
Hellenic Petroleum Cyprus Limited

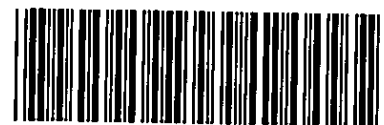
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*Report and
financial
statements*

31 December 2012



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Hellenic Petroleum Cyprus Limited

Annual report and financial statements 31 December 2012

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Hellenic Petroleum Cyprus Limited

Board of Directors and other officers

Board of Directors

Akis Pegasiou (Chairman)
Andreas Shiamishis
David Hywel Jones
Garry John Pegg
George Gregoras
Petros Karalis
Stelios Livadiotis
Victor Papaconstantinou

Company Secretary

Theodora Papadimitriou
17 Chlm Ethnikis Odou Athinwn - Korinthou
Aspropyrgos, 19300
Greece

Registered office

125 Old Broad Street
London EC2N 1AR

Registered number

00454043

Hellenic Petroleum Cyprus Limited

Report of the Board of Directors

1 The Board of Directors presents its report together with the audited financial statements of the Company for the year ended 31 December 2012

Principal activities

2 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

3 The profit of the Company for the year ended 31 December 2012 was €10,114,298 (2011 profit of €11,381,340). On 31 December 2012 the total assets of the Company were €99,232,879 (2011: €103,799,955) and the net assets were €58,814,666 (2011 net assets €58,700,368). The financial position, development and performance of the Company as presented in these financial statements are considered satisfactory

Principal risks and uncertainties

4 The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to the price fluctuations of oil in the international markets. Principal risks and uncertainties faced by the Company are also disclosed in Notes 3 and 26 of the financial statements

Business risks

5 Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using key performance indicators (KPI's) is not necessary for an understanding of the development, performance or position of the business. The Company measures its performance against a five year business plan which includes revenue and profits

Hellenic Petroleum Cyprus Limited

Report of the Board of Directors (continued)

Financial risk management

6 The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, commodity price risk and fair value interest rate risk), credit risk and liquidity risk.

(i) Market risk - foreign exchange risk

The Company imports petroleum products from overseas and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency. Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

(ii) Market risk - commodity price risk

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

(iii) Market risk - fair value interest rate risk

As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's interest rate risk arises principally from short-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

(iv) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. 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.

(v) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities. The management maintains flexibility in funding by maintaining availability under committed credit lines.

Hellenic Petroleum Cyprus Limited

Report of the Board of Directors (continued)

Financial risk management (continued)

(vi) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain 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 dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors 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.

During 2012, the Company's strategy, which was unchanged from 2011, was to maintain the gearing ratio within 20% to 40%

Supplier payment policy

7 The Company's policy is to agree the terms of payment at the start of business with each supplier, to ensure suppliers are aware of those terms and to abide by them. The wholly owned subsidiaries of the group comply with the Confederation of British Industry (CBI) Prompt Payers Code, copies of which can be obtained from the CBI, Centrepoint, 103 New Oxford Street, London, WC1A 1DU. The Company's creditor days (year end trade creditors divided by purchases) for its continuing business for the year were 23 days (2011: 23 days)

Hellenic Petroleum Cyprus Limited

Report of the Board of Directors (continued)

Future developments of the Company

8 The Board of Directors does not expect any material changes or developments in the operations, financial position and performance of the Company in the foreseeable future

Results

9 The Company's results for the year are set out on page 9. The Board of Directors recommends the payment of a dividend as detailed below.

Dividends

10 The board of Directors declared a dividend of €10 000 000 in respect of the profit for the period from January 2012 until October 2012 of which €8 000 000 was paid on 24 December 2012

Board of Directors

11 The Directors who held office during the year and at the date of signing the financial statements are shown on page 1

Charitable donations

12 During the year the company made charitable donations of €19.710 (2011. €12.170).

Statement of Directors' Responsibilities

13 The directors are responsible for preparing the Report of the Board of Directors and the financial statements in accordance with applicable law and regulations

14 Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

Hellenic Petroleum Cyprus Limited

Report of the Board of Directors (continued)

Statement of Directors' Responsibilities (continued)

15 The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

16 The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Branches

17 The Company currently operates through a branch in Cyprus.

Events after the balance sheet date

18 There were no material post balance sheet events, which have a bearing on the understanding of the financial statements.

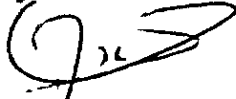
Independent Auditors and Disclosure of Information to Auditors

19 So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are not aware. The Directors have taken all the relevant steps that they ought to have taken in their duty as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

20 This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

21 The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, PricewaterhouseCoopers LLP shall be deemed to be re-appointed as auditors for a further term.

By Order of the Board



Akis Pegasiou
Chairman

18 February 2013

Independent auditor's 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 2012 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

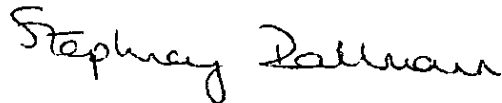
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Board of Directors for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Stephney Dallmann (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

18 February 2013

Hellenic Petroleum Cyprus Limited

Statement of Comprehensive Income for the year ended 31 December 2012

	Note	2012 €	2011 €
Revenue	6	360 480 584	330 507 891
Cost of sales		<u>(326 699 750)</u>	<u>(294 567 234)</u>
Gross profit		33 780 834	35 940 657
Distribution costs		(19 680 953)	(20 166 188)
Administrative expenses		(2 006 339)	(1 911 254)
Other gains - net	14	<u>305</u>	<u>-</u>
Operating profit		12 093 847	13 863 215
Finance income	10	14 371	1 291
Finance cost	5	<u>(840 592)</u>	<u>(1 309 430)</u>
Profit before income tax		11 267 626	12 555 076
Income tax expense	11	<u>(1 153 328)</u>	<u>(1 173 736)</u>
Profit and total comprehensive income for the year		<u>10 114 298</u>	<u>11 381 340</u>

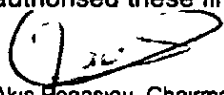
The notes on pages 13 to 47 are an integral part of these financial statements

Hellenic Petroleum Cyprus Limited

Balance Sheet at 31 December 2012

	Note	2012 €	2011 €
Assets			
Non-current assets			
Property, plant and equipment	14	31.172.336	33.675.268
Intangible assets	15	112.282	120.775
Investment in subsidiaries	16	<u>610.586</u>	<u>610.586</u>
		31.895.204	34.406.629
Current assets			
Inventories	17	15.993.140	15.459.981
Trade and other receivables	18	37.055.609	38.070.056
UK corporation tax refundable		108.029	-
Cash and cash equivalents	19	<u>14.180.897</u>	<u>15.863.289</u>
		67.337.675	69.393.326
Total assets		<u>99.232.879</u>	<u>103.799.955</u>
Equity and liabilities			
Capital and reserves			
Ordinary share capital	20	6.284.140	6.284.140
Other reserves		1.587.086	1.587.086
Retained earnings		<u>50.943.440</u>	<u>50.829.142</u>
Total equity		<u>58.814.666</u>	<u>58.700.368</u>
Non-current liabilities			
Deferred tax liabilities	22	296.830	304.406
Pension liabilities	23	<u>482.334</u>	<u>507.758</u>
		779.164	812.164
Current liabilities			
Trade and other payables	25	26.561.390	24.122.842
UK corporation tax payable		-	1.128.084
Borrowings	21	12.968.693	18.784.850
Cyprus corporation tax payable		<u>108.966</u>	<u>251.647</u>
		39.639.049	44.287.423
Total liabilities		<u>40.418.213</u>	<u>45.099.587</u>
Total equity and liabilities		<u>99.232.879</u>	<u>103.799.955</u>

