchange.

Exchange differences resulting from the retranslation of net investments, in foreign currency branches at closing rates of exchange, together with the difference between the profit and loss account translated at average rate and at closing rate, are dealt with in reserves. Exchange gains and losses arising on long-term foreign currency borrowings, if any, used to finance the Company's foreign currency investments are also dealt with in reserves.

(b) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Tax

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at balance sheet date. Deferred tax is measured on an undiscontinued basis.

Tangible assets

The tangible fixed assets are stated at their historical purchase cost together with incidental costs less accumulated depreciation.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned, at the annual depreciation rates as shown in the table below. Land is not depreciated.

	%
Buildings on freehold land	3 – 4
Buildings on leasehold land	3
Fixtures and fittings	10
Plant and machinery	10 - 20
Computer software	33.33

On implementation of FRS15 in 2000, the Company did not adopt a policy of revaluation. Under the transitional provisions of FRS15, the Company retained the carrying amounts of tangible fixed assets which reflect previous revaluations. The last revaluation of all fixed assets other than those in territories occupied by Turkish forces was carried out as at 1 January 1987. Land was revalued by an independent professional valuer, and other fixed assets by the Company by using appropriate cost indices.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Tangible assets (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Expenditure for repairs and maintenance of tangible assets is charged to the profit and loss of the year in which they were incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Gains and losses on disposal of tangible assets are determined by comparing proceeds with carrying amount and these are included in the profit and loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Goodwill

Goodwill arising on acquisition represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Under the accounting standard FRS10 (Goodwill and Intangible Assets), goodwill arising on acquisitions has been capitalised and will be tested annually for impairment. The company evaluates the carrying value of goodwill in each financial year to determine if there has been impairment in value, which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account. Goodwill is amortised except where the cost concerned has an indefinite life.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Operating leases

Operating lease rentals, net of any incentives received from the lessor, are charged to the profit and loss account on a straight-line basis over the course of the lease.

Stock

Stock is stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods comprises C.I.F. (Cost, Insurance and Freight) costs of goods, materials, plus receiving expenses. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

2. Cash flow statement and related party disclosures

The Company is a wholly-owned subsidiary of Hellenic Petroleum International A.G. and is included in the consolidated financial statements of Hellenic Petroleum S.A., which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 'Cash flow statements' (revised 1996). The Company is also exempt under the terms of FRS 8 'Related party disclosures' from disclosing related party transactions with entities that are part of the Hellenic Petroleum S.A. group or investees of the Hellenic Petroleum S.A. group.

Notes to the financial statements (continued)

3. Turnover

The Company's activities consist solely of the purchasing and selling of petroleum products to the local market in Cyprus.

4. Operating profit

Profit on ordinary activities before interest and tax is stated after charging:

	2006 £	2005 £
Wages and salaries	2,292,525	1,921,572
Social security costs	189,104	172,400
Pension costs	252,862	220,614
Other benefits and contributions	113,975	90,862
Total staff costs	2,848,466	2,405,448
Depreciation of tangible assets (Note 10)	1,740,077	1,552,577
Operating lease rentals – land and buildings	1,899,087	1,819,375
Auditors' remuneration		
- for statutory audit	40,645	26,100
- other non audit services	7,643	13,427
Trade receivables – bad debt provision	4,296	143,920
Exchange gains/(losses)	27,702	(194,037)

Other benefits and contributions comprise canteen, entertainment, media and other benefits available to employees.

Exchange gains/(losses) arises on imports of products which are invoiced in US dollars or Euros, and represents variations in the parity of US dollar or Euro to Cyprus Pound on settlement of amounts due to suppliers or on short-term loans raised to finance such imports.

5. Directors' emoluments

	2006 £	2005 £
Aggregate emoluments	200,960	184,983
Sums paid to related parties for directors' services	97,303	78,635
Company contributions to money purchase pension schemes	39,908	37,170
	338,171	300,788

Retirement benefits are accruing to 2 (2005: 2) directors under the money purchase pension scheme and the defined benefit scheme.

