

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD  
ANNUAL ACTIVITY REPORT  
ANNUAL FINANCIAL STATEMENTS  
INDEPENDENT AUDITOR' S REPORT  
31 DECEMBER 2011**

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**TABLE OF CONTENTS**  
**31 DECEMBER 2011**

---

|      |   |    |
|------|---|----|
|      | Annual Activity Report  | 4  |
|      | Statement of Financial Position                                     | 7  |
|      | Statement of Comprehensive Income                                   | 8  |
|      | Statement of Changes in Equity                                      | 9  |
|      | Statement of Cash Flows   | 10 |
|      | Notes to the Financial Statements                                   |    |
| 1    | General Information   | 11 |
| 2    | Accounting policy:  | 11 |
| 2.1  | Basis for Preparation of Annual Financial Statements                | 11 |
| 2.2  | Foreign Currency Transactions                                       | 17 |
| 2.3  | Property, Plant and Equipment                                       | 17 |
| 2.4  | Fixed Intangible Assets   | 18 |
| 2.5  | Impairment of Non-financial Assets                                  | 18 |
| 2.6  | Inventory   | 18 |
| 2.7  | Trade Receivables   | 19 |
| 2.8  | Cash and Cash Equivalents   | 19 |
| 2.9  | Share Capital   | 19 |
| 2.10 | Borrowings  | 19 |
| 2.11 | Deferred Income Taxes   | 19 |
| 2.12 | Employee Benefits   | 19 |
| 2.13 | Provisions  | 20 |
| 2.14 | Revenue Recognition   | 20 |
| 2.15 | Leases  | 20 |
| 2.16 | Dividend Distribution   | 20 |
| 3    | Financial Risk Management   |    |
| 3.1  | Financial Risk Factors  | 21 |
| 3.2  | Capital Risk Management   | 22 |
| 3.3  | The Recent Volatility of the Global and the Local Financial Markets | 22 |
| 4    | Critical Accounting Estimates and Assumptions                       | 22 |
| 5    | Property, plant and equipment                                       | 24 |
| 6    | Intangible Fixed Assets   | 25 |
| 7    | Deferred Expenses   | 25 |
| 8    | Trade and Other Receivables   | 26 |
| 9    | Cash and cash equivalents   | 26 |
| 10   | Share capital   | 27 |
| 11   | Trade and Other Payables  | 27 |
| 12   | Financial Lease   | 27 |
| 13   | Borrowings  | 28 |
| 14   | Deffered tax assets and liabilities                                 | 28 |
| 15   | Financial Instruments   |    |
| 15.1 | Financial Instruments by Category                                   | 29 |
| 15.2 | Credit Quality of Financial Assets                                  | 29 |
| 16   | Revenue and Expenses  |    |
| 16.1 | Revenue   | 30 |
| 16.2 | General and administrative expenses                                 | 30 |
| 17   | Cash flows from operating activity                                  | 31 |
| 18   | Taxes   | 31 |
| 19   | Related - Party Transactions  | 32 |

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**TABLE OF CONTENTS**  
**31 DECEMBER 2011**

---

|    |                                   |    |
|----|-----------------------------------|----|
| 20 | Contingent Assets and Liabilities | 32 |
| 21 | Commitments                       | 33 |
| 22 | Post Balance Sheet Events         | 33 |

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD  
ANNUAL ACTIVITY REPORT  
31 DECEMBER 2011**

---

The management prepares its annual activity report and annual financial statements as at 31 December 2011 in compliance with the International Financial Reporting Standards (IFRS) adopted by the European Union. This report has been audited by PricewaterhouseCoopers Audit OOD.

**MAIN ACTIVITIES**

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 1756, 5 "170" str., block A, floor 9, Administrative - trade Center Litex.

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

As of 31.12.2011 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 31.12.2011 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 2012**

The company intends to continue its development against the business plan for the development of the Group on the Bulgarian market, structure of the ownership, assumed licences for the main activities, financial state and tax aspects of the alternatives of the both companies – Hellenic Petroleum Bulgaria Properties EAD and Eko Bulgaria EAD. The final decision for restructuring of the business in Bulgaria will have to be taken on the Group level within the next 2012.

A decision of the Company Board of Directors is accepted as to the launching of a third depot for light fuels and liquefied gas propane-butane 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 Hellenic Petroleum. In the moment a research for financing the investment is held as well as choosing the main executor.