On 18 February 2013 the Board of Directors of Hellenic Petroleum Cyprus Limited authorised these financial statements for issue


Akis Hegasiou, Chairman

The notes on pages 13 to 47 are an integral part of these financial statements

Hellenic Petroleum Cyprus Limited

Statement of Changes in Equity for the year ended 31 December 2012

	Share capital €	Other reserves (1) €	Retained earnings €	Total €
Balance at 1 January 2011	<u>6 284 140</u>	<u>1 587 086</u>	<u>39 447 802</u>	<u>47 319 028</u>
Comprehensive income				
Profit for the year	<u>-</u>	<u>-</u>	<u>11 381 340</u>	<u>11 381 340</u>
Balance at 31 December 2011/1 January 2012	<u>6 284 140</u>	<u>1 587 086</u>	<u>50 829 142</u>	<u>58 700 368</u>
Comprehensive income				
Profit for the year	<u>-</u>	<u>-</u>	<u>10 114 298</u>	<u>10 114 298</u>
Transactions with owners				
Dividend relating to 2012	<u>-</u>	<u>-</u>	<u>(10 000 000)</u>	<u>(10 000 000)</u>
Balance at 31 December 2012	<u>6 284 140</u>	<u>1 587 086</u>	<u>50 943 440</u>	<u>58 814 666</u>

(1) Other reserves include a revaluation reserve of €317 130 and a general reserve of €1 269 956. The special reserve has been utilised for the issue of bonus shares and the general reserve has been utilised for the dividend distribution.

The notes on pages 13 to 47 are an integral part of these financial statements

Hellenic Petroleum Cyprus Limited

Statement of Cash Flows for the year ended 31 December 2012

	Note	2012 €	2011 €
Cash flows from operating activities			
Profit before income tax		11,267,626	12,555,076
Adjustments for			
Depreciation of property, plant and equipment	14	3,696,743	3,752,396
Amortisation of intangible assets	15	8,493	16,238
Profit on sale of property, plant and equipment	14	(305)	-
Finance income	10	(14,371)	(1,291)
Finance cost	5	<u>840,592</u>	<u>1,309,430</u>
		15,798,778	17,631,849
Changes in working capital			
Inventories		(533,159)	1,847,205
Trade and other receivables		1,014,447	1,673,808
Trade and other payables		438,548	(6,257,751)
Net movement in pension liabilities		<u>(25,424)</u>	<u>(53,742)</u>
		16,693,190	14,841,369
Cash generated from operations		(1,239,276)	(3,025,610)
UK Corporation Tax paid		<u>(1,300,422)</u>	<u>(1,325,569)</u>
Cyprus Corporation Tax paid		<u>14,153,492</u>	<u>10,490,190</u>
Net cash generated from operating activities			
Cash flows from investing activities			
Purchases of property, plant and equipment	14	(1,215,192)	(1,671,630)
Proceeds from sale of property, plant and equipment	14	21,686	-
Purchases of intangibles	15	-	(132,345)
Proceeds from sale of intangibles		-	22,000
Interest received	10	<u>14,371</u>	<u>1,291</u>
		<u>(1,179,135)</u>	<u>(1,780,684)</u>
Net cash used in investing activities			
Cash flows from financing activities			
Repayment of bank borrowings		-	(4,000,000)
Repayment of loans from related parties	28(vi)	(10,000,000)	-
Interest paid	5	(840,592)	(1,309,430)
Dividends paid to Company's shareholders		<u>(8,000,000)</u>	<u>-</u>
		<u>(18,840,592)</u>	<u>(5,309,430)</u>
Net cash used in financing activities			
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		(5,866,235)	3,400,076
Cash, cash equivalents and bank overdrafts at beginning of year		7,078,439	3,678,363
Cash, cash equivalents and bank overdrafts at end of year	19	<u>1,212,204</u>	<u>7,078,439</u>

The notes on pages 13 to 47 are an integral part of these financial statements

Hellenic Petroleum Cyprus Limited

Notes to the financial statements

1 General information

Country of incorporation

The Company is incorporated and domiciled in the United Kingdom as a private limited liability company operating in Cyprus as a branch. Its registered office is at 125 Old Broad Street, London EC2N 1AR, United Kingdom.

2 Summary of significant accounting policies

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

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The Company continues to adopt the going concern basis in preparing its financial statements.

As of the date of the authorisation of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2012 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of the following:

- (i) Certain provisions of IAS 39 "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting,
- (ii) Amendment to IAS 12 "Income Taxes" on deferred tax relating to recovery of underlying assets, and
- (iii) Amendment to IFRS 1 "First-time adoption of International Financial Reporting Standards" on severe hyperinflation and removal of fixed dates for First Time Adopters.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Hellenic Petroleum Cyprus Limited

2 Summary of significant accounting policies (continued)

Group financial statements

The company is itself a subsidiary company and is exempt from the requirement to produce group accounts by virtue of Section 400 of the Companies Act 2006. These financial statements therefore present financial information about the company as an individual undertaking and not about the group.

The results of the subsidiary undertaking are dealt within the consolidated financial statements of the ultimate parent undertaking, Hellenic Petroleum S.A., a company registered in Greece. Copies of the consolidated financial statements can be obtained from the Company Secretary at 17 Chlm Ethnikis Odou Athinwn - Korinthou, Aspropyrgos, 19300, Greece.

Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2012. This adoption did not have a material effect on the accounting policies of the Company.

At the date of approval of these financial statements the following financial reporting standards were issued by the International Accounting Standards Board but were not yet effective and the Company has not early adopted:

(i) *Adopted by the European Union*

Amendments

- Amendment to IAS 1 "Financial Statements Presentation" on Presentation of Items of Other Comprehensive Income" (effective for annual periods beginning on or after 1 July 2012)
- Amendments to IAS 19 "Employee Benefits" (effective for annual periods beginning on or after 1 January 2013)

(ii) *Not adopted by the European Union*

New standards

- IFRS 9 "Financial Instruments" (and subsequent amendments to IFRS 9 and IFRS 7) (effective for annual periods beginning on or after 1 January 2015)
- IFRS 10 "Consolidated Financial Statements" (effective for annual periods beginning on or after 1 January 2013)
- IFRS 11, "Joint Arrangements" (effective for annual periods beginning on or after 1 January 2013)
- IFRS 12, "Disclosure of Interests in Other entities" (effective for annual periods beginning on or after 1 January 2013)
- IFRS 13, "Fair Value Measurement" (effective for annual periods beginning on or after 1 January 2013)

Hellenic Petroleum Cyprus Limited

2 Summary of significant accounting policies (continued)

Adoption of new and revised IFRSs (continued)

Not adopted by the European Union (continued)

New standards (continued)

- IAS 27, "Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2013)
- IAS 28, "Investments in Associates and Joint Ventures" (effective for annual periods beginning on or after 1 January 2013)