Highest paid director	2006 £	2005 £
Wages and salaries	138,047	127,940
Company contributions to money purchase pension scheme	39,908	37,170
	177,955	165,110

Notes to the financial statements (continued)

6. Employee information

The average monthly number of persons (including executive directors) employed by the Company during the year was:

By activity

	2006	2005
Selling, distribution and administration	**54**	54

7. Interest payable and similar charges

	2006 £	2005 £
Interest payable on bank loans	**137,383**	91,581
Other interest	**17,814**	24,163
	155,197	115,744

8. Tax on profit on ordinary activities

	2006 £	2005 £
Current tax		
United Kingdom		
Corporation tax at 30% (2005: 30%)	**3,385,900**	3,272,519
Adjustment in respect of previous years	**(161,945)**	(291,561)
Double taxation relief	**(1,095,069)**	(1,128,189)
	2,128,886	1,852,769
Foreign tax		
Corporation tax	**1,095,069**	1,128,189
Adjustment in respect of previous years	**(1,235,589)**	(196,684)
	(140,520)	931,505
Total current tax	**1,988,366**	2,784,274
Deferred tax		
United Kingdom		
Origination and reversal of timing differences	**259,405**	15,955
Adjustment in respect of previous years	**(193,208)**	(490,577)
Total deferred tax (Note 15)	**66,197**	(474,622)
Tax on profit on ordinary activities	**2,054,563**	2,309,652

Tax on recognised gains and losses not included in the profit and loss account (Note 17)

	2006 £	2005 £
UK corporation tax at 30% (2005: 30%)		
Deferred tax movement relating to pension scheme	**(433,252)**	49,105

Notes to the financial statements (continued)

8. Tax on profit on ordinary activities (continued)

The tax assessed (on the current profit on ordinary activities) for the year is higher (2005: lower) than the standard rate of corporation tax in the UK of 30% (2005: 30%). The differences are analysed below.

	2006 £	2005 £
Profit on ordinary activities before tax	11,873,479	11,631,917
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005: 30%)	3,562,044	3,489,575
Effect of:		
Expenses not deductible for tax purposes	83,261	37,638
Accelerated capital allowances	(250,886)	(82,452)
Other timing differences	(8,519)	(172,242)
Adjustments on total charge in respect of previous years	(1,397,534)	(488,245)
Total current tax	1,988,366	2,784,274

Factors that may affect future tax charges:
The standard rate of Corporation Tax in the UK changes to 28% with effect from 1 April 2008.

Based on current capital investment plans, the company expects to continue to be able to claim capital allowances in excess of depreciation in future years at a similar level to the current year.

9. Intangible assets

	Goodwill £	Total £
Cost or valuation		
At 1 January 2006	-	-
Additions	893,137	893,137
Balance at 31 December 2006	893,137	893,137
Net book amount		
At 31 December 2006	893,137	893,137
At 1 January 2006	-	-

The amount paid for goodwill represents the value, paid to certain petrol station administrators, to purchase the business and thus to operate certain petrol stations. No assets were acquired and therefore the amount paid has been allocated to goodwill. The Company has the right to operate these stations indefinitely. This ability of the Company to indefinitely use the stations together with the annual exercise performed on the profitability of each station for the foreseeable future, through the use of discounted cash flows, justifies the departure to amortise goodwill over a finite period.

Notes to the financial statements (continued)

10. Tangible assets

	Freehold land & buildings £	Buildings on leasehold land £	Fixtures & fittings £	Plant & machinery £	Computer software £	Total £
Cost or valuation						
At 1 January 2006	4,226,879	5,190,356	178,973	17,969,281	793,748	28,359,237
Exchange adjustments	(126,429)	(171,725)	(5,991)	(588,727)	(23,813)	(916,685)
Additions	16,170	847,619	32,713	1,942,109	6,643	2,845,254
At 31 December 2006	4,116,620	5,866,250	205,695	19,322,663	776,578	30,287,806
Accumulated depreciation						
At 1 January 2006	506,313	2,052,823	158,930	8,796,931	563,023	12,078,020
Exchange adjustments	(15,621)	(63,488)	(4,807)	(289,912)	(21,154)	(394,982)
Charge for the year	25,882	112,649	3,309	1,379,391	218,846	1,740,077
At 31 December 2006	516,574	2,101,984	157,432	9,886,410	760,715	13,423,115
Net book amount						
At 31 December 2006	3,600,046	3,764,266	48,263	9,436,253	15,863	16,864,691
At 31 December 2005	3,720,566	3,137,533	20,043	9,172,350	230,725	16,281,217