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD  
ANNUAL ACTIVITY REPORT (CONTINUED)  
31 DECEMBER 2011**

---

**COMPANY SHARE CAPITAL STRUCTURE**

As of 31 December 2011 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 2011**

---

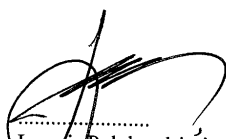
**THE COMPANY'S MANAGEMENT RESPONSIBILITY**

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  
19 March 2012,  
Sofia

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD  
STATEMENT OF FINANCIAL POSITION  
31 DECEMBER 2011**

(All amounts are in BGN thousands)

|   | Note. | As at 31 December |                 |
|---|-------|-------------------|-----------------|
|   |       | 2011              | 2010            |
| <b>ASSETS</b>                           |       |                   |                 |
| <b>Non current assets</b>               |       |                   |                 |
| Property, plant and equipment           | 5     | 33,965            | 35,859          |
| Intangible assets                       | 6     | 390               | 6               |
| Deferred Expenses                       | 7     | 884               | 962             |
|   |       | <b>35,239</b>     | <b>36,827</b>   |
| <b>Current assets</b>                   |       |                   |                 |
| Trade and other receivables             | 8     | 648               | 3,137           |
| Cash and cash equivalents               | 9     | 15                | 34              |
|   |       | <b>663</b>        | <b>3,171</b>    |
| <b>Non current assets held for sale</b> | 5     | 800               | -               |
| <b>Total assets</b>                     |       | <b>36,702</b>     | <b>39,998</b>   |
| <b>EQUITY</b>                           |       |                   |                 |
| <b>Share capital</b>                    |       |                   |                 |
| Share capital                           | 10    | 22,543            | 22,543          |
| Accumulated loss                        |       | (51,693)          | (47,982)        |
|   |       | <b>(29,150)</b>   | <b>(25,439)</b> |
| <b>LIABILITIES</b>                      |       |                   |                 |
| <b>Non current liabilities</b>          |       |                   |                 |
| Finance lease                           | 12    | 394               | 410             |
|   |       | <b>394</b>        | <b>410</b>      |
| <b>Short-term liabilities</b>           |       |                   |                 |
| Borrowings                              | 13    | 64,837            | 64,585          |
| Trade and other payables                | 11    | 606               | 428             |
| Finance lease                           | 12    | 15                | 14              |
|   |       | <b>65,458</b>     | <b>65,027</b>   |
| <b>Total liabilities</b>                |       | <b>65,852</b>     | <b>65,437</b>   |
| <b>Total equity and liabilities</b>     |       | <b>36,702</b>     | <b>39,998</b>   |

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

Executive Director  
Ioannis Polykandriotis

Financial Director  
Georgi Deyanov

Certified in compliance with the audit report:

Date: 28 March 2012

Registered auditor:  
Irena Vakova

Petko Dimitrov  
(PricewaterhouseCoopers  
Kuhin OOD)

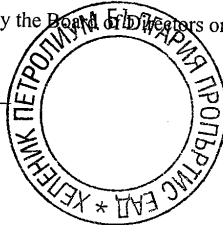
The accompanying notes from pages 11 to 33 are an integral part of these financial statements.

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**31 DECEMBER 2011**

| <i>(All amounts are in BGN thousands)</i> | Note | Year ended as at 31 December |                |
|---|------|------------------------------|----------------|
|   |      | 2011                         | 2010           |
| Revenue                                   | 16.1 | 3,319                        | 3,409          |
| General and administrative expenses       | 16.2 | (3,024)                      | (3,361)        |
| <b>Operating profit</b>                   |      | <b>295</b>                   | <b>48</b>      |
| Interest expense                          |      | (4,006)                      | (2,528)        |
| <b>Loss before taxes</b>                  |      | <b>(3,711)</b>               | <b>(2,480)</b> |
| Tax expense                               |      | -                            | -              |
| <b>Loss for the period</b>                |      | <b>(3,711)</b>               | <b>(2,480)</b> |
| Other comprehensive income                |      | -                            | -              |
| <b>Total comprehensive income</b>         |      | <b>(3,711)</b>               | <b>(2,480)</b> |

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

Executive Director  
Ioannis Polikandriotis



Financial Director  
Georgi Deyanov

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

Registered auditor:  
Irena Vakova



Petko Dimitrov  
(Bridge WaterhouseCoopers Audit OOD)

The accompanying notes from pages 11 to 33 are an integral part of these financial statements.



**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**STATEMENT OF CHANGES IN EQUITY**  
**31 DECEMBER 2011**

*(All amounts are in BGN thousands)*

|                                       | Note | Share Capital | Accumulated Losses | Total           |
|---------------------------------------|------|---------------|--------------------|-----------------|
| Balance as at 1 January 2010          | 10   | 22,543        | (45,502)           | (22,959)        |
| Loss for the year                     |      | -             | (2,480)            | (2,480)         |
| <b>Balance as at 31 December 2010</b> |      | <b>22,543</b> | <b>(47,982)</b>    | <b>(25,439)</b> |
| Balance as at 1 January 2011          | 10   | 22,543        | (47,982)           | (25,439)        |
| Loss for the year                     |      | -             | (3,711)            | (3,711)         |
| <b>Balance as at 31 December 2011</b> |      | <b>22,543</b> | <b>(51,693)</b>    | <b>(29,150)</b> |

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

Executive Director  
Ioannis Polykandriotis



Financial Director  
Georgi Deyanov

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

Registered auditor  
Irena Vakova



Petko Dimitrov  
(PricewaterhouseCoopers Audit OOD)

The accompanying notes from pages 11 to 33 are an integral part of these financial statements.