Amendments

- Amendment to IAS 12 "Income Taxes" on deferred tax relating to recovery of underlying assets (effective for annual periods beginning on or after 1 January 2012)
- Amendment to IFRS 1 "First-time adoption of International Financial Reporting Standards" on severe hyperinflation and removal of fixed dates for First Time Adopters (effective for annual periods beginning on or after 1 July 2011)
- Amendments to IFRS 7 "Financial Instruments Disclosures" on Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 32 "Financial Instruments Presentation" on Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014)
- Amendment to IFRS 1 "First-time adoption of International Financial Reporting Standards" on the application of IFRS 9 "Financial Instruments" and IAS 20 "Accounting for Government Grants and Disclosure on Government Assistance" - exemption on the retrospective application of IFRSs in relation to government grants (effective for annual periods beginning on or after 1 January 2013)
- Annual Improvements 2011 (effective for annual periods beginning on or after 1 January 2013).
- Amendments to IFRS 10, IFRS 12 and IAS 27 on consolidation for investment entities (effective for annual periods beginning on or after 1 January 2014)

New IFRICs

- IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" (effective for annual periods beginning on or after 1 January 2013)

The Board of Directors expects that the adoption of these financial reporting standards in future periods will not have a material effect on the financial statements of the Company

Hellenic Petroleum Cyprus Limited

2 Summary of significant accounting policies (continued)

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of business. Revenue is shown net of value added tax, rebates and discounts. Revenues earned by the Company are recognised on the following bases

(i) Sales of goods and related commissions

Sales of goods and related commissions 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

(ii) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired receivables are recognised using the original effective interest rate.

(iii) Management fee income

Management fee income is recognised on an accruals basis to R A M Oil Limited, a company under common control

(iv) Other income

Other income relates to sale of goods and other services which are recognised when significant risks and rewards of ownership of goods and services 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 services and collectibility of the related receivable is reasonably assured

Hellenic Petroleum Cyprus Limited

2 Summary of significant accounting policies (continued)

Employee benefits

The Company and the employees contribute to the Cyprus Government Social Insurance Fund based on employees' salaries. This Fund is treated as a defined contribution scheme. In addition, the Company operates two defined benefit retirement schemes the assets of which are held in a separate trustee-administered fund. The Company has elected to recognise actuarial gains and losses through the Income Statement using the corridor approach (further refer to Note 24). The defined contribution scheme is funded by contributions from employees and by the Company. The Company's contributions are expensed as incurred and are included in staff costs. The Company has no further payment obligations once the contributions have been paid. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, a defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on factors, such as age, years of service and compensation.

Foreign currency translation

(i) 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"). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

(ii) 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 income statement under finance costs.

Current and deferred income tax

Taxation on profits and losses for the year comprises current and deferred tax. Taxation is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using rates enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Hellenic Petroleum Cyprus Limited

2 Summary of significant accounting policies (continued)

Current and deferred income tax (continued)

Deferred tax assets and liabilities are calculated in respect of temporary differences using the balance sheet liability method. Deferred income taxes are provided for all temporary differences arising between the tax basis of assets and liabilities and their carrying values for financial reporting purposes. A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Company where there is an intention to settle the balances on a net basis.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are appropriately authorised and are no longer at the discretion of the Company. More specifically, interim dividends are recognised as a liability in the period in which these are authorised by the Board of Directors and in the case of final dividends, these are recognised in the period in which these are approved by the Company's shareholders.

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2 Summary of significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at their historical cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Certain tangible fixed assets reflect a previous revaluation which was carried out as at 1 January 1987 (other than fixed assets in territories occupied by Turkish forces).

Land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values, over their estimated useful lives. The annual depreciation rates are as follows.

	%
Buildings	3-4
Furniture, fixtures and office equipment	10-20
Motor vehicles	10-20
Plant and Machinery	10
Land	nil

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

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 property, plant and equipment is charged to the income statement 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 property, plant and equipment are determined by comparing proceeds with carrying amount and these are included in the income statement.

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 profit or loss on a straight-line basis over the period of the lease.

Hellenic Petroleum Cyprus Limited

2 Summary of significant accounting policies (continued)

Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Company's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure, which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programmes are charged to the income statement of the year in which they were incurred. Computer software costs are amortised using the straight-line method over their estimated useful lives, not exceeding a period of five years. Amortisation commences when the computer software is available for use and is included within administrative expenses.

The annual amortisation rate is 33,33%

Impairment of non-financial 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).

Hellenic Petroleum Cyprus Limited

2 Summary of significant accounting policies (continued)

Investments in subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The Company carries the investments in subsidiaries at cost less any impairment.

Transactions with equity owners/subsidiaries

The Company enters into transactions with shareholders and subsidiaries. When consistent with the nature of the transaction, the Company's accounting policy is to recognise (a) any gains or losses with equity holders and other entities which are under the control of the ultimate shareholder, directly through equity and consider these transactions as the receipt of additional capital contributions or the payment of dividends, and (b) any losses with subsidiaries as cost of investment in subsidiaries. Similar transactions with non-equity holders or subsidiaries, are recognised through the profit or loss in accordance with IAS 39, 'Financial Instruments Recognition and Measurement'.

Derivative financial instruments

Derivative financial instruments which include foreign exchange contracts are initially recognised in the balance sheet at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices. Derivatives are included within financial assets at fair value through profit or loss when fair value is positive and within financial liabilities at fair value through profit or loss when fair value is negative.

Changes in the fair value of derivatives are recognised in profit or loss within other gains.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

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2 Summary of significant accounting policies (continued)

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within "selling and marketing costs". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "selling and marketing costs" in the income statement.

Share capital

Ordinary shares are classified as equity.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in statement of comprehensive income over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment and amortised over the period of the facility to which it relates.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably.

Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Hellenic Petroleum Cyprus Limited

2 Summary of significant accounting policies (continued)

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks with original maturity of three months or less and bank overdrafts. In the balance sheet bank overdrafts are shown within borrowings in current liabilities

Comparatives

Where necessary, corresponding figures have been adjusted to conform to the presentation of the current year amounts.

3 Financial risk management

(i) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, commodity price risk and fair value interest rate risk), credit risk and liquidity risk.

- **Market risk**

- Commodity price risk**

- The Company is exposed to commodity price risk through its purchases and distribution of petrol within Cyprus

- Management monitors the price fluctuations on a continuous basis and acts accordingly, by seeking to pass any change in market price to its customers to minimize the profit and loss impact

- As a result of passing changes in prices to its customers, the impact on profit and loss is immaterial.

- Foreign exchange risk**

- The Company imports petroleum products from overseas and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency.

- Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly

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3 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Market risk (continued)**

The Company is exposed to commodity price risk through its purchases and distribution of petrol within Cyprus. (continued)

In 2012 the Company in an attempt to hedge foreign exchange risk, it entered into forward contracts with the bank that expire within the next three months after the balance sheet date. The Company's marine sales are mainly in US dollars. The risk management policy of the Company is to hedge between 75% and 100% of the anticipated cashflows (marine receivable balances).

At 31 December 2012, if the Euro had weakened / strengthened by 5% against the US dollar with all other variables held constant, post-tax profit for the year would have been €144 458 (2011 €94 332) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated trade receivables.

Fair value interest rate risk

As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates

The Company's interest rate risk arises from short-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

At 31 December 2012, if interest rates on Euro-denominated borrowings had been 0,5% higher/lower with all other variables held constant, post-tax profit for the year would have been €64.843 (2011 €93 924) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly

- **Credit risk**

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

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

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3 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk (continued)**

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties

- **Liquidity risk**

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months, with the exception of borrowings, equal their carrying balances as the impact of discounting is not significant.