10. Tangible assets (continued)

Analysis of freehold land, buildings and plant and machinery at cost or valuation	**2006** **£**	2005 £
At cost:		
Freehold land and buildings	**2,486,092**	2,596,351
Plant and machinery	**18,784,469**	17,431,087
	21,270,561	20,027,438
Valuation:		
Freehold land and buildings	**1,630,528**	1,630,528
Plant and machinery	**538,194**	538,194
	2,168,722	2,168,722
	23,439,283	22,196,160

On first time adoption of FRS 15, 'Tangible fixed assets', in the financial statements for the year ended 31 December 2000, the Company took advantage of the transitional arrangements available and retained the book amounts at that date of the freehold land and buildings and plant and machinery that had previously been revalued in accordance with the Company's accounting policies. The freehold land and buildings and plant and machinery concerned were independently valued on an existing use basis and are carried at £13,036,299 (2005: £12,892,916).

If freehold land, buildings and plant and machinery had not been revalued, they would have been included at the following amounts:

	2006 **£**	2005 £
Cost	**21,270,561**	20,027,438
Aggregate depreciation	**(9,638,013)**	(8,284,504)
Net book amount	**11,632,548**	11,742,934

Land is not depreciated.

11. Investment in subsidiary

	2006 **£**	2005 £
At cost		
At 1 January	**426,330**	435,963
Exchange adjustments	**(12,719)**	(9,633)
At 31 December	**413,611**	426,330

Notes to the financial statements (continued)

Details of the investment in the subsidiary undertaking, which is unlisted, are as follows:

	% of Ordinary shares	Country of incorporation	Principal activities
Superlube Ltd	65	Cyprus	Blending of lubricating oils

In the opinion of the directors, the value of shares in the Company's subsidiary is not less than the amounts at which they are shown in the balance sheet.

12. Stocks

	2006 £	2005 £
Petroleum products	**4,722,448**	6,301,425

The difference between the carrying value of stocks and their replacement cost is not material.

13. Debtors

	2006 £	2005 £
Trade debtors	**15,890,113**	13,144,932
Other debtors	**581,324**	1,300,338
Cyprus taxation on profit refundable	**1,537,425**	337,890
Prepayments	**567,653**	620,921
	18,576,515	15,404,081

Notes to the financial statements (continued)

14. Creditors: Amounts falling due within one year

	2006 £	2005 £
Bank loans	**2,157,480**	2,306,477
Trade creditors	**801,615**	1,251,797
Amount due to group undertakings	**11,081,891**	10,477,313
UK corporation tax	**338,831**	999,069
Other creditors	**2,914,229**	3,108,761
Accruals	**1,066,397**	1,166,311
	18,360,443	19,309,728

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

Bank loans are secured by letters of guarantee for £75,000, bear a rate of LIBOR+0.5% and are repayable on demand.

15. Provisions for liabilities

	Deferred tax provision £
At 1 January 2006	**545,477**
Movement in deferred tax liability	**499,450**
At 31 December 2006	**1,044,927**

	2006 £	2005 £
Provision for deferred tax comprises:		
- Accelerated capital allowances	**1,044,927**	928,913
- Other timing differences	**-**	(383,436)
Deferred tax provision	**1,044,927**	545,477
Deferred tax liability/(asset) on to pension asset/(liability) (Note 20)	**110,179**	(76,365)
Provision at end of year including deferred tax on pension asset/(liability)	**1,155,106**	469,112

Notes to the financial statements (continued)

16. Called up share capital

	2006	2005
	£	£
Authorised, allotted, called up and fully paid:		
443,345 (2005: 443,345) ordinary shares of £10 each	**4,433,450**	4,433,450

