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Hellenic Petroleum Cyprus Limited

Report and financial statements
31 December 2005

COMPANY NUMBER: 454043

ANNUAL REPORT AND ACCOUNTS

Hellenic Petroleum Cyprus Limited

31 DECEMBER 2005

ANNUAL REPORT AND ACCOUNTS 2005

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Directors' report

Board of Directors

The directors who held office during the year are given below:

Michail Myrianthis (Chairman)	(appointed 11 January 2005)
Olga Tsaloglou	(appointed 11 January 2005)
Ioannis Grigoriou	
Akis Pegasiou	
Garry Pegg	
Jonathan Ivinson	
Nicos Georgoudas	(appointed 1 January 2006)
Andreas Tzouros	(resigned 11 January 2005)
Sarantos Kyriakopoulos	(resigned 11 January 2005)

Directors' Report for the year ended 31 December 2005

The Directors present their report and the audited financial statements for the year ended 31 December 2005.

Principal activity

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

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

The financial position of the Company as presented in the financial statements is considered satisfactory. During the year ended 31 December 2005, the Company achieved a net profit of STG£9,322,265 (2004: STG£5,733,449). As at 31 December 2005 the Company had net assets of STG£31,233,868 (2004: STG£22,490,899).

Future developments

The members of the Board of Directors does not expect any material changes in the Company's activities in the foreseeable future.

Results and dividends

The Company's results for the year are set out on page 7. The Board of Directors does not recommend the payment of a dividend.

Directors' report (continued)

Directors and their interests

The Directors who held office during the year and at the date of this report are listed on page 1.

The interests of the Directors holding office at 31 December 2005, other than directors of the ultimate parent undertaking, and their families, in the ordinary shares of Hellenic Petroleum S.A. were as set out below:

	2005	2004
Michail Myrianthis	**2,884**	2,884
Olga Tsaloglou	**2,489**	2,489
Ioannis Grigoriou	**800**	800

No director had any interest in the shares or debentures of subsidiary undertakings of Hellenic Petroleum S.A. at 31 December 2005.

Policy with respect to payment of suppliers

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

The number of days of purchases represented by trade creditors at the year-end was 23.

Principal risks and uncertainties

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

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

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

Financial risk management

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

Directors' report (continued)

Financial risk management (continued)

Credit risk

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

Currency risk

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

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. The Directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained on page 10 under Note 1 "Accounting policies". They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2005 and that applicable accounting standards have been followed.

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

Directors' report (continued)

Auditors

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

By Order of the Board

....

27 October 2006

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

Independent auditors' report

Independent Auditors Report to the members of Hellenic Petroleum Cyprus Limited

We have audited the financial statements of Hellenic Petroleum Cyprus Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' Responsibilities the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

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

Basis of audit opinion

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

Independent auditors' report (continued)

Basis of audit opinion (continued)

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

Opinion

In our opinion:

- The financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the Company's affairs as at 31 December 2005 and of its profit for the year then ended; and

- The financial statements have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

6 December
~~27 October~~ 2006

Profit and loss account for the year ended 31 December 2005

	Note	2005 STG£	As restated 2004 STG£
Turnover	3	**141,060,630**	107,233,525
Cost of sales		**(118,495,452)**	(87,320,309)
Gross profit		**22,565,178**	19,913,216
Distribution and marketing expenses		**(8,601,661)**	(8,067,373)
Administrative expenses		**(2,263,413)**	(2,343,058)
		11,700,104	9,502,785
Other operating income		**69,364**	17,979
Profit on ordinary activities before interest and tax	4	**11,769,468**	9,520,764
Interest payable and similar charges	7	**(115,744)**	(133,587)
Other finance costs	19	**(21,807)**	(36,659)
Profit on ordinary activities before taxation		**11,631,917**	9,350,518
Tax on profit on ordinary activities	8	**(2,309,652)**	(3,617,069)
Profit for the financial year		**9,322,265**	5,733,449
Distribution to shareholders		**-**	-
Retained profit for the financial year	16	**9,322,265**	5,733,449

All results relate to continuing operations

Statement of total recognised gains and losses

Statement of total recognised gains and losses for the year ended 31 December 2005