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**STATEMENT OF CASH FLOWS**  
**31 DECEMBER 2011**

*(All amounts are in BGN thousands)*

|   | Note | Year ended as at 31 December |              |
|---|------|------------------------------|--------------|
|   |      | 2011                         | 2010         |
| <b>Cash flows from operating activities</b>     | 17   | 4,965                        | 2,595        |
| Interest paid                                   |      | (3,729)                      | (2,257)      |
|   |      | <b>966</b>                   | <b>338</b>   |
| <b>Cash flow from investing activities</b>      |      |                              |              |
| Purchase of PPE and intangible assets           |      | (985)                        | (322)        |
| Proceeds from sale of PPE and intangible assets | 17   | -                            | 6            |
| <b>Net cash used in investing activities</b>    |      | <b>(985)</b>                 | <b>(316)</b> |
| <b>Net cash used in financing activities</b>    |      | <b>-</b>                     | <b>-</b>     |
| <b>Change in the cash and cash equivalents</b>  |      | <b>(19)</b>                  | <b>22</b>    |
| At the beginning of the period                  |      | 34                           | 12           |
| <b>At the end of the period</b>                 | 9    | <b>15</b>                    | <b>34</b>    |

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

Executive Director  
Ioannis Polikandriotis



Financial Director  
Georgi Deyanov

Certified in compliance with the audit report:

Date: 28 March 2012

Registered auditor  
Irena Vakova



Petko Dimitrov  
Price Waterhouse Cooper  
Audit OOD

The accompanying notes from pages 11 to 33 are an integral part of these financial statements.

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2011**

---

**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 City of Sofia 1756, 5 "170" str., block A, floor 9, Administrative - trade Center Litex.

These financial statements have been approved for issuing by the Board of Directors of Hellenic Petroleum Bulgaria Properties EAD on 28 March 2012.

**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**

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

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

**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 close its operations. 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 2011 is a profit. The main revenues of the Company during the reporting period are relatively constant values from rented assets.

Although the Company closed the year at loss, it has no overdue liabilities to vendors and banks. During 2012 interest payments are going to be made for a credit to EFG Luxemburg, which will be covered by receivables from the clients. All legal actions for gathering of the overdue receivables from customers have been taken. The rented assets to the other reletad party, vouch adequate current cash resource, which gurantee the payment of the monthly liabilities of the company. In addition the fact that the owners have the engagement for funding help of necessity we have all the grounds to concider that the Company will continue its activity as of a going concern.

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2011**

---

**2. Accounting policy (continued)**

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

After the made analysis, the management has reasonable expectations that the Company has enough resources at its disposal to continue its operating existence in foreseeable future. For that reason, the Company continues applying the principle of a going concern in preparing the financial statements.

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

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

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

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

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

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2011**

---

**2. Accounting policy (continued)**

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

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

- IAS 27 was amended by clarifying the transition rules for amendments to IAS 21, 28 and 31 made by the revised IAS 27 (as amended in January 2008);
- IAS 34 was amended to add additional examples of significant events and transactions requiring disclosure in a condensed interim financial report, including transfers between the levels of fair value hierarchy, changes in classification of financial assets or changes in business or economic environment that affect the fair values of the entity's financial instruments;
- IFRIC 13 was amended to clarify measurement of fair value of award credits.

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

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

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

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

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

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2011**

---

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

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

IFRS 9, Financial Instruments: Classification and Measurement. IFRS 9, issued in November 2009, replaces those parts of IAS 39 relating to the classification and measurement of financial assets. IFRS 9 was further amended in October 2010 to address the classification and measurement of financial liabilities and in December 2011 to (i) change its effective date to annual periods beginning on or after 1 January 2015 and (ii) add transition disclosures. Key features of the standard are as follows:

- Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.
- An instrument is subsequently measured at amortised cost only if it is a debt instrument and both (a) the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and (b) the asset's contractual cash flows represent payments of principal and interest only (that is, it has only "basic loan features"). All other debt instruments are to be measured at fair value through profit or loss.
- All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.
- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

IFRS 10, Consolidated Financial Statements (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013), replaces all of the guidance on control and consolidation in IAS 27 "Consolidated and separate financial statements" and SIC-12 "Consolidation - special purpose entities". IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control. This definition is supported by extensive application guidance.

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2011**

---

**2. Accounting policy (continued)**

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

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

IFRS 11, Joint Arrangements, (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013), replaces IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities—Non-Monetary Contributions by Ventures". Changes in the definitions have reduced the number of types of joint arrangements to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. Equity accounting is mandatory for participants in joint ventures.

