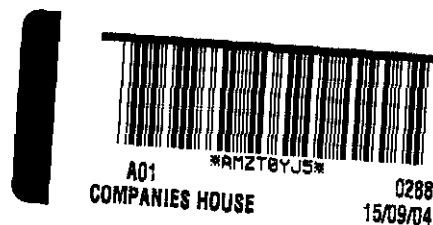


COMPANY NUMBER: 454043

ANNUAL REPORT AND ACCOUNTS

**Hellenic Petroleum Cyprus Limited**  
**(Formerly BP Cyprus Limited)**

DECEMBER 31, 2002



**Hellenic Petroleum Cyprus Limited**  
**(Formerly BP Cyprus Limited)**

---

**ANNUAL REPORT AND ACCOUNTS 2002**

INDEX	PAGE
Report of the directors	1
Statement of directors' responsibilities in respect of the accounts	3
<i>Independent report of the auditors</i>	4
Accounting policies	6
Profit and loss account	9
Statement of total recognised gains and losses	9
Balance sheet	10
Notes to the accounts	11

**Hellenic Petroleum Cyprus Limited**  
**(Formerly BP Cyprus Limited)**

---

**REPORT OF THE DIRECTORS**

**Board of Directors**

Andreas Tzouros  
Sarantos Kyriakopoulos  
Yiannis Gregoriou  
Akis Pegasiou

The directors present their report and the accounts for the year ended 31 December, 2002.

**Principal activity and review of business**

The Company buys, sells and otherwise deals in petroleum products in Cyprus. It is the intention of the directors that this business will continue for the foreseeable future.

On 31 December 2002, under the Share Purchase Agreement between BP p.l.c., Hellenic Petroleum International A.G. and Hellenic Petroleum S.A., the called up share capital of BP Cyprus Limited was sold to Hellenic Petroleum International A.G., a company registered in Austria which is in turn a 100% subsidiary of Hellenic Petroleum S.A., a company registered in Greece.

On the same date, the Company was renamed to Hellenic Petroleum Cyprus Limited.

**Results and dividends**

The profit for the year after taxation of STG£6.692.420, after deducting dividends of STG£3.364.254, when added to retained profit brought forward at 1 January 2002 of STG£7.658.714, (together with exchange adjustments taken directly to reserves of STG£1.012.138), gives a total retained profit carried forward at 31 December 2002 of STG£11.999.018.

**Directors**

The present directors are listed above.

G.A. Petrou, D. Hulf and P.A. Short resigned on 31 December 2002 and on the same day Andreas Tzouros, Sarantos Kyriakopoulos, Yiannis Gregoriou and Akis Pegasiou have been appointed as Directors.

**Directors' interests**

The interests of the directors holding office at 31 December 2002, other than directors of the ultimate parent undertaking, and their families, in the ordinary shares of Hellenic Petroleum S.A. were as set out below:

	<u>31 December 2002</u>
Andreas Tzouros	2.000
Sarantos Kyriakopoulos	2.000
Yiannis Gregoriou	800

No director had any interest in the shares or debentures of subsidiary undertakings of Hellenic Petroleum S.A. at 31 December 2002.

**Hellenic Petroleum Cyprus Limited**  
**(Formerly BP Cyprus Limited)**

---

**REPORT OF THE DIRECTORS**

**Policy with respect to payment of suppliers**

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

The number of days purchases represented by trade creditors at the year-end was 19.

**Auditors**

Ernst & Young LLP resigned as the Company's auditors pursuant to the terms of the Share Purchase Agreement. They were however reappointed by the directors to serve until the conclusion of the next annual general meeting. An electing resolution to reappoint them will be tabled under section 386 Companies Act 1985.

By order of the Board



Andreas Tzouros

Director

29.06.2004

Registered Office  
One Angel Court  
16<sup>th</sup> Floor  
London EC2R 7HJ

**Hellenic Petroleum Cyprus Limited**  
**(Formerly BP Cyprus Limited)**

---

**STATEMENT OF DIRECTORS' RESPONSIBILITIES  
IN RESPECT OF THE ACCOUNTS**

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors confirm that they have complied with these requirements and having a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the accounts.