	Note	2005 STG£	As restated 2004 STG£
Profit for the financial year		**9,322,265**	5,733,449
Actuarial loss on pension schemes	19	**(163,685)**	(89,990)
Movement of deferred tax relating to pension deficit	16	**49,105**	26,997
Currency translation differences		**(464,716)**	512,834
Total recognised gains and losses relating to the year		**8,742,969**	6,183,290
Prior year adjustment – FRS 17		**(794,609)**	
Total gains and losses recognised since last annual report		**7,948,360**	

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

Balance Sheet

Balance sheet as at 31 December 2005

	Note	2005 STG£	As restated 2004 STG£
Fixed assets			
Tangible assets	9	**16,281,217**	14,644,909
Investment in subsidiary	10	**426,330**	435,963
		16,707,547	15,080,872
Current assets			
Stock	11	**6,301,425**	4,225,286
Debtors	12	**15,404,081**	13,598,207
Cash at bank and in hand		**12,854,206**	8,787,680
		34,559,712	26,611,173
Creditors – Amounts falling due within one year	13	**(19,309,728)**	(17,685,369)
Net current assets		**15,249,984**	8,925,804
Total assets less current liabilities		**31,957,531**	24,006,676
Provisions for liabilities and charges			
Deferred tax provision	8,14	**(545,477)**	(1,149,714)
Net Assets excluding pension liability		**31,412,054**	22,856,962
Pension liability	19	**(178,186)**	(366,063)
Net assets including pension liability		**31,233,868**	22,490,899
Capital and reserves			
Called up share capital	15	**4,433,450**	4,433,450
Revaluation reserve	16	**219,420**	219,420
Other reserves	16	**931,444**	931,444
Profit and loss reserve	16	**25,649,554**	16,906,585
TOTAL SHAREHOLDERS' FUNDS	17	**31,233,868**	22,490,899

The financial statements on pages 7 to 29 were approved by the Board of directors on 27 October 2006 and were signed on its behalf by:

.... Director

.... Director

Notes to the financial statements

1. Accounting policies

Basis of Preparation

The financial statements are prepared on a going concern basis in accordance with applicable UK Accounting Standards and the Companies Act 1985.

The financial statements have been prepared under the historical cost convention with the exception of tangible fixed assets, which, under the transitional rules of Financial Reporting Standard 15 "Tangible Fixed Assets" (FRS 15), are included at their previous valuations. On implementation of FRS 15 in 2000 the Company did not adopt a policy of revaluations. Historical cost accounts show the profits available to shareholders and are the most appropriate basis for presentation of the Company's balance sheet. The principal accounting policies are set out below.

Changes in accounting policies

The Company has adopted FRS 17, "Retirement benefits" and FRS 21, "Events after the balance sheet date", in these financial statements. The adoption of these standards represents a change in accounting policy and the comparative figures have been restated accordingly.

The effect of the change in accounting policy to adopt FRS 17 was to decrease staff costs by STG£453,887 (2004: STG£397,555); to increase profit for the year by STG£782,557 (2004: STG£686,741, decrease) and to increase the total recognised gains and losses by STG£27,478 (2004: STG£1,173,934 decrease.).

A restatement of comparative figures was not necessary as a result of the adoption of FRS21 given that the Company has neither declared nor paid dividends in 2005 or 2004.

Group accounts

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

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

Revenue recognition

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

Sales of goods

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

Notes to the financial statements (continued)

1. Accounting policies (continued)

Employee benefits

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

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

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

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

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

Foreign currency translation

(a) Functional and presentation currency

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

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

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

Notes to the financial statements (continued)

1. Accounting policies (continued)

Foreign currency translation (continued)

(b) Transactions and balances

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

Tax

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax liabilities are not discounted.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Tangible assets

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

Land is not depreciated. Depreciation on other tangible assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values, over their estimated useful lives. The annual depreciation rates are as follows:

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

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

Notes to the financial statements (continued)

1. Accounting policies (continued)

Tangible assets (continued)

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

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

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

Impairment of assets

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

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss on a straight-line basis over the period of the lease.