IFRS 12, Disclosure of Interest in Other Entities, (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013), applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. It replaces the disclosure requirements currently found in IAS 28 "Investments in associates". IFRS 12 requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. To meet these objectives, the new standard requires disclosures in a number of areas, including significant judgments and assumptions made in determining whether an entity controls, jointly controls, or significantly influences its interests in other entities, extended disclosures on share of non-controlling interests in group activities and cash flows, summarised financial information of subsidiaries with material non-controlling interests, and detailed disclosures of interests in unconsolidated structured entities.

IFRS 13, Fair value measurement, (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013), aims to improve consistency and reduce complexity by providing a revised definition of fair value, and a single source of fair value measurement and disclosure requirements for use across IFRSs.

IAS 27, Separate Financial Statements, (revised in May 2011 and effective for annual periods beginning on or after 1 January 2013), was changed and its objective is now to prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The guidance on control and consolidated financial statements was replaced by IFRS 10, Consolidated Financial Statements.

IAS 28, Investments in Associates and Joint Ventures, (revised in May 2011 and effective for annual periods beginning on or after 1 January 2013). The amendment of IAS 28 resulted from the Board's project on joint ventures. When discussing that project, the Board decided to incorporate the accounting for joint ventures using the equity method into IAS 28 because this method is applicable to both joint ventures and associates. With this exception, other guidance remained unchanged.

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2011**

---

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

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

Disclosures—Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7 (issued in December 2011 and effective for annual periods beginning on or after 1 January 2013). The amendment requires disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off. The amendment will have an impact on disclosures but will have no effect on measurement and recognition of financial instruments.

Amendments to IAS 1, Presentation of Financial Statements (issued June 2011, effective for annual periods beginning on or after 1 July 2012), changes the disclosure of items presented in other comprehensive income. The amendments require entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be reclassified to profit or loss in the future. The suggested title used by IAS 1 has changed to 'statement of profit or loss and other comprehensive income'

Amended IAS 19, Employee Benefits (issued in June 2011, effective for periods beginning on or after 1 January 2013), makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. The standard requires recognition of all changes in the net defined benefit liability (asset) when they occur, as follows: (a) service cost and net interest in profit or loss; and (b) remeasurements in other comprehensive income.

Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32 (issued in December 2011 and effective for annual periods beginning on or after 1 January 2014). The amendment added application guidance to IAS 32 to address inconsistencies identified in applying some of the offsetting criteria. This includes clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement.

*Other revised standards and interpretations:*

The amendments to IFRS 1 "First-time adoption of IFRS", relating to severe hyperinflation and eliminating references to fixed dates for certain exceptions and exemptions, the amendment to IAS 12 "Income taxes", which introduces a rebuttable presumption that an investment property carried at fair value is recovered entirely through sale, and IFRIC 20, "Stripping Costs in the Production Phase of a Surface Mine", which considers when and how to account for the benefits arising from the stripping activity in mining industry, will not have any impact on these financial statements.



**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2011**

**2. Accounting policy (continued)**  
**2.2. Foreign Currency Transactions**

*(a) Functional currency and currency of presentation*

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

*(b) Transactions and balances*

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

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

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

**2.3. Property, Plant and Equipment**

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

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

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

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

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

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2011**

---

**2. Accounting policy (continued)**

**2.4. Fixed Intangible Assets**

The intangible assets include software. The fixed intangible assets are initially represented at their acquisition price.

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

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 11% for 2011.
- Fixed percentage of increasing the revenues. The average value of the percentage of increasing the revenues is 1% for 2011.

As of 31 December 2011 the assets are tested and the result is that there is no impairment. An increased discounting factor of 2 % versus 2010 is used aiming the recognition of a higher business risk. There would not be indications for an impairment even if 10% lower cash flows were used or if the discount factor and the growth rate of revenues were 1% 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.

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2011**

---

**2. Accounting policy (continued)**

**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 2011 no deferred taxes have been calculated.

**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.

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2011**

---

**2. Accounting policy (continued)**

**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.

**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.

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2011**

**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.

*(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. The table below shows the company's financial liabilities in relevant maturity groups based on the remaining period from the Balance sheet at the maturity date of the contract. The amounts disclosed in the table are the contractual undiscounted cash flows. The liabilities due within 12 months are equal to their carrying balances as the impact of discounting is not significant.

| As at 31 December 2011        | Less than a Year        | Between 1 and 5<br>years         | More than 5 years        |
|-------------------------------|-------------------------|----------------------------------|--------------------------|
| Loans                         | 64,837                  | -                                | -                        |
| Trade and other liabilities   | 606                     | -                                | -                        |
| Finance lease, incl. interest | 34                      | 141                              | 432                      |
| <b>As at 31 December 2010</b> | <b>Less than a Year</b> | <b>Between 1 and 5<br/>years</b> | <b>More than 5 years</b> |
| Loans                         | 64,585                  | -                                | -                        |
| Trade and other liabilities   | 428                     | -                                | -                        |
| Finance lease, incl. interest | 34                      | 141                              | 468                      |