	Up to 1 month €	1 to 3 months €
At 31 December 2011		
Borrowings	18 784 850	-
Trade and other payables	<u>20 544 079</u>	<u>3 578 763</u>
	<u>39 328 929</u>	<u>3 578 763</u>
	€	€
At 31 December 2012		
Borrowings	12 968 693	-
Trade and other payables	<u>22 272 168</u>	<u>4 289 222</u>
	<u>35,240,861</u>	<u>4,289 222</u>

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. Management maintains flexibility in funding by maintaining availability under committed credit lines

(ii) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain 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 dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors 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

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3 Financial risk management (continued)

(ii) Capital risk management (continued)

The gearing ratios at 31 December 2012 and 2011 were as follows

	2012 €	2011 €
Total borrowings (Note 21)	12 968 693	18 784 850
Less cash and cash equivalents (Note 19)	<u>(14 180,897)</u>	<u>(15 863,289)</u>
Net debt	(1 212 204)	2 921 561
Total equity	<u>58 814 666</u>	<u>58 700 368</u>
Total capital as defined by management	<u>57 602,462</u>	<u>61,621,929</u>
Gearing ratio	-2%	5%

The decrease in the gearing ratio during 2012 resulted primarily from borrowings repaid during the year

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

(i) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

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4 Critical accounting estimates and judgements (continued)

(i) Critical accounting estimates and assumptions (continued)

- **Income taxes (continued)**

In addition to the changes in rates of Corporation tax disclosed within Note 11, a number of further changes to the UK Corporation tax system were announced in the March 2012 UK Budget Statement. Further reductions to the main rates are proposed to reduce the rate by 1% per annum to 22% by 1 April 2014. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. The proposed reductions of the main rate of corporation tax by 1% per year to 22% by 1 April 2014 are expected to be enacted separately each year. The impact of the proposed changes is not expected to be material to the financial statements.

- **Pension benefits**

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 24.

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4 Critical accounting estimates and judgements (continued)

• Contingency

Significant judgement is required in determining whether any contingencies relating to pending events require further provision or disclosure

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote

These are assessed based on consultation with legal counsel. The facts and circumstances relating to a particular case are evaluated in determining whether it is probable that there will be a future outflow of funds

Accordingly, significant management judgement relating to contingent liabilities is required, since the outcome of litigation is difficult to predict

5 Finance cost

	2012 €	2011 €
Interest expense		
Bank borrowings	14 539	107 279
Bank overdraft	659 848	847 493
Overdue taxation	-	33 919
Group borrowings	<u>166,205</u>	<u>320 739</u>
	<u>840,592</u>	<u>1 309 430</u>

6 Revenue

	2012 €	2011 €
Sales of goods	375,249 068	346 017 615
Commissions	(17 283 792)	(19 909 978)
Management fee income	346 509	348 218
Other income	<u>2 168 799</u>	<u>4 052 036</u>
	<u>360,480 584</u>	<u>330 507 891</u>

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7 Expenses by nature

	2012 €	2011 €
Changes in inventories of petroleum products	322 531.201	289 709 671
Other direct costs	4 168 549	4 857 562
Depreciation, amortisation and impairment charges (Notes 14 and 15)	3.705 236	3 768 634
Repairs and maintenance	2.494.308	3 015 503
Operating lease payments	4 099 985	3 989 776
Insurance	156 978	78 666
Trade receivables - impairment charge for receivables (Note 18)	688 552	567 545
Staff costs (Note 8)	4 806.210	5 178 543
Marketing	389.219	301 222
Other expenses	497 360	292 396
Auditors' remuneration	75.020	72 991
Trade receivables written off	12.633	-
Bank commissions	144.026	154 142
Indirect taxes	207.223	250 977
Training expenses	71.868	69 786
Travelling expenses	283.975	291 219
Utilities	150.152	103 484
Telecommunications expenses	111 023	92 444
Consultancy and services expenses	942 365	942 028
Freight costs	<u>2 851 159</u>	<u>2 908 087</u>
Total cost of goods sold, distribution costs, administrative expenses and other expenses	<u>348 387.042</u>	<u>316 644 676</u>

The Consultancy and services expenses stated above include fees of €1 600 (2011 €6 500) for other non-assurance services charged by the Company's statutory audit firm

8 Staff costs

	2012 €	2011 €
Wages and salaries	3 664.064	4 061 407
Cyprus Government social insurance costs	386.044	388 421
Defined benefit pension schemes (Note 24)	491 719	412 944
Stakeholder pension scheme	137.405	134 105
Other	<u>126.978</u>	<u>181.666</u>
	<u>4.806.210</u>	<u>5 178 543</u>

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

By activity

	2012	2011
Distribution	20	20
Administration	36	36

Hellenic Petroleum Cyprus Limited

9 Directors' emoluments

	2012 €	2011 €
Aggregate emoluments	512,660	470,836
Company contributions to money purchase pension schemes	<u>14,197</u>	<u>13,632</u>
	<u>526,857</u>	<u>484,468</u>
Highest paid director		
Wages and salaries	184,951	178,377
Accrued benefits under the defined benefit scheme	<u>144,074</u>	<u>51,373</u>

Retirement benefits are accruing for two (2011: two) directors under a defined benefit scheme

10 Finance income

	2012 €	2011 €
Interest income		
Bank balances	<u>(14,371)</u>	<u>(1,291)</u>
	<u>(14,371)</u>	<u>(1,291)</u>

11 Income tax expense

	2012 €	2011 €
Current tax		
United Kingdom		
Corporation tax at 24.5% (2011: 26.5%)	-	3,563,365
Adjustments in respect of prior years	3,562	13,457
Double taxation relief	<u>-</u>	<u>(1,255,422)</u>
	<u>3,562</u>	<u>2,321,400</u>
Foreign tax		
Corporation tax	1,157,342	1,255,422
Adjustments in respect of prior years	<u>-</u>	<u>(3,651)</u>
	<u>1,157,342</u>	<u>1,251,771</u>
Total Current Tax	<u>1,160,904</u>	<u>3,573,171</u>
Deferred tax		
Origination and reversal of temporary differences	(7,576)	(2,397,014)
Adjustments in respect of prior years	<u>-</u>	<u>(2,421)</u>
Total deferred tax (Note 22)	<u>(7,576)</u>	<u>(2,399,435)</u>
Income tax expense	<u>1,153,328</u>	<u>1,173,736</u>

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11 Income tax expense (continued)

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rate as follows

	2012 €	2011 €
Profit before tax	<u>11,267,626</u>	<u>12,555,076</u>
Tax calculated at the standard rate of corporation tax in Cyprus of 10% (2011: UK corporation tax 26.5%) (1)	1,126,763	3,327,095
Tax effect of expenses not deductible for tax purposes	30,579	384,638
Tax effect of rate change	-	(44,462)
Adjustments in respect of prior years	3,562	7,385
Elimination of UK deferred tax liability due to Foreign Branch Profit Election (Note 22)	-	(2,500,920)
Deferred tax	<u>(7,576)</u>	<u>-</u>
Income tax charge	<u>1,153,328</u>	<u>1,173,736</u>

(1) Effective from 1 January 2012, the Company has adopted the Foreign Branch Profit Election for UK tax purposes. From 2012 the Company was exempted for the relevant profits attributable to the Cyprus branch from taxation in the UK. As a result the Company is subject only to Cyprus corporation tax on taxable profits at the rate of 10%.