Stock

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

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

Notes to the financial statements (continued)

2. Cash flow statement and related party disclosures

The Company is a wholly-owned subsidiary of Hellenic Petroleum International A.G. and is included in the consolidated financial statements of Hellenic Petroleum S.A., which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1. The Company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Hellenic Petroleum S.A. group or investees of the Hellenic Petroleum S.A. group. For details of other related party transactions see note 22.

3. Segmental reporting

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

4. Profit on ordinary activities before interest and tax

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

	2005 STG£	As restated 2004 STG£
Wages and salaries	**1,921,572**	1,904,491
Social security costs	**172,400**	158,354
Retirement scheme costs	**123,468**	118,159
Other benefits and contributions	**188,008**	78,573
Staff costs	**2,405,448**	2,259,577
Depreciation of tangible assets (Note 9)	**1,552,577**	1,451,055
Operating lease rentals – land and buildings	**1,819,375**	1,394,267
Auditors' remuneration	**26,100**	39,539
Other non audit services	**13,427**	-
Trade receivables – impairment change for receivables	**143,920**	259,605
Difference in exchange – gain	**(194,037)**	(43,799)

Difference in exchange arises on imports of products which are invoiced in US dollars or Euros, and represents variations in the parity of US dollar or Euro to Cyprus Pound on settlement of amounts due to suppliers or on short-term loans raised to finance such imports. Such amounts, although created from transactions falling under the ordinary activities of the Company, are disclosed by virtue of their nature/size.

5. Directors' emoluments

	2005 STG£	2004 STG£
Aggregate emoluments	**184,983**	207,676
Sums paid to related parties for directors' services	**78,635**	-
Retirement scheme costs	**37,170**	22,445
	300,788	230,121

Notes to the financial statements (continued)

5. Directors' emoluments (continued)

Details of the emoluments of the highest paid director are as follows:

	2005 STG£	2004 STG£
Wages and salaries	**127,940**	112,173
Retirement scheme costs	**25,648**	22,445
	153,588	134,618

6. Employee information

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

By activity

	2005	2004
Selling and distribution	**54**	55

7. Interest payable and similar charges

	2005 STG£	2004 STG£
Interest payable on overdrafts and bank loans	**13,514**	85,800
Interest payable on other loans	**78,067**	44,189
Other interest	**24,163**	3,598
	115,744	133,587

Notes to the financial statements (continued)

8. Tax on profit on ordinary activities (continued)

Current year tax charge	2005 STG£	As restated 2004 STG£
UK Corporation Tax		
UK Corporation Tax on profits for the year	**3,272,519**	3,240,659
Adjustment in respect of previous years	**(291,561)**	226,664
Double taxation relief	**(1,128,189)**	(1,565,548)
	1,852,769	1,901,775
Foreign Tax		
Current year	**1,128,189**	1,565,548
Adjustment in respect of previous years	**(196,684)**	24,691
	931,505	1,590,239
Total current tax	**2,784,274**	3,492,014
Deferred taxation		
Origination and reversal of timing differences	**15,955**	124,752
Prior year adjustment	**(490,577)**	303
Total deferred tax	**(474,622)**	125,055
Tax on profit on ordinary activities	**2,309,652**	3,617,069

The tax assessed (on the current profit on ordinary activities) for the period is lower than the standard rate of corporation tax in the UK of 30.00% (2004: 30.00%). The differences are analysed below.

	2005 STG£	As restated 2004 STG£
Profit on ordinary activities before tax	**11,631,917**	9,350,518
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30.00% (2004: 30.00%)	**3,489,575**	2,804,534
Effect of:		
Expenses not deductible for tax purposes	**37,638**	41,474
Capital allowances in excess of depreciation	**(82,452)**	(67,502)
Other timing differences	**(172,242)**	462,153
Adjustments on total charge in respect of previous period	**(488,245)**	251,355
	2,784,274	3,492,014

Deferred tax liabilities have not been discounted.