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
31 DECEMBER 2011**

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

**3.2. Capital Risk Management**

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

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

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

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

During 2011 the Company maintains the gearing ratio between 185% and 160%. The gearing ratios at 31 December 2011 and 2010 were as follows:

|  | <b>2011</b>   | <b>2010</b>   |
|--|---------------|---------------|
| Total borrowings (Note 13)                   | 64,837        | 64,585        |
| Less with cash and cash equivalents (Note 9) | (15)          | (34)          |
| Net debt                                     | 64,822        | 64,551        |
| Total share capital                          | (29,150)      | (25,439)      |
| Total Capital                                | <u>35,672</u> | <u>39,112</u> |
| Gearing ratio                                | 182%          | 165%          |

**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 64,837 thousand, including the interest due as of 31 December 2011. 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 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:

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2011**

---

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

*(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 of impair the technologically old or non-strategic assets, which have been either abandoned or sold/liquidated.

*(e) Impairment of receivables*

When applying impairments to receivables, the Company management evaluates both the amount and the period of the expected 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 2011**

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

**5. Property, plant and equipment**

|  | Lands<br>(land<br>spots) | Buildings<br>and<br>construc<br>tions | Machines,<br>equipment<br>and<br>computers | Vehicles  | Fixtures   | Other<br>PPE | Assets<br>under<br>construct<br>ion | Total         |
|--|--------------------------|---------------------------------------|--|-----------|------------|--------------|-------------------------------------|---------------|
| Net book amount at 1 January<br>2010 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<br>disposals               | -                        | -                                     | -  | 35        | -          | -            | -                                   | 35            |
| Transferred by groups of<br>assets                     | -                        | 3,278                                 | -  | -         | -          | -            | (3,278)                             | -             |
| Depreciation charge                                    | -                        | (1,124)                               | (48)                                       | (15)      | (819)      | -            | -                                   | (2,006)       |
| <b>Closing net book amount at<br/>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> |
| 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<br/>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> |
| Net book amount at 1 January<br>2011 r.                | 12,227                   | 20,862                                | 234  | 12        | 987        | 8            | 1,529                               | 35,859        |
| Additions  | -                        | 2                                     | 117  | -         | 8          | -            | 764                                 | 891           |
| Transferred by groups of<br>assets                     | -                        | -                                     | 179  | -         | 29         | 502          | (710)                               | -             |
| Transferred into intangible<br>assets                  | -                        | -                                     | -  | -         | -          | -            | (292)                               | (292)         |
| Reclassified to assets held for<br>sale                | (800)                    | -                                     | -  | -         | -          | -            | -                                   | (800)         |
| Depreciation charge                                    | -                        | (1,158)                               | (73)                                       | (9)       | (438)      | (15)         | -                                   | (1,693)       |
| <b>Closing net book amount at<br/>31 December 2011</b> | <b>11,427</b>            | <b>19,706</b>                         | <b>457</b>                                 | <b>3</b>  | <b>586</b> | <b>495</b>   | <b>1,291</b>                        | <b>33,965</b> |
| Book value   | 11,427                   | 26,847                                | 2,863                                      | 257       | 4,745      | 510          | 1,291                               | 47,940        |
| Accumulated depreciation                               | -                        | (7,141)                               | (2,406)                                    | (254)     | (4,159)    | (15)         | -                                   | (13,975)      |
| <b>Net book amount at 31<br/>December 2011</b>         | <b>11,427</b>            | <b>19,706</b>                         | <b>457</b>                                 | <b>3</b>  | <b>586</b> | <b>495</b>   | <b>1,291</b>                        | <b>33,965</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 2011**

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

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

|                                  | <b>As at 31 December</b> |             |
|----------------------------------|--------------------------|-------------|
|                                  | <b>2011</b>              | <b>2010</b> |
| Cost - capitalised finance lease | 1,065                    | 1,065       |
| Accumulated depreciation         | (541)                    | (461)       |
| <b>Net book value</b>            | <b>524</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>Total</b> |
|--|-----------------|--------------|
| <b>Net book amount at 1 January 2010</b>   | <b>1</b>        | <b>1</b>     |
| Additions                                  | 6               | 6            |
| Depreciation charge                        | (1)             | (1)          |
| <b>Net book amount at 31 December 2010</b> | <b>6</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>6</b>     |
| <b>Net book amount at 1 January 2011</b>   | <b>6</b>        | <b>6</b>     |
| Additions                                  | 126             | 126          |
| Transferred by groups of assets            | 292             | 292          |
| Depreciation charge                        | (34)            | (34)         |
| <b>Net book amount at 31 December 2011</b> | <b>390</b>      | <b>390</b>   |
| Book value                                 | 476             | 476          |
| Accumulated Depreciation                   | (86)            | (86)         |
| <b>Net book amount at 31 December 2011</b> | <b>390</b>      | <b>390</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>2011</b>              | <b>2010</b>  |
| Non-current deferred expenses      | 884                      | 962          |
| Current deferred expenses (note 8) | 60                       | 54           |
|                                    | <b>944</b>               | <b>1,016</b> |