## **Hellenic Petroleum Cyprus Limited (Formerly BP Cyprus Limited)**

---

### **INDEPENDENT REPORT OF THE AUDITORS**

to the members of Hellenic Petroleum Cyprus Limited (Formerly BP Cyprus Limited)

We have audited the accounts for the year ended 31 December 2002, which comprise Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 21. These accounts have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities, the Company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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

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

#### **Basis of audit opinion**

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


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

**Hellenic Petroleum Cyprus Limited**  
**(Formerly BP Cyprus Limited)**

---

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 31 December 2002 and of the profit of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**Ernst & Young LLP**  
Registered Auditor  
London.

29 Dec 2004

# **Hellenic Petroleum Cyprus Limited**

## **(Formerly BP Cyprus Limited)**

---

### **ACCOUNTING POLICIES**

#### **Accounting Standards**

These accounts are prepared in accordance with applicable UK accounting standards. In preparing the financial statements for the current year, the Company has adopted Financial Reporting Standard No. 19, "Deferred Tax" (FRS 19). The adoption of FRS 19 has resulted in a change in accounting policy for deferred tax but did not have any material effect.

#### **Accounting convention**

The accounts have been prepared in accordance with applicable UK Accounting Standards and the Companies Act 1985.

The accounts have been prepared under the historical cost convention with the exception of tangible fixed assets, which, under the transitional rules of Financial Reporting Standard No. 15 "Tangible Fixed Assets" (FRS 15), are included at their previous valuations. From 2000 it is the Company's policy not to revalue tangible fixed assets. Historical cost accounts show the profits available to shareholders and are the most appropriate basis for presentation of the Company's balance sheet. As the ultimate parent undertaking has published a group cash flow statement in compliance with Financial Reporting Standard No. 1 (Revised), a cash flow statement is not presented in these accounts.

#### **Group accounts**

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

#### **Stock valuation**

Stocks are valued at cost to the Company using the first-in-first-out method, or at net realisable value, whichever is the lower.

#### **Revenue recognition**

Revenues associated with the sale of petroleum products and all other items are recognised when the title passes to the customer.

#### **Foreign currencies**

Assets and liabilities of foreign currency branches are translated into sterling at closing rates of exchange. Income statements are translated at average rates of exchange.

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

All exchange gains or losses on settlement, or translation at closing rates of exchange of monetary assets and liabilities, are included in the determination of profit for the year.



## **Hellenic Petroleum Cyprus Limited (Formerly BP Cyprus Limited)**

---

### **ACCOUNTING POLICIES (Cont.)**

#### **Depreciation**

Tangible assets, other than freehold land, are depreciated on the straight line method over their estimated useful lives. The Company undertakes a review for impairment of a fixed asset if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. To the extent that the carrying amount exceeds the recoverable amount, that is, the higher of net realisable value and value in use, the fixed asset is written down to its recoverable amount. The value in use is determined from estimated discounted future net cash flows.

#### **Maintenance expenditure**

Expenditure on major maintenance, refits or repairs is capitalised where it enhances the performance of an asset above its originally assessed standard of performance; replaces an asset or part of an asset which was separately depreciated and which is then written off; or restores the economic benefits of an asset which has been fully depreciated. All other maintenance expenditure is charged to income as incurred.

#### **Environmental liabilities**

Environmental expenditures that relate to current or future revenues are expensed or capitalised as appropriate. Expenditures that relate to an existing condition caused by past operations and that do not contribute to current or future earnings are expensed.

Liabilities for environmental costs are recognised when environmental assessments or clean-ups are probable and the associated costs can be reasonably estimated. Generally, the timing of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites. The amount recognised is the best estimate of the expenditure required.

Where the liability will not be settled for a couple of years, the amount recognised is the present value of the estimated future expenditure.

#### **Leases**

Rentals under operating leases are charged against income as incurred.