The UK tax rate has changed from 26% to 24% from 1 April 2012 as per the March 2012 UK Budget Statement.

From 1 January 2009 onwards, under certain conditions, interest may be exempt from income tax and be subject only to special contribution for defence at the rate of 10%, increased to 15% as from 31 August 2011.

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

12 Financial Instruments by category

	Loans and receivables €
31 December 2011	
Assets as per balance sheet	
Trade and other receivables (excluding prepayments)	36,838,013
Cash and cash equivalents	<u>15,863,289</u>
Total	<u>52,702,202</u>
	Other financial liabilities €
Liabilities as per balance sheet	
Borrowings	18,784,650
Trade and other payables	<u>24,122,842</u>
Total	<u>42,907,692</u>

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12 Financial instruments by category (continued)

	Loans and receivables €
31 December 2012	
Assets as per balance sheet	
Trade and other receivables (excluding prepayments)	35 999 077
Cash and cash equivalents	<u>14 180 897</u>
Total	<u>50 179 974</u>
	Other financial liabilities €
Liabilities as per balance sheet	
Borrowings	12 968 693
Trade and other payables	<u>26 561 390</u>
Total	<u>39,530 083</u>

13 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates

	2012 €	2011 €
Trade receivables		
Counterparties without external credit rating		
Group 1	164 997	1 947 734
Group 2	<u>33 317,204</u>	<u>32 602 626</u>
	<u>33 482 201</u>	<u>34 550 360</u>
Fully performing other receivables		
Group 3	<u>2 516,876</u>	<u>2,288 553</u>
	2012 €	2011 €
Cash at bank and short-term bank deposits⁽¹⁾		
B2	-	3 852 648
B3	659	1 043
Caa1	4 939 314	-
Caa2	<u>1 019</u>	<u>-</u>
	<u>4 940 992</u>	<u>3 853 691</u>

⁽¹⁾ The rest of the balance sheet item 'cash and cash equivalents' is cash in hand

As at 31 December 2012 the 'cash and cash equivalents' include an amount of €9 234 210 which represents cheques received in December 2012 but not deposited to the bank. These cheques were deposited in January 2013

As at 31 December 2011 the 'cash and cash equivalents' include an amount of €12 006 959 which represents cheques received in December 2011 but not deposited to the bank. These cheques were deposited in January 2012

Group 1 – new customers and related parties (less than 6 months)

Group 2 – existing customers and related parties (more than 6 months) with no defaults in the past

Group 3 – other receivables

None of the financial assets that are fully performing has been renegotiated in the last year

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13 Credit quality of financial assets (continued)

None of the loans and receivables from related parties is past due but not impaired

14 Property, plant and equipment

	Land and buildings €	Plant and machinery €	Furniture, fixtures and office equipment €	Motor vehicles €	Total €
At 1 January 2011					
Cost	21 621 516	40 507 812	760 600	2 058 729	64 948 657
Accumulated depreciation	(5 048 292)	(22 945 573)	(302 753)	(896 005)	(29 192 623)
Net book amount	<u>16 573 224</u>	<u>17 562 239</u>	<u>457 847</u>	<u>1 162 724</u>	<u>35 756 034</u>
Year ended 31 December 2011					
Opening net book amount	16 573 224	17 562 239	457 847	1 162 724	35 756 034
Additions	382 485	1 166 185	65 706	57 254	1 671 630
Depreciation charge (Note 7)	(420 843)	(2 911 821)	(52 260)	(367 472)	(3 752 396)
Closing net book amount	<u>16 534 866</u>	<u>15 816 603</u>	<u>471 293</u>	<u>852 506</u>	<u>33 675 268</u>
At 31 December 2011					
Cost	22 004 001	41 493 449	822 889	2 115 983	66 436 322
Accumulated depreciation	(5 469 135)	(25 676 846)	(351 596)	(1 263 477)	(32 761 054)
Net book amount	<u>16 534 866</u>	<u>15 816 603</u>	<u>471 293</u>	<u>852 506</u>	<u>33 675 268</u>
Year ended 31 December 2012					
Opening net book amount	16 534 866	15 816 603	471 293	852 506	33 675 268
Additions	181 605	869 937	-	163 650	1 215 192
Disposals	-	(12 370)	-	(8 011)	(21 381)
Depreciation charge (Note 7)	(432 661)	(2 836 938)	(60 467)	(366 677)	(3 696 743)
Closing net book amount	<u>16 283 810</u>	<u>13 837 232</u>	<u>410 826</u>	<u>640 468</u>	<u>31 172 336</u>
At 31 December 2012					
Cost	22 185 606	42 301 102	822 889	2 257 302	67 566 899
Accumulated depreciation	(5 901 796)	(28 463 870)	(412 063)	(1 616 834)	(36 394 563)
Net book amount	<u>16 283 810</u>	<u>13 837 232</u>	<u>410 826</u>	<u>640 468</u>	<u>31 172 336</u>

In the cash flow statement, proceeds from sale of property, plant and equipment comprise

	2012 €	2011 €
Net book amount	21,381	-
Profit on sale of property, plant and equipment	<u>305</u>	-
Proceeds from sale of property, plant and equipment	<u>21,686</u>	-

Hellenic Petroleum Cyprus Limited

15 Intangible assets

	Goodwill €	Computer software €	Total €
At 1 January 2011			
Cost	-	1 218 941	1 218 941
Accumulated amortisation and impairment	-	(1 192 273)	(1 192 273)
Net book amount	-	26 668	26 668
Year ended 31 December 2011			
Opening net book amount	-	26 668	26 668
Additions	128 145	4 200	132 345
Disposals	(22 000)	-	(22 000)
Amortisation charge (Note 7)	-	(16 238)	(16 238)
Closing net book amount	106 145	14 630	120 775
At 31 December 2011			
Cost	106 145	1 223 141	1 329 286
Accumulated amortisation and impairment	-	(1 208 511)	(1 208 511)
Net book amount	106 145	14 630	120 775
Year ended 31 December 2012			
Opening net book amount	106 145	14 630	120 775
Additions	-	-	-
Amortisation charge (Note 7)	-	(8 493)	(8 493)
Closing net book amount	106 145	6 137	112 282
At 31 December 2012			
Cost	106 145	1 221 119	1 327 264
Accumulated amortisation and impairment	-	(1 214 982)	(1 214 982)
Net book amount	106 145	6 137	112 282

In October 2011 R A M.Oil Cyprus Limited sold and transferred, absolutely and unconditionally, the Goodwill of the Service Station situated at 11 Pafos Road Limassol Cyprus to the Company in consideration of the sum of €128 145. The Company subsequently disposed €22 000 of this goodwill (representing the rights to use the petrol station until 30/06/2012) to a third party.

16 Investments in subsidiaries

	2012 €	2011 €
At beginning of year	610 586	610 586
At end of year	610 586	610 586

The Company's interest in its subsidiary, which is unlisted, was as follows

Name	Principal activity	Country of incorporation	2012 % of ordinary shares	2011 % of ordinary shares
Superlube Limited	Blending of lubricating oils	Cyprus	65	65

17 Inventories

	2012 €	2011 €
Petroleum Products	15 993 140	15 459 981

Hellenic Petroleum Cyprus Limited

17 Inventories (continued)

The cost of inventories recognised as expense and included in "cost of sales" amounted to €322 531 201 (2011 €289 709 671).