Notes to the financial statements (continued)

8. Tax on profit on ordinary activities (continued)

	2005 STG£	2004 STG£
Analysis of movement in deferred tax provision		
At 1 January	1,149,714	1,130,339
Exchange adjustments	(86,384)	2,227
Accelerated capital allowances	174,265	177,654
Other timing differences	(201,541)	(160,506)
Prior year adjustments	(490,577)	-
Balance at 31 December	545,477	1,149,714
Analysis of provisions		
Accelerated capital allowances	1,260,504	1,308,604
Provisions for pension contributions	(331,591)	(158,890)
Other timing differences	(383,436)	-
	545,477	1,149,714
Analysed as follows		
UK deferred tax liability/(asset)	489,024	1,056,790
Cyprus deferred tax liability/(asset)	56,453	92,924
	545,477	1,149,714

Notes to the financial statements (continued)

9. Tangible assets

	Freehold land & buildings STG£	Buildings on leasehold land STG£	Fixtures & fittings STG£	Plant & machinery STG£	Computer software STG£	Total STG£	of which: Assets under construction STG£
Cost or valuation							
At 1 January 2005	4,314,520	3,661,919	183,017	16,438,421	795,951	25,393,828	1,266,828
Exchange adjustments	(95,273)	(66,487)	(4,044)	(346,266)	(17,451)	(529,521)	(27,250)
Additions	7,632	1,594,924	-	1,877,126	15,248	3,494,930	3,494,930
Transferred to completed assets	-	-	-	-	-	-	(3,412,742)
At 31 December 2005	4,226,879	5,190,356	178,973	17,969,281	793,748	28,359,237	1,321,766
Accumulated depreciation							
At 1 January 2005	491,341	2,035,476	159,447	7,751,272	311,383	10,748,919	-
Exchange adjustments	(10,626)	(44,420)	(3,496)	(160,372)	(4,562)	(223,476)	-
Charge for the year	25,598	61,767	2,979	1,206,031	256,202	1,552,577	-
Disposals	-	-	-	-	-	-	-
At 31 December 2005	506,313	2,052,823	158,930	8,796,931	563,023	12,078,020	-
Net book amount							
At 31 December 2005	3,720,566	3,137,533	20,043	9,172,350	230,725	16,281,217	1,321,766
At 31 December 2004	3,823,179	1,626,443	23,570	8,687,149	484,568	14,644,909	1,266,828

Notes to the financial statements (continued)

9. Tangible assets (continued)

Analysis of revalued assets: freehold land and buildings and plant and machinery

Analysis of freehold land, buildings and plant and machinery at cost or valuation	**2005 STG£**	2004 STG£
At cost:		
Freehold land and buildings	**2,596,351**	2,683,992
Plant and machinery	**17,431,087**	15,900,227
	20,027,438	18,584,219
Revaluation:		
Freehold land and buildings	**1,630,528**	1,630,528
Plant and machinery	**538,194**	538,194
	2,168,722	2,168,722
	22,196,160	20,752,941

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

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

	2005 STG£	2004 STG£
Cost	**20,027,438**	18,584,219
Aggregate depreciation	**(8,284,504)**	(7,249,164)
Net book amount	**11,742,934**	11,335,055

Land is not depreciated.

Notes to the financial statements (continued)

10. Investment in subsidiary

	2005 STG£	2004 STG£
At cost		
At 1 January	**435,963**	429,834
Exchange adjustments	**(9,633)**	6,129
At 31 December	**426,330**	435,963

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

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

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

11. Stocks

	2005 STG£	2004 STG£
Petroleum products	**6,301,425**	4,225,286

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

12. Debtors

	2005 STG£	2004 STG£
Trade debtors	**13,144,932**	11,472,200
Other debtors	**1,300,338**	1,603,743
Cyprus taxation on profit refundable	**337,890**	-
Prepayments and accrued income	**620,921**	522,264
	15,404,081	13,598,207

Notes to the financial statements (continued)

13. Creditors: Amounts falling due within one year

	2005 STG£	As restated 2004 STG£
Bank loans	**2,306,477**	2,003,542
Trade creditors	**1,251,797**	3,688,657
Amount due to group undertakings	**10,477,313**	6,439,586
Cyprus taxation on profits	**-**	67,240
UK taxation on profits	**999,069**	1,521,265
Other creditors	**3,108,761**	2,519,591
Accruals and deferred income	**1,166,311**	1,445,488
	19,309,728	17,685,369