17. Reserves

	Profit and loss reserve	Revaluation reserve	Other reserves
	£	£	£
1 January 2005 as previously reported	17,701,194	219,420	931,444
Prior year adjustment FRS17	(794,609)	-	-
1 January 2005 as restated	16,906,585	219,420	931,444
Retained profit for the financial year	9,322,265	-	-
Actuarial loss on pension scheme	(163,685)	-	-
Movement of deferred tax relating to pension scheme	49,105	-	-
Exchange adjustment	(464,716)	-	-
31 December 2005	25,649,554	219,420	931,444
Pensions deficit	178,186	-	-
Profit and loss reserve excluding pension deficit	25,827,740	219,420	931,444
1 January 2006	25,649,554	219,420	931,444
Retained profit for the financial year	9,818,916	-	-
Actuarial gain on pension scheme	585,819	-	-
Movement of deferred tax relating to pension scheme	(433,252)	-	-
Exchange adjustment	(1,076,167)	-	-
31 December 2006	34,544,870	219,420	931,444
Pensions surplus	(257,087)	-	-
Profit and loss reserve excluding pension surplus	34,287,783	219,420	931,444

Other reserves include a special reserve of £490,259 (2005: £490,259) and a general reserve of £441,185 (2005: £441,185).

Notes to the financial statements (continued)

18. Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Profit for the year	9,818,916	9,322,265
Actuarial gain/(loss) loss on pension scheme (Note 20)	**585,819**	(163,685)
Movement of deferred tax relating to pension scheme	**(433,252)**	49,105
Exchange and other adjustments	(1,076,167)	(464,716)
Net addition to shareholders' funds	**8,895,316**	8,742,969
Opening shareholders' funds	**31,233,868**	22,490,899
Closing shareholders' fund	**40,129,184**	31,233,868

19. Contingent liabilities

(a) An agreement between the Government of the Republic of Cyprus and the Municipality of Larnaca was signed on 2 February 2001, whereby it was agreed that the oil terminals, which are situated within the Municipality of Larnaca, will be removed from their current location and relocated at a specified site at Vassiliko area and the land will be restored at the current site to its original condition, by the end of 2010. The Company received legal advice which indicates that the Agreement is not binding for the Company, since the Company is not a party to the said Agreement. In addition there are a number of steps that must be followed before it becomes effective. If the relocation takes place, then the Company will face exceptional costs in that year and increased storage costs following relocation.

(b) The Company was contingently liable in respect of guarantees provided to third parties of £801,432 (2005: £786,033).

20. Pensions and other retirement benefits

Hellenic Petroleum Stakeholder Pension Scheme

The Hellenic Petroleum Stakeholder Pension Scheme is a defined contribution scheme open to all employees subject to certain conditions. The Company pays contributions at a rate between 5% and 15% of basic salary of participating employees. Contributions to the Scheme for the year ended 31 December 2006 amounted to £92,618 (2005: £77,022).

Hellenic Petroleum Defined Benefit Pension Schemes

The Share Purchase Agreement between BP plc. and Hellenic Petroleum International A.G. (the "Agreement") provided that the existing retirement benefit schemes for all retired and active employees (including employees that remain under the employment of the Company) were transferred to BP Eastern Mediterranean Ltd (BPEM) which would become the Founding Company of the schemes as from 1 December 2002. This was subject to the consent of the local regulatory authorities. In accordance with the Agreement, the Company is committed to set up its own retirement benefit schemes for its current active employees (other than those employees who will elect to continue to be members of the current BP schemes), equivalent to the existing ones, that will provide benefits for future service that are no less favourable overall than those provided by BP under the existing arrangements. The Company's new schemes will recognise the employee's credited service, participation vesting and as applicable, benefit accrual periods of service, which will accrue in BP's retained arrangement in which the Company will participate as a Member Company until the setting up of its own schemes. For the period of participation, the Company pays the normal funding costs (i.e. current service costs), assuming that the schemes are neither in surplus or deficit.

20. Pensions and other retirement benefits (continued)

Under the Agreement, BP procured that a transfer of assets in respect of benefits accrued as of 31 December 2002, is made from its current schemes to the Company's new schemes with the amount of such transfer to be calculated at the expiration of any period of participation and paid in cash unless otherwise agreed. As part of negotiations with the Employee Trade Unions for the execution of the Agreement, the Company made a provision of £596,000 in 2002 for extra funding to be contributed to the new schemes to allow for notified discretionary practices, mainly for providing increased pension benefits in line with price inflation.