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2011**

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

| 8. Trade and other receivables            | As at 31 December |              |
|---|-------------------|--------------|
|   | 2011              | 2010         |
| Trade receivables – regular               | 28                | 2,909        |
| Trade receivables – overdue, not impaired | 511               | 37           |
| Trade receivables – overdue, impaired     | 482               | 448          |
| Trade receivables impairment              | (469)             | (448)        |
| Other receivables, incl.                  | 96                | 191          |
| -Current deferred expenses                | 60                | 54           |
|   | <b>648</b>        | <b>3,137</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 |           |
|---|-------------------|-----------|
|   | 2011              | 2010      |
| Less than 6 months                            | 511               | -         |
| More than 6 months                            | -                 | 37        |
| <b>Total Overdue not impaired Receivables</b> | <b>511</b>        | <b>37</b> |

As of 31 December 2011, trade receivables to the amount of BGN 482 thousand have been impaired. At this date the value of the provisions is BGN 469 thousand (2010: BGN 448 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:

|  | Impairment   |              |
|--|--------------|--------------|
|  | 2011         | 2010         |
| <b>As at 1 January</b>                                       | (448)        | (440)        |
| Accrued provision for impaired receivables during the period | (22)         | (45)         |
| Received amount from customers                               | 1            | 37           |
| <b>As at 31 December</b>                                     | <b>(469)</b> | <b>(448)</b> |

9. **Cash and cash equivalents**

The available cash and cash equivalents consist of as follows:

|                               | As at 31 December |           |
|-------------------------------|-------------------|-----------|
|                               | 2011              | 2010      |
| Cash at bank and cash in hand | 15                | 34        |
|                               | <b>15</b>         | <b>34</b> |

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2011**

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

**10. Share capital**

|                        | Number of shares<br>(thousand) | Value  |
|------------------------|--------------------------------|--------|
| As at 31 December 2010 | 22,543                         | 22,543 |
| As at 31 December 2011 | 22,543                         | 22,543 |

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

As at 31 December 2011 the sole shareholder of the Company is:

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

**11. Trade and other payables**

|                                       | As at 31 December |            |
|---------------------------------------|-------------------|------------|
| Short-term liabilities                | 2011              | 2010       |
| Trade payables                        | 170               | 167        |
| Payables to related parties (Note 19) | 436               | 261        |
|                                       | <u>606</u>        | <u>428</u> |

**12. 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:

|   | As at 31 December |            |
|---|-------------------|------------|
|   | 2011              | 2010       |
| The minimum lease payments are as follows:            |                   |            |
| Less than 1 year                                      | 34                | 34         |
| 1 to 5 years  | 141               | 141        |
| More than 5 years                                     | 432               | 468        |
|   | <u>607</u>        | <u>643</u> |
| Future finance charges on finance leases              | (198)             | (219)      |
| The present value of the future lease liabilities is: | <u>409</u>        | <u>424</u> |
| Incl. Short-term part                                 | 15                | 14         |
| Long-term part  | 394               | 410        |
|   | <u>409</u>        | <u>424</u> |

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2011**

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

**12. Financial Lease(continued)**

The present value of the liabilities is:

|                   | <b>As at 31 December</b> |             |
|-------------------|--------------------------|-------------|
|                   | <b>2011</b>              | <b>2010</b> |
| Less than 1 year  | 15                       | 14          |
| 1 to 5 years      | 70                       | 67          |
| More than 5 years | 324                      | 343         |
|                   | <u>409</u>               | <u>424</u>  |

**13. Borrowings**

|  | <b>As at 31 December</b> |               |
|--|--------------------------|---------------|
| <b>Short-term</b>                      | <b>2011</b>              | <b>2010</b>   |
| Short-term bank borrowings - principal | 64,045                   | 64,045        |
| Interest payable                       | 792                      | 540           |
| <b>Total</b>                           | <u>64,837</u>            | <u>64,585</u> |

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

The principal is denominated in the following currencies:

|      | <b>As at 31 December</b> |               |
|------|--------------------------|---------------|
|      | <b>2011</b>              | <b>2010</b>   |
| Euro | 32,745                   | 32,745        |
|      | <u>32,745</u>            | <u>32,745</u> |

A short-term bank loan agreement with NBG has been signed on 31 October 2008 and renegotiated on 29 October 2011. 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+5.75 %.