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

14. Provisions for liabilities and charges

	2005 STG£	As restated 2004 STG£
Taxation (Note 8)		
UK deferred tax liability	**489,024**	1,056,790
Overseas deferred tax (liability)/asset	**56,453**	92,924
	545,477	1,149,714

15. Called up share capital

	2005 STG£	2004 STG£
Authorised, allotted, called up and fully paid (at the beginning and end of period):		
443,345 ordinary shares of STG£10 each	**4,433,450**	4,433,450

Notes to the financial statements (continued)

16. Reserves

	Profit and loss reserve STG£	Revaluation reserve STG£	Other reserves STG£
1 January 2004 as previously reported	10,768,170	219,420	931,444
Prior year adjustment FRS17	(44,875)	-	-
1 January 2004 as restated	10,723,295	219,420	931,444
Retained profit for the financial year	5,733,449	-	-
Actuarial loss on pension scheme	(89,990)	-	-
Movement of deferred tax relating to pension scheme	26,997	-	-
Exchange adjustment	512,834	-	-
31 December 2004	16,906,585	219,420	931,444
Pensions deficit	366,062		
Profit and loss reserve excluding pension deficit	17,272,647		
1 January 2005 as previously reported	17,701,194	219,420	931,444
Prior year adjustment FRS17	(794,609)	-	-
1 January 2005 as restated	16,906,585	219,420	931,444
Retained profit for the financial year	9,322,265	-	-
Actuarial loss on pension scheme	(163,685)	-	-
Movement of deferred tax relating to pension scheme	49,105	-	-
Exchange adjustment	(464,716)	-	-
31 December 2005	25,649,554	219,420	931,444
Pensions deficit	178,185		
Profit and loss reserve excluding pension deficit	25,827,739		

Other reserves include a special reserve of STG£490,259 (2004: STG£490,259) and a general reserve of STG £441,185 (2004: STG£441,185).

Notes to the financial statements (continued)

17. Reconciliation of movements in shareholders' funds

	2005 STG£	As restated 2004 STG£
Profit for the year	**9,322,265**	5,733,449
Dividends	**-**	-
	9,322,265	5,733,449
Actuarial loss on pension scheme (Note 19)	**(163,685)**	(89,990)
Movement of deferred tax relating to pension scheme	**49,105**	26,997
Exchange adjustment	**(464,716)**	512,834
Net addition to shareholders' funds	**8,742,969**	6,183,290
Opening shareholders' funds as previously reported	**23,285,508**	16,352,484
Prior year adjustment – FRS17	**(794,609)**	(44,875)
Opening shareholders' funds as restated	**22,490,899**	16,307,609
Closing shareholders' fund	**31,233,868**	22,490,899

18. Contingent liabilities

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

(b) The Company was contingently liable in respect of guarantees provided to third parties of STG£786,033 (2004: STG£344,498).

(c) As at 31 December 2005, there were legal claims against the Company of STG£298.258. The company's Directors believe that the possibility of the above claims to create a liability to the Company is remote.

Notes to the financial statements (continued)

19. Pensions and other retirement benefits

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

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

The above arrangements were subject to the consent of the local regulatory authorities. The local regulatory authorities have given their consent for the split of the old existing staff schemes, but did not approve the transfer of the existing pension fund to BPEM. They instead, approved the set-up of a new pension fund scheme by BPEM. The Company and BPEM are currently in the process of finalising the arrangement and splitting the scheme. In the context of the above, the two companies have commissioned an actuarial valuation of the scheme liabilities, for each company as at 31 December 2002. The valuation was carried out by a qualified, independent actuary on an ongoing valuation basis using the projected unit credit valuation method and the following main assumptions:

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

In the context of the arrangement, dictated by the decision of the local regulatory authorities, the two companies have finalised an agreement formalising the changes to the Share Purchase Agreement, which also provides that BPEM fund shall indemnify and hold harmless the existing fund, retained by the Company, in respect of any liabilities and/or obligations of the existing fund, provided such liabilities and obligations arose prior to 31 December 2005.