The difference between the carrying value of stocks (the weighted average cost) and their replacement cost is not material

18 Trade and other receivables

	2012 €	2011 €
Trade receivables	34,928,875	33 892 191
Less Provision for impairment of trade receivables	<u>(2 372 929)</u>	<u>(1 684 377)</u>
Trade receivables - net	32,555,946	32 207 814
Receivables from related parties (Note 28(v))	926,255	2 342 546
Other receivables	2 516 876	2 288 553
Prepayments	<u>1 056,532</u>	<u>1 231 143</u>
	<u>37 055,609</u>	<u>38 070,056</u>

The fair values of trade and other receivables approximate their carrying amounts

As of 31 December 2012, trade receivables of €32,555 946 (2011 €32 207 814) were fully performing

Trade receivables that are less than three months past due are not considered impaired. As of 31 December 2012, trade receivables of €9 591,423 (2011 €9,268 178) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2012 €	2011 €
Up to 3 months	4,109 153	3 905 731
3 to 6 months	870 497	1 537 390
Over 6 months	<u>4 611 773</u>	<u>3 825 057</u>
	<u>9 591 423</u>	<u>9 268 178</u>

As of 31 December 2012, trade receivables of €2 372 929 (2011: €1 684 377) were impaired and provided for. The individually impaired receivables mainly relate to wholesalers, which are in an unexpectedly difficult economic situation. It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

	2012 €	2011 €
Over 6 months	<u>2,372,929</u>	<u>1 684,377</u>

Movements on the Company's provision for impairment of trade receivables are as follows:

	2012 €	2011 €
At 1 January	1,684,377	1 116 832
Provision	<u>688 552</u>	<u>567 545</u>
At 31 December	<u>2,372 929</u>	<u>1 684 377</u>

Hellenic Petroleum Cyprus Limited

18 Trade and other receivables (continued)

The other classes within trade and other receivables do not contain impaired nor past due assets

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivable mentioned above. At 31 December 2012, the Company holds bank guarantees of €1,812,301 (2011: €1,250,801) as security.

The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

	2012 €	2011 €
Euro - functional and presentation currency	33,845,425	35,973,785
US Dollar	<u>3,210,184</u>	<u>2,096,271</u>
	<u>37,055,609</u>	<u>38,070,056</u>

19 Cash and cash equivalents

	2012 €	2011 €
Cash at bank and in hand	14,180,897	14,788,606
Short-term bank deposits	<u>-</u>	<u>1,074,683</u>
	<u>14,180,897</u>	<u>15,863,289</u>

The effective interest rate on short term bank deposits was 0% (2011: 1.00%) and these deposits can be withdrawn on demand.

Cash and bank overdrafts include the following for the purposes of the cash flow statement.

	2012 €	2011 €
Cash and cash equivalents	14,180,897	15,863,289
Bank overdrafts (Note 21)	<u>(12,968,693)</u>	<u>(8,784,850)</u>
	<u>1,212,204</u>	<u>7,078,439</u>

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20 Ordinary share capital

	2012			2011		
	Number of shares	STG£	€	Number of shares	STG£	€
Authorised						
Shares of STG£10 each	<u>443 345</u>	<u>4 433 450</u>		<u>443 345</u>	<u>4 433 450</u>	
Issued and fully paid						
Shares of STG£10 each	<u>443 345</u>	<u>4 433 450</u>	<u>6 284 140</u>	<u>443 345</u>	<u>4 433 450</u>	<u>6 284 140</u>

The total authorised number of ordinary shares is 443 345 shares (2011 443 345 shares) with a par value of GB£10 per share. All issued shares are fully paid (Exchange rate of STG£/€ 1.42)

21 Borrowings

	2012 €	2011 €
Current		
Bank overdrafts (Note 19)	12,968,693	8,784,850
Loans from related parties (Note 28(vi))	-	10,000,000
	<u>12,968,693</u>	<u>18,784,850</u>

The weighted average effective interest rates at the balance sheet date were as follows

	2012 %	2011 %
Bank overdrafts	6.07	11.72
Bank borrowings	-	6.5
Borrowings from related parties (Note 28(vi))	3.32	2.67

The Company's bank overdrafts are arranged at both fixed and floating rates

	2012 €	2011 €
6 months or less	<u>12,968,693</u>	<u>18,784,850</u>

The Company has the following undrawn borrowing facilities

	2012 €	2011 €
Floating rate		
Expiring beyond one year	<u>9,031,307</u>	<u>98,215,150</u>

The facilities expiring within one year are annual facilities subject to review at various dates during 2013.

The carrying amounts of bank overdrafts and short-term bank loans approximate their fair value

The carrying amounts of the Company's borrowings are denominated in the following currencies

	2012 €	2011 €
Euro - functional and presentation currency	<u>12,968,693</u>	<u>18,784,850</u>

Hellenic Petroleum Cyprus Limited

22 Deferred tax assets and liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority

The amounts included in the balance sheet include the following

	2012 €	2011 €
Deferred income tax liabilities		
- Deferred tax liabilities to be settled after more than twelve months	<u>296 830</u>	<u>304 406</u>
	2012 €	2011 €
At beginning of year	304,406	2,703 841
Charge / (credit) included in profit or loss (Note 11)	<u>(7,576)</u>	<u>(2 399 435)</u>
At end of year	<u>296 830</u>	<u>304 406</u>

The movement on the deferred tax account is as follows

Deferred tax liabilities

	Difference between depreciation and capital allowances €	Pensions €	Total €
At 1 January 2011	2 855 447	(151 606)	2 703 841
Charged/(credited) to Statement of comprehensive income (Note 11)	<u>(2 551 041)</u>	<u>151 606</u>	<u>(2 399 435)</u>
At 1 January 2012	304 406		304 406
Charged/(credited) to Statement of comprehensive income (Note 11)	<u>(7 576)</u>	-	<u>(7 576)</u>
At 31 December 2012	<u>296 830</u>	-	<u>296 830</u>

In the past, the deferred tax asset/liability has been recognised on the temporary differences arising under UK tax rules at the UK tax rate, as these have generally been higher than the temporary differences under Cyprus tax rules. However, as a result of the Company making the Foreign Branch Profit Election, from 1 January 2012, for UK tax purposes, the assets are deemed to be used for non qualifying activities from 1 January 2012, and as such are considered to be ineligible for capital allowance purposes. Therefore, although there are temporary differences, the reversal of those temporary differences will not be taxed in the UK and therefore the deferred tax asset/liability on those temporary differences have been measured under Cyprus tax rules.

23 Pension liabilities

	2012 €	2011 €
Pension liabilities (Note 24)	<u>482 334</u>	<u>507 758</u>

Hellenic Petroleum Cyprus Limited

24 Actuarial valuation of the defined benefit retirement plans

The Company has elected to recognise actuarial gains and losses through the income statement using the corridor approach. The estimated future benefit payments from the Plan are projected using the adopted assumptions stated below. By discounting these payments back to any given valuation date, the amount required at the given valuation date to meet these future benefit payments was estimated. This amount is called the present value (cost) of employees' benefits.

Under IAS 19, this cost must be recognised in a systematic manner over the employees' working lives. A valuation method must be chosen to attribute the cost between that arising from service up to the valuation date (past service) and that arising from service after the valuation date (future service).

The present value of a defined benefit obligation (DBO) is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods. The defined benefit obligation is calculated annually by independent actuaries.