**14. Deferred tax assets and liabilities**

Deferred tax assets and liabilities (temporary tax differences) are compensated where there is a legal right of receiving compensation for the current tax assets against the current tax liabilities and where the temporary tax differences refer to the same tax administration. The Deferred tax assets and liabilities are recognized to the amount of which any future taxed profits are probably to occur and allow these temporary tax differences to be used, through this the movement of the deferred taxes in the respective period has been as follows without the amounts to be stated in the balance sheet:

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2011**

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

**14. Deferred tax assets and liabilities(continued)**

|                                   | Accelerated<br>Depreciation | Impaired<br>Receivable | Week<br>capitalisation | Total        |
|-----------------------------------|-----------------------------|------------------------|------------------------|--------------|
| <b>As at 01 January<br/>2010</b>  | <b>9</b>                    | <b>44</b>              | <b>340</b>             | <b>393</b>   |
| Credit in profit and<br>loss      | 170                         | 1                      | 249                    | 420          |
| <b>As at 31 December<br/>2010</b> | <b>179</b>                  | <b>45</b>              | <b>589</b>             | <b>813</b>   |
| Credit in profit and<br>loss      | 140                         | 2                      | 377                    | 519          |
| <b>As at 31 December<br/>2011</b> | <b>319</b>                  | <b>47</b>              | <b>966</b>             | <b>1,332</b> |

**15. Financial instruments**

**15.1. Financial instruments by category**

**Assets as per balance sheet:**

**As at 31 December**

|   | 2011       | 2010         |
|---|------------|--------------|
| Trade and other receivables excluding prepayments | 588        | 3,083        |
| Cash and cash equivalents                         | 15         | 34           |
| <b>Total:</b>                                     | <b>603</b> | <b>3,117</b> |

**Liabilities as per balance sheet:**

|  | 2011          | 2010          |
|--|---------------|---------------|
| Borrowings   | 64,837        | 64,585        |
| Trade and other payables excluding statutory obligations | 1,015         | 852           |
| <b>Total:</b>  | <b>65,852</b> | <b>65,437</b> |

**15.2 Credit quality of financial assets**

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

|  | 2011         | 2010         |
|--|--------------|--------------|
| Contractors without external credit rating |              |              |
| Group 1                                    | 28           | 2,908        |
| Group 2                                    | 511          | 37           |
| Group 3                                    | 482          | 448          |
| <b>Total trade receivables:</b>            | <b>1,021</b> | <b>3,393</b> |

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2011**

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

**15. Financial instruments (continued)**

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

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

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

| Banks   | 2011   |                | 2010   |                |
|---|--------|----------------|--------|----------------|
|   | Rating | Cash available | Rating | Cash available |
| United Bulgarian Bank                           | BB     | 15             | BB     | 34             |
| Total cash at bank and short-term bank deposits |        | <b>15</b>      |        | <b>34</b>      |

**16. Revenue and Expenses**

**16.1. Revenue**

|                               | 2011         | 2010         |
|-------------------------------|--------------|--------------|
| Sale of fixed tangible assets | -            | 3            |
| Rent                          | 3,041        | 3,222        |
| Other revenues                | 278          | 184          |
|                               | <b>3,319</b> | <b>3,409</b> |

**16.2. General and administrative expenses**

|                               | 2011         | 2010         |
|-------------------------------|--------------|--------------|
| Maintenance and repair        | 26           | 39           |
| Property taxes and fees       | 218          | 315          |
| Depreciation and amortisation | 1,727        | 2,007        |
| Salaries and social security  | -            | 5            |
| Consumables                   | 22           | 45           |
| Hired services                | 1,006        | 657          |
| Other expenses                | 25           | 293          |
|                               | <b>3,024</b> | <b>3,361</b> |

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2011**

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

|  |              |              |
|--|--------------|--------------|
| <b>17. Cash flows from operating activity:</b> |              |              |
|  | <b>2011</b>  | <b>2010</b>  |
| Loss before income tax                         | (3,711)      | (2,480)      |
| <b>Adjustments for:</b>                        |              |              |
| Depreciation and amortisation                  | 1,727        | 2,007        |
| (Profit)/Loss from sales of assets             | -            | (3)          |
| Interest expense, net                          | 4,006        | 2,528        |
| Impairment expenses                            | 22           | 45           |
| Changes in the turnover capital:               |              |              |
| - Inventories                                  | -            | 637          |
| - Trade and other receivables                  | 2,488        | (173)        |
| - Liabilities                                  | 163          | 34           |
| <b>Cash flows from operating activity</b>      | <b>4,695</b> | <b>2,595</b> |

**18. Taxes**

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

|   |             |             |
|---|-------------|-------------|
|   | <b>2011</b> | <b>2010</b> |
| Accounting loss (before tax)              | (3,711)     | (2,480)     |
| Theoretical tax expense at 10% (2010:10%) | (371)       | (248)       |
| Not-recognised deferred tax asset         | 519         | 420         |
| Previous years tax loss deduction         | (148)       | (172)       |
| Tax expense                               | -           | -           |

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

|                           |                                       |
|---------------------------|---------------------------------------|
| <b>Year of occurrence</b> | <b>Tax loss to be carried forward</b> |
| 2007                      | 7,567                                 |
| 2008                      | 9,637                                 |
| 2009                      | 1,600                                 |
|                           | <b>18,804</b>                         |

The company has accumulated losses for the last periods. Deferred tax asset hasn't been recognised, because of the considerable uncertainty for future profits against which the asset could be utilised.