Notes to the financial statements (continued)

19. Pensions and other retirement benefits (continued)

The valuation showed that the value of the Company's pension scheme liabilities as at 31 December 2002 was STG£1,827,000. The type of asset and interest thereon for the settlement of this amount has been agreed between the two companies. The remaining of the existing fund assets at the date of the split will be transferred to the new scheme to be set up by BPEM.

The Company has also recently commissioned an actuarial valuation, of its scheme liabilities as at 31 December 2005. The valuation was carried out by a qualified independent actuary on an on-going valuation basis using the projected unit credit valuation method and the following main assumptions:

	2005	2004
	% p.a.	% p.a.
Price inflation	**2.5**	2.5
Salary increases	**5.0**	5.0
Discount rate	**5.0**	5.0
Pension increases	**2.5**	2.5

The valuation showed that the value of the Company's Pension Scheme liabilities as at 31 December 2005 was STG£4,107,000. Taking into account the above, the deficit in the schemes as at 31 December 2005 is estimated at STG£168,180 as follows:

	Pension Plan 2005 STG£000	Pension Plan 2004 STG£000	Pension Plan Transitions 2003 STG£000
Total market value of assets	**3,939,001**	3,207,131	2,580,530
Present Value of scheme liabilities	**(4,107,181)**	(3,622,522)	(3,283,242)
Deficit in the scheme	**(168,180)**	(415,391)	(702,712)
Related deferred tax asset	**50,454**	124,617	210,816
Net pension liability	**(117,726)**	(290,774)	(491,896)
Analysis of the amount charged to operating profit			
Current service cost	**123,468**	118,159	-
Extra Termination Benefits	-	-	-
Total operating charge	**123,468**	118,159	-
Analysis of the amount debited to other finance costs			
Expected return on pension scheme assets	**(163,492)**	(132,799)	-
Interest on pension scheme liabilities	**180,597**	163,993	-
Net cost	**17,105**	31,194	-
Analysis of amount recognized in statement of total recognized gains and losses (STRGL)			
Actual return less expected return on pension scheme assets	**71,836**	29,362	-
Experience losses arising on the scheme liabilities	**(194,678)**	(108,875)	-
Changes in assumptions underlying the present value of scheme liabilities	-	-	-
Actuarial loss recognized in STRGL	**(122,842)**	(79,513)	-

Notes to the financial statements (continued)

19. Pensions and other retirement benefits (continued)

	Pension Plan 2005 STG£	Pension Plan 2004 STG£	Pension Plan Transitions 2003 STG£
Movement in surplus during the year			
Surplus in scheme at beginning of the year	**(415,391)**	(702,712)	-
Movement in year:			
Current service cost	**(123,468)**	(118,159)	-
Extra Termination Benefits	-	-	-
Contributions	**510,627**	516,187	-
Other finance cost	**(17,105)**	(31,194)	-
Actuarial loss	**(122,842)**	(79,513)	-
Deficit in scheme at the end of year	**(168,179)**	(415,391)	(702,712)
History of experience gains and losses			
Difference between expected and actual return on scheme assets:			
Amount	**71,836**	29,363	-
Percentage of scheme assets	**1.8%**	0.9%	-
Experience losses on scheme liabilities:			
Amount	**(194,678)**	(108,875)	-
Percentage of scheme assets	**4.7%**	3.0%	-
Total amount recognized in statement of total recognized gains and (losses):			
Amount	**(122,842)**	(79,513)	-
Percentage of scheme assets	**3.0%**	2.2%	-
Weighted-average assumptions as of 31 December			
Discount rate	**5.00%**	5.00%	-
Expected return on plan assets	**5.00%**	5.00%	-
Rate of compensation increase	**5.00%**	5.00%	-
Rate of pension increases	**2.50%**	2.50%	2.50%

An analysis of the fund's assets is as follows:

	2005 %	2004 %
Equities	**30**	30
Debentures	**24**	24
Cash	**31**	31
Property	**14**	14
Other	**1**	1