The method chosen in this case is the Projected Unit Credit method because this is the only acceptable method under the revised IAS 19.

Actuarial gains and losses arising from experience adjustment and changes in actuarial assumptions in excess of the greater of 10% of the fair value of plan assets or 10% of the present value of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

	2012 €	2011 €
Present value of obligations	8 198 821	8 633 526
Fair value of plan assets	(5 913 913)	(6 020 330)
Unrecognised net loss	<u>(1 802 574)</u>	<u>(2 105 438)</u>
Net Liability in Balance Sheet (Note 23)	<u>482 334</u>	<u>507 758</u>
Components of Profit & Loss Charge		
Service cost	357 483	334 619
Interest cost	392 029	384 654
Expected Return on plan Assets	(347 304)	(361 800)
Amortisation of Unrecognised Net Loss	<u>89 511</u>	<u>55 471</u>
Total profit and loss charge (Note 8)	<u>491 719</u>	<u>412 944</u>
Movement in Net Liability in Balance Sheet		
Net Liability in Balance Sheet at the beginning of the period	507 758	561 500
Actual Contributions paid by the Company	(517 143)	(466 686)
Total expense recognised in the statement of comprehensive income	<u>491 719</u>	<u>412 944</u>
Net Liability in Balance Sheet	<u>482 334</u>	<u>507 758</u>
Movement in Unrecognised net loss		
Unrecognised net Loss at the beginning of the period	(2 105 438)	(1 645 032)
Gains / (Losses) arising during the period	213 353	(515 877)
Gains amortised during the period	<u>89 511</u>	<u>55 471</u>
Unrecognised net Loss at the end of the period	<u>(1 802 574)</u>	<u>(2 105 438)</u>

Hellenic Petroleum Cyprus Limited

24 Actuarial valuation of the defined benefit retirement plans (continued)

Unrecognised Losses to be amortised		
Maximum of the Value of Assets or the DBO	<u>8 198 821</u>	<u>8 633 526</u>
10% corridor	819,882	863 353
Unrecognised net loss at the end of the period	<u>(1 802 574)</u>	<u>(2 105 438)</u>
Unrecognised net Loss outside the corridor	<u>(982 692)</u>	<u>(1 242 086)</u>
Average future working life	13,51	13,88
Amount to be amortised in next year's Statement of Comprehensive Income	<u>(72 723)</u>	<u>(89 511)</u>
Reconciliation of benefit obligation		
DBO at start of period	8 633 526	8 216 925
Service cost	357,483	334 619
Interest Cost	392,029	384 654
Benefits paid from the Fund	(819 753)	(239 783)
Actuarial Gain	<u>(364 464)</u>	<u>(62 889)</u>
DBO at end of period	<u>8,198 821</u>	<u>8,633 526</u>
Reconciliation of plan assets		
Market value at start of period	6 020 330	6 010 393
Expected return	347 304	361 800
Company contributions	517 143	466 686
Fund Benefits	(819 753)	(239 783)
Asset Loss	<u>(151 111)</u>	<u>(578 766)</u>
Fair value of plan assets at end of period	<u>5,913 913</u>	<u>6 020 330</u>

Additional disclosure requirements of the previous annual periods, 2010 and 2009

	2010	2009
	€	€
Present value of obligations	8 216 925	8 465 034
Fair value of plan assets	<u>(6 010,393)</u>	<u>(7 207 058)</u>
Deficit in the plan	<u>2,206 532</u>	<u>1 257,976</u>

At 31 December

	2012	2011	2010	2009
	%	%	%	%
Experience adjustments on plan liabilities	2,7	(2,6)	(1,4)	(0,7)
Experience adjustments on plan assets	2,6	(9,6)	(11,8)	3,3

At 31 December 2008 the experience adjustments on plan liabilities were 5,5% and the experience adjustments on plan assets were (24,5)%

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24 Actuarial valuation of the defined benefit retirement plans (continued)

The actual gain on plan assets was €196 193 (2011: loss of €216 506).

Plan assets are comprised as follows

	2012		2011	
	€	%	€	%
Equity instruments	595 460	10	443 317	7
Debt instruments	439 000	7	281 455	5
Cash and cash equivalents	3 215 349	55	3 631 454	60
Property	1 664 104	28	1 664 104	28
	5 913 913	100	6 020 330	100

The plan did not own any of the Company's financial instruments, property or any other assets

Contributions expected to be paid to the plan during the annual period beginning after the balance sheet date amount to €506 375 (2011: €506 375)

Valuation Assumptions

Discount rate

IAS19 requires that the discount rate should reflect the rate at which the liabilities could effectively be settled. It recommends using the rates of return on high quality fixed income investments of the appropriate maturity. In general, we would consider the long and medium term yields on government bonds and AA-rated corporate bonds, depending on the average duration of the liabilities of each plan or country. The yields used as a reference to set the discount rate should be at a duration consistent with the duration of the liabilities.

The yields on the longer term corporate bond indices as at 31 December 2012 and corresponding yields for 31 December 2011 are as follows:

	Annual Yield at 31 December 2012 %	Annual Yield at 31 December 2011 %
Bond Index		
iBoxx € AA 10+ years to maturity	2,69	4,60

An approach consistent with last year would result in a discount rate of 2,69% pa. However as per IAS19 the Company has adopted the Full Yield Curve approach on the projected pension scheme cash flows, and as a result, a weighted average discount rate as at 31 December 2012 of 3,30% p.a. was adopted.

Price Inflation

As a base point for the financial assumptions, we need to establish an assumption for future increases in Cypriot price inflation (CPI). According to the ECB, euro area HICP inflation fell to 2,2% in November 2012, down from 2,5% in October 2012 and from 2,6% in the previous two months. Looking ahead, inflation rates are expected to decline further to below 2% next year. Risks to the outlook for price developments are seen as broadly balanced.

Hellenic Petroleum Cyprus Limited

24 Actuarial valuation of the defined benefit retirement plans (continued)

Pension liabilities are long term in nature and it would be unusual to make ad-hoc adjustments to inflation assumptions based on current economic conditions. Future inflation expectations are priced into the market-related measures that most companies are using and we wouldn't expect a change in the assumptions relative to those measures.

Considering all the above we have retained an assumption of 2,00% pa

Rate of pay increases

Salary growth for the Company's employees comprises three elements, general pay increases, COLA (Cost of living allowance) increases and individual promotional/merit increases.

Given the negative economic outlook for Cyprus, the Company is not expecting any overall salary increases up until 2014. Therefore an assumption of 0,00% p.a has been adopted.

Rate of pension increases

Given the negative economic outlook for Cyprus, the Company is not expecting any pension increases up until 2014. Therefore an assumption of 0,00% p.a has been adopted.

Increase in Insurable Earnings Limit

The limit is assumed to increase at a rate of 1,00% pa above inflation. Therefore, an assumption of 3,00% pa has been adopted.

Supplementary State pension increases

According to the terms of the Memorandum agreed between the Cyprus Government and Troika, increases to the supplementary state pension will be nil until 2016. Therefore an assumption of 0,00% pa has been adopted.

Expected Return on Assets

The plans are funded, and, therefore, under IAS 19, an expected return on asset assumption is required. An expected rate of return for each asset class has been adopted, to reflect the targeted asset allocation (based on the latest Statement of Investment Principles), and market conditions as at 31 December 2012.