The above arrangements were subject to the consent of the local regulatory authorities. The local regulatory authorities have given their consent for the split of the old existing staff schemes, but did not approve the transfer of the existing pension fund to BPEM. They instead, approved the set-up of a new pension fund scheme by BPEM. Accordingly, the Company retained the existing scheme (which was renamed from BP Cyprus Non Contributory Pension Fund to Hellenic Petroleum Cyprus Non Contributory Pension Fund during 2006 ("Pension Fund")) and BPEM set up a new scheme (the BP Eastern Mediterranean Non Contributory Pension Fund), without this affecting the substance of the way the assets were split and the transfer value was calculated, as stipulated in the agreement outlined above. In accordance with the Agreement the BPEM Fund also covers the former employees of BP Cyprus Ltd as at 1.1.2003. The split of the assets was effected in September 2006 and in pursuance to an agreement between two companies, assets of £7,690,000 (C£6,644,000) were transferred from this fund to BPEM Fund for final settlement. The changes to the Share Purchase Agreement, also provides that BPEM Fund shall indemnify and hold harmless the existing fund, retained by the Company, in respect of any liabilities and/or obligations of the existing fund, provided such liabilities and obligations arose prior to 31 December 2005.

In the context of the above, the two companies have commissioned an actuarial valuation of the scheme liabilities, for each company as at 31 December 2002. The valuation was carried out by a qualified, independent actuary on an ongoing valuation basis using the projected unit credit valuation method and the following main assumptions:

	% p.a.
Price inflation	3
Salary increases relative to price inflation	1.5
Discount rate	6.5
Pension increases	Nil

An ongoing actuarial valuation of both schemes using the projected unit method was carried out at 31 December 2006 by Hewitt Associates, independent consulting actuaries. The major assumptions used by the actuary were:

	2006	2005	2004
	% p.a.	% p.a.	% p.a.
Price inflation	**2.5**	2.5	2.5
Salary increases	**5.0**	5.0	2.5
Discount rate	**5.0**	5.0	5.0
Pension increases	**2.5**	2.5	2.5
Weighted-average expected return on plan assets	**5.0**	5.0	5.0

Notes to the financial statements (continued)

20. Pensions and other retirement benefits (continued)

(a) Hellenic Petroleum Cyprus Non Contributory Pension Fund ("Pension Fund")

	Pension Plan 2006 £	Pension Plan 2005 £	Pension Plan 2004 £
Total market value of assets	**4,849,862**	3,939,001	3,207,131
Present value of scheme liabilities	**(4,394,177)**	(4,107,181)	(3,622,522)
Surplus/(deficit) in the scheme	**455,685**	(168,180)	(415,391)
Related deferred tax (liability)/asset	**(136,705)**	50,454	124,617
Net pension asset/(liability)	**318,980**	(117,726)	(290,774)
Analysis of the amount charged to operating profit			
Current service cost	**138,123**	123,468	
Total operating charge	**138,123**	123,468	
Analysis of the amount debited to other finance income			
Expected return on pension scheme assets	**(194,069)**	(163,492)	
Interest on pension scheme liabilities	**198,701**	180,597	
Net cost	**4,632**	17,105	

	Pension Plan 2006 £	Pension Plan 2005 £
Analysis of amount recognised in statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension scheme assets	**757,458**	71,836
Experience losses arising on the scheme liabilities	**(164,189)**	(194,678)
Actuarial gain/ (loss) recognised in STRGL	**593,269**	(122,842)
Movement in (deficit)/surplus during the year		
Deficit in scheme at beginning of the year	**(168,180)**	(415,391)
Movement in year:		
Current service cost	**(138,123)**	(123,468)
Foreign exchange difference	**5,021**	-
Contributions	**168,331**	510,626
Other finance cost	**(4,633)**	(17,105)
Actuarial gain/(loss)	**593,269**	(122,842)
Surplus/(deficit) in scheme at the end of year	**455,685**	(168,180)

Notes to the financial statements (continued)

20. Pensions and other retirement benefits (continued)

The full actuarial valuation at 31 December 2006 showed a change in the scheme from a deficit of £168,180 to a surplus of £455,685.