Notes to the financial statements (continued)

19. Pensions and other retirement benefits (continued)

	GVPF 2005 STG£	GVPF 2004 STG£	GVPF 2003 STG£
Total market value of assets	**370,011**	296,503	258,090
Present Value of scheme liabilities	**(456,382)**	(404,059)	(380,426)
Deficit in the scheme	**(86,371)**	(107,556)	(122,336)
Related deferred tax assets	**25,911**	32,267	36,701
Net pension liability	**(60,460)**	(75,289)	(85,635)
Analysis of the amount charged to operating profit			
Current service cost	**20,124**	19,384	-
Extra Termination Benefits	**-**	-	-
Total operating charged	**20,124**	19,384	-

	GVPF 2005 STG£	GVPF 2004 STG£	GVPF 2003 STG£
Analysis of the amount credited to other finance income			
Expected return on pension scheme assets	**(15,138)**	(13,555)	-
Interest on pension scheme liabilities	**19,840**	19,022	-
Net return	**4,702**	5,467	-
Analysis of amount recognized in statement of total recognized gains and losses (STRGL)			
Actual return less expected return on pension scheme assets	**(3,768)**	(11,428)	-
Experience gains and (losses) arising on the scheme liabilities	**(37,075)**	951	-
Changes in assumptions underlying the present value of scheme liabilities	**-**	-	-
Actuarial loss recognized in STRGL	**(40,843)**	(10,477)	-
Movement in surplus during the year			
Surplus in scheme at beginning of the year	**(107,555)**	(122,336)	-
Movement in year:			
Current service cost	**(20,124)**	(19,384)	-
Extra Termination Benefits	**-**	-	-
Contributions	**86,854**	50,107	-
Other finance income	**(4,702)**	(5,465)	-
Actuarial loss	**(40,843)**	(10,477)	-
Surplus in scheme at the end of the year	**(86,370)**	(107,555)	(122,336)

Notes to the financial statements (continued)

19. Pensions and other retirement benefits (continued)

	GVPF 2005 STG£	GVPF 2004 STG£	GVPF 2003 STG£
History of experience gains and losses			
Difference between expected and actual return on scheme assets:			
Amount	(3,768)	(11,428)	-
Percentage of scheme assets	(1.0%)	(3.9%)	-
Experience gains and (losses) on scheme liabilities:			
Amount	(37,075)	951	-
Percentage of scheme assets	8.1%	(0.2%)	-
Total amount recognized in statement of total recognized gains and (losses):			
Amount	(40,843)	(10,477)	-
Percentage of scheme assets	8.9%	2.6%	-
Weighted-average assumptions as of 31 December			
Discount rate	5.00%	5.00%	0
Expected return on plan assets	5.00%	5.00%	0
Rate of compensation increase	5.00%	5.00%	0
Rate of pension increases	2.50%	2.50%	2.50%

According to the actuarial valuation, the future service contribution rate to cover the current service cost of the employees is estimated at 8.7% of pensionable pay. The actuary recommended that the rate remains at its current rate of 10.3% of pensionable pay to allow for the amortisation of the deficit over the next 6.5 years. For 2005, the Company decided to contribute STG£346,000 to cover part of the deficit and to continue its contributions to cover the regular services cost plus the remaining deficit per valuation, based on the actuary's recommendation.

As regards the Guaranteed Value of the Provident Fund, the deficit as at 31 December 2005 is STG£86,000 and the recommended contribution rate is 1.7%. This rate covers the post service deficit over the future average working lifetime of current employees.

20. Capital and other commitments

	2005 STG£	2004 STG£
Contracts placed for future capital expenditure not provided in the financial statement	2,227,034	2,477,736

Notes to the financial statements (continued)

21. *Financial commitments*

At 31 December 2005 the Company had annual commitments under non-cancellable operating leases for land and buildings expiring as follows:

	2005 STG£	2004 STG£
Within one year	91,741	12,444
Within two to five years	423,694	385,104
After five years	670,429	646,116
	1,185,864	1,043,664

22. Related party transactions

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

23. Ultimate parent undertaking

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

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

24. Post balance sheet events

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