The following assumptions have been adopted:

Asset Class	Target Allocation	Expected Return
Bonds	40%	3,30%
Equities	30%	8,00%
Property	20%	6,50%
Cash	10%	3,00%
Total	100%	5,32%

Hellenic Petroleum Cyprus Limited

24 Actuarial valuation of the defined benefit retirement plans (continued)

Mortality after retirement

The following standard mortality tables for mortality have been used

Men EVK 2000 males

Women, EVK 2000 females

It is believed that these tables are a reasonable representation of expected mortality in the Cypriot oil industry. The expected life expectancy at birth is 78,8 and 82,1 years for males and females respectively.

No allowance has been made for mortality before retirement

Withdrawals

No allowance has been made

Retirements

It is assumed that all members will retire at age 60. No allowance for early retirement has been made.

Commutation

Members are assumed to commute the maximum possible, allowing for the provisions of Section 88 (1) of the Cyprus Social Insurance Law 1980. The commutation factor is 15,0.

Financial Assumptions

The table below summarises the main financial assumptions as at the current valuation data as well as those as at the last valuation date for comparison

Assumptions	31 December 2012	31 December 2011
Price Inflation	2,00%	2,00%
Pay increases	0,00%	4,50%
Pension increases	0,00%	2,00%
Discount rate	3,30%	4,60%
Increase in Social Security Ceiling	3,00%	3,00%
Social Security Pension increases	0,00%	2,00%
Weighted-average expected return on plan assets	5,32%	5,84%

Hellenic Petroleum Cyprus Limited

25 Trade and other payables

	2012 €	2011 €
Trade payables	3 869,646	3 073 001
Payables to related parties (Note 28(v))	16 683 242	15 031 869
Payables to shareholders (Note 28(v))	2,000 000	-
Other payables	3 166,124	4 665 649
Accrued expenses	<u>842 378</u>	<u>1 352 323</u>
	<u>26,561,390</u>	<u>24 122,842</u>

The fair value of trade and other payables which are due within one year approximates their carrying amount at the balance sheet date

26 Contingencies

An agreement between the Government of the Republic of Cyprus and the Municipality of Larnaca was signed on 2 February 2001, whereby it was agreed that the oil terminals, which are situated within the Municipality of Larnaca, will be removed from their current location and relocated at a specified site at Vassiliko area and the land will be restored at the current site to its original condition, by the end of 2013-2015. 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.

In addition to the above, the Company has contingent liabilities in respect of bank guarantees arising in the ordinary course of business from which it is anticipated that no material liability will arise. These guarantees amounted to €1 076 014 (2011: €953 930).

27 Commitments

(i) Derivative Financial Instruments

The notional amounts of the outstanding forward foreign exchange contracts at 31 December 2012 were €2 655 315 (2011: €1,770 924). The fair value movement of the derivatives between the date initiated to the balance sheet date were immaterial to be recognised.

(ii) Operating lease commitments – where the Company is the lessee

The Company leases its offices and various petrol stations under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The lease expenditure charged to the income statement during the year is disclosed in Note 7.

Hellenic Petroleum Cyprus Limited

27 Commitments (continued)

(ii) Operating lease commitments – where the Company is the lessee (continued)

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2012 €	2011 €
No later than 1 year	3 755.065	3 736 341
Later than 1 year and no later than 5 years	14 804 671	14 996 074
Later than 5 years	<u>29 369,329</u>	<u>33 383 477</u>
	<u>47 929 065</u>	<u>52,115,892</u>

28 Related party transactions

The immediate parent undertaking is Hellenic Petroleum International A G.

The ultimate parent undertaking of the group of undertakings for which group financial statements are drawn up, and of which the Company is a member, and the ultimate controlling party is Hellenic Petroleum S A which is the smallest and largest group to consolidate these financial statements. Copies of Hellenic Petroleum S A financial statements can be obtained from the Company Secretary at 17 Chlm Ethnikis Odou Athinwn - Korinthou, Aspropyrgos, 19300, Greece.

The following transactions were carried out with related parties.

(i) Sales of goods and services

	2012 €	2011 €
Sales of goods		
Superlube Limited	16 280	19 058
R A M Oil Cyprus Limited	<u>71 238 466</u>	<u>54 942 199</u>
	<u>71 254 746</u>	<u>54 961 257</u>
Sales of services		
Superlube Limited (management services)	81,551	81 081
R A M Oil Cyprus Limited	346,509	346 509
EKO ABEE	-	140 484
	<u>428 060</u>	<u>568,074</u>

All the transactions with related parties are of a trading nature.

(ii) Purchases of goods and services

	2012 €	2011 €
Purchases of goods		
Hellenic Petroleum S A	296 107 935	258 399 635
EKO ELDA A E	662 974	792 710
Superlube Limited	<u>1,253,524</u>	<u>1 356 582</u>
	<u>298,024,433</u>	<u>260,548 927</u>
Purchases of services		
Superlube Limited	178 167	151 511
Helpe Consulting	<u>140 000</u>	<u>140 000</u>
	<u>318 167</u>	<u>291 511</u>

Hellenic Petroleum Cyprus Limited

28 Related party transactions (continued)

(ii) Purchases of goods and services (continued)

All the transactions with related parties are of a trading nature

(iii) Key management personnel compensation

The compensation of key management personnel and the close members of their family is as follows

	2012 €	2011 €
Salaries and other short-term employee benefits	<u>939,760</u>	<u>859,860</u>
	<u>939,760</u>	<u>859,860</u>

(iv) Directors' remuneration

The total remuneration of the Directors (included in key management personnel compensation above) was as follows:

	2012 €	2011 €
Aggregate emoluments	512,660	470,836
Company contributions to money purchase pension schemes	<u>14,197</u>	<u>13,632</u>
	<u>526,857</u>	<u>484,468</u>

(v) Year-end balances

	2012 €	2011 €
Receivables from related parties (Note 18)		
Superlube Limited	1,134	4,876
R A M Oil Cyprus Limited	<u>925,121</u>	<u>2,197,186</u>
EKO ABEE	-	<u>140,484</u>
	<u>926,255</u>	<u>2,342,546</u>
Payables to related parties (Note 25)		
Superlube Limited	304,065	25,475
Hellenic Petroleum S.A.	<u>16,311,049</u>	<u>14,842,846</u>
EKO ELDA A.E.	33,128	163,548
Helpe Consulting	<u>35,000</u>	-
	<u>16,683,242</u>	<u>15,031,869</u>
Payable to shareholders (Note 25)		
Dividend payable (1)	<u>2,000,000</u>	-
	<u>2,000,000</u>	-

The above balances bear no interest and are repayable on demand

(1) The board of Directors declared a dividend of €10,000,000 in respect of the profit for the period from January 2012 until October 2012 of which €8,000,000 were paid on 24 December 2012

Hellenic Petroleum Cyprus Limited

28 Related party transactions (continued)

(vi) Borrowings from related parties

	2012 €	2011 €
Borrowings from parent entity		
At beginning of year	10 000.000	10 000 000
Borrowings repaid during year	<u>(10.000.000)</u>	<u>-</u>
At end of year (Note 21)	<u>-</u>	<u>10 000 000</u>

The above loan was provided by Hellenic Petroleum Finance PLC. The loan was unsecured, carried interest rate at Euribor plus a margin that was determined by the lender and was renewable on a monthly basis

29 Events after the balance sheet date

There were no material events after the balance sheet date, which have a bearing on the understanding of the financial statements