**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2011**

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

**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>As at 31 December</b> |             |
|--|--------------------------|-------------|
|  | <b>2011</b>              | <b>2010</b> |
| - Eko Bulgaria EAD – purchase of assets and services | 176                      | 214         |
|  | <u>176</u>               | <u>214</u>  |

**Payables to related parties**

|  | <b>As at 31 December</b> |             |
|--|--------------------------|-------------|
|  | <b>2011</b>              | <b>2010</b> |
| - Eko Bulgaria EAD – purchase of assets and services | 436                      | 261         |
|  | <u>436</u>               | <u>261</u>  |

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

|                                       | <b>As at 31 December</b> |              |
|---------------------------------------|--------------------------|--------------|
|                                       | <b>2011</b>              | <b>2010</b>  |
| - Eko Bulgaria EAD – sale of services | 3,887                    | 4,745        |
|                                       | <u>3,887</u>             | <u>4,745</u> |

**Receivables from related parties**

|                                       | <b>As at 31 December</b> |              |
|---------------------------------------|--------------------------|--------------|
|                                       | <b>2011</b>              | <b>2010</b>  |
| - Eko Bulgaria EAD – sale of services | 443                      | 2,868        |
|                                       | <u>443</u>               | <u>2,868</u> |

**20. Contingent assets and liabilities**

**Taxation**

The taxation of the Company is done under the regulations of the Republic of Bulgaria for year 2011. 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.

On 1 January 2009 the Company lends under operating lease 16 petrol stations and 2 depots owned by Hellenic Petroleum Bulgaria Properties EAD and wagons. Term of the contract is 5 years.



**HELLENIC PETROLEUM BULGARIA PROPERTIES EAD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2011**

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

|                  | <b>As at 31 December</b> |              |
|------------------|--------------------------|--------------|
|                  | <b>2011</b>              | <b>2010</b>  |
| Less than 1 year | 2,944                    | 2,944        |
| 1 to 5 years     | 2,944                    | 5,888        |
|                  | <u>5,888</u>             | <u>8,832</u> |

**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 2011 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>2011</b>              | <b>2010</b>  |
| Less than 1 year  | 82                       | 82           |
| From 1 to 5 years | 329                      | 329          |
| More than 5 years | 1,007                    | 1,089        |
|                   | <u>1,418</u>             | <u>1,500</u> |

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>2011</b>              | <b>2010</b>  |
| Less than 1 year  | 94                       | 94           |
| From 1 to 5 years | 375                      | 375          |
| More than 5 years | 1,221                    | 1,315        |
|                   | <u>1,690</u>             | <u>1,784</u> |

**22. 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 as of 31 December 2011 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

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

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

### ***Auditor's Responsibility***

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*PricewaterhouseCoopers Audit OOD, 9-11 Maria Louisa Blvd., 1000 Sofia, Bulgaria  
T: +359 2 9355200, F: +359 2 9355266, [www.pwc.com/bg](http://www.pwc.com/bg)  
Registered with the Sofia City Court under company file number 13424/1997.*

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



### *Opinion*

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the "Hellenic Petroleum Bulgaria Properties" EAD as of 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

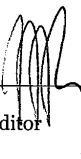
Without qualifying our opinion, we draw attention to the fact that as of 31 December 2011 the Company's registered share capital exceeds its net assets which is not in compliance with art. 252 par.1 clause 5 of the Bulgarian Commercial Act, which requires that in such instance the shareholders take a decision to decrease the registered share capital, restructure or liquidate the Company or other appropriate measures. Otherwise the Company may be liquidated by the court of registration. As of the date of the approval of the accompanying financial statements the shareholder has not taken a decision for restructuring, liquidation or decrease of registered share capital or other appropriate measures.

### *Report on Other Legal and Regulatory Requirements*

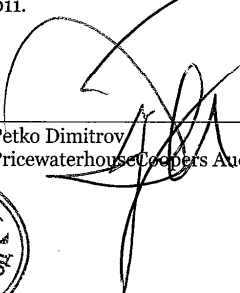
Management is also responsible for preparing the Annual Report in accordance with the Accounting Act.

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

In our opinion, the Annual Report set out on pages 4 to 6, is consistent with the accompanying financial statements of the Company as of 31 December 2011.

  
Irena Vakova  
Registered Auditor

28 March 2012  
Sofia, Bulgaria

  
Petko Dimitrov  
PricewaterhouseCoopers Audit OOD