Details of experience gains and losses	**Pension Plan 2006 £**	Pension Plan 2005 £	Pension Plan 2004 £	Pension Plan Transitions 2003 £
Difference between expected and actual return on scheme assets:				
Amount	**757,458**	71,836	29,362	-
Percentage of scheme assets	**15.6%**	1.8%	0.9%	-
Experience losses on scheme liabilities:				
Amount	**(164,189)**	(194,678)	(108,875)	-
Percentage of the present value of the scheme liabilities	**3.7%**	4.7%	3.0%	-
Total amount recognised in statement of total recognised gains and losses:				
Amount	**593,269**	(122,842)	(79,513)	-
Percentage of the present value of the scheme liabilities	**(13.5)%**	3.0%	2.2%	-

(b) Special Fund of the Guaranteed Value of the Provident Fund ("GVPF")

	GVPF 2006 £	GVPF 2005 £	GVPF 2004 £
Total market value of assets	**387,087**	370,011	296,503
Present value of scheme liabilities	**(475,506)**	(456,382)	(404,059)
Deficit in the scheme	**(88,419)**	(86,371)	(107,556)
Related deferred tax asset	**26,526**	25,911	32,267
Net pension liability	**(61,893)**	(60,460)	(75,289)
Analysis of the amount charged to operating profit			
Current service cost	**22,121**	20,124	
Total operating charge	**22,121**	20,124	
Analysis of the amount debited to other finance income			
Expected return on pension scheme assets	**(17,978)**	(15,138)	
Interest on pension scheme liabilities	**21,523**	19,840	
Net cost	**3,545**	4,702	
Analysis of amount recognised in statement of total recognised gains and losses (STRGL)			
Actual return less expected return on pension scheme assets	**626**	(3,768)	
Experience losses arising on the scheme liabilities	**(8,076)**	(37,075)	
Actuarial loss recognised in STRGL	**(7,450)**	(40,843)	

20. Pensions and other retirement benefits (continued)

Movement in deficit during the year		
Deficit in scheme at beginning of the year	**(86,371)**	(107,555)
Movement in year:		
Current service cost	**(22,121)**	(20,124)
Foreign exchange difference	**2,579**	-
Contributions	**28,489**	86,853
Other finance cost	**(3,545)**	(4,702)
Actuarial loss	**(7,450)**	(40,843)
Deficit in scheme at the end of year	**(88,419)**	(86,371)

The full actuarial valuation at 31 December 2006 showed an increase in the deficit from £86,371 to £88,419.

Details of experience gains and losses	**GVPF 2006 £**	GVPF 2005 £	GVPF 2004 £	GVPF 2003 £
Difference between expected and actual return on scheme assets:				
Amount	**626**	(3,768)	(11,428)	-
Percentage of scheme assets	**0.2%**	(1.0)%	(3.9)%	-
Experience losses on scheme liabilities:				
Amount	**(8,076)**	(37,075)	951	-
Percentage of the present value of the scheme liabilities	**1.7%**	8.1%	(0.2)%	-
Total amount recognised in statement of total recognised gains and losses:				
Amount	**(7,450)**	(40,843)	(10,477)	-
Percentage of the present value of the scheme liabilities	**1.6%**	8.9%	2.6%	-

21. Capital commitments

	2006 £	2005 £
Contracts placed for future capital expenditure not provided in the financial statement	**687,302**	2,227,034

22. Financial commitments

At 31 December 2006 the Company had annual commitments under non-cancellable operating leases for land and buildings expiring as follows:

	2006 £	2005 £
Within one year	**149,215**	91,741
Within two to five years	**238,741**	423,694
After five years	**959,247**	670,429
	1,347,203	1,185,864

Notes to the financial statements (continued)

23. Related party transactions

The Company has taken advantage of the exemption contained within FRS 8 "Related Party Disclosures", and has not disclosed transactions with group undertakings. There were no other related party transactions in the year.

24. Ultimate parent undertaking and ultimate controlling party

The immediate parent undertaking is Hellenic Petroleum International A.G.

The ultimate parent undertaking of the group of undertakings for which group accounts are drawn up, and of which the Company is a member, and the ultimate controlling party is Hellenic Petroleum S.A. which is the smallest and largest group to consolidate these financial statements. Copies of Hellenic Petroleum S.A. financial statements can be obtained from the Company Secretary at 17th Km National Road Athens-Corinth, 19 300 Aspropyrgos, Athens, Greece.

25. Post balance sheet events

There have been no significant events after the balance sheet date.