#### **Pensions and other retirement benefits**

Pension costs represent the contributions made to The Employees' Pension Fund. In accordance with Statement of Standard Accounting Practice No. 24 "Accounting for pension costs", the cost of providing pensions is charged to income on a systematic basis, with pension surpluses and deficits amortised over the average expected remaining service lives of current employees. The difference between the amounts charged to income and contributions made to the pension plan is included within pension provisions or debtors as appropriate. The amounts accrued for other post-retirement benefits and unfunded pension liabilities are included within other provisions.

**Hellenic Petroleum Cyprus Limited**  
**(Formerly BP Cyprus Limited)**

---

**ACCOUNTING POLICIES (Cont.)**

**Deferred tax**

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less, tax with the following exceptions:

- Provision is made for tax on gains arising from the revaluation of fixed assets, and gains on disposals of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates enacted or substantively enacted at the balance sheet date.

**Hellenic Petroleum Cyprus Limited**  
**(Formerly BP Cyprus Limited)**

**PROFIT AND LOSS ACCOUNT**  
**for the year ended 31 December, 2002**  
**(in Sterling Pounds)**

	Note	2002 STG£	2001 STG£
Turnover	1	116.303.541	108.818.676
Cost of sales		(95.941.018)	(93.849.165)
Gross profit		20.362.523	14.969.511
Distribution and marketing expenses		(14.145.449)	(10.525.240)
Other income	3	6.217.074 214.527	4.444.271 233.787
Operating profit		6.431.601	4.678.058
Profit on disposal of fixed assets	4	3.353.577	-
Profit on ordinary activities before interest and tax		9.785.178	4.678.058
Interest payable and similar charges	5	(122.092)	(226.732)
Profit before taxation		9.663.086	4.451.326
Taxation	6	(2.970.666)	(1.576.737)
Profit for the year		6.692.420	2.874.589
Distribution to shareholders		(3.364.254)	(3.195.000)
Retained profit /(loss) for the year		3.328.166	(320.411)

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**for the year ended 31 December, 2002**

	2002 STG£	2001 STG£
Profit for the year	6.692.420	2.874.589
Currency translation differences	1.012.138	29.382
Total recognised gains and losses for the year	7.704.558	2.903.971

The profit for the year is not materially different from the result on an unmodified historical cost basis.

**Hellenic Petroleum Cyprus Limited**  
**(Formerly BP Cyprus Limited)**

**BALANCE SHEET**  
**at 31 December, 2002**  
**(in Sterling Pounds)**

	Note	2002 STG£	2001 STG£
<b>Fixed assets</b>			
Tangible assets	8	10.428.024	10.853.894
Investments	9	406.091	380.170
		<u>10.834.115</u>	<u>11.234.064</u>
<b>Current assets</b>			
Stocks	10	5.195.076	6.005.930
Debtors	11	7.669.594	8.716.909
Cash at bank and in hand		7.354.818	5.818.530
		<u>20.219.488</u>	<u>20.541.369</u>
<b>Creditors - amounts falling due within one year</b>	12	<u>(13.585.015)</u>	<u>(18.669.184)</u>
<b>Net current assets</b>		<u>6.634.473</u>	<u>1.872.185</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>17.468.588</u>	<u>13.106.249</u>
Overseas deferred tax asset	6	114.744	136.779
<b>SHAREHOLDERS' INTEREST</b>		<u>17.583.332</u>	<u>13.243.028</u>
<b>Represented by</b>			
<b>Capital and reserves</b>			
Called up share capital	14	4.433.450	4.433.450
Revaluation Reserve	15	219.420	219.420
Other Reserves		931.444	931.444
Profit and loss account		11.999.018	7.658.714
<b>SHAREHOLDERS' FUNDS - EQUITY INTERESTS</b>	15	<u>17.583.332</u>	<u>13.243.028</u>

  
A. Tzouros  
Director

29.06.2004

**Hellenic Petroleum Cyprus Limited**  
**(Formerly BP Cyprus Limited)**

**NOTES TO THE ACCOUNTS**

**at 31 December, 2002**

**(in Sterling Pounds)**

**1. Turnover**

Turnover, which is stated net of value added tax and associated petroleum revenue duties and taxes, comprises amounts invoiced to third parties, all of which falls within the European geographic area.

Included in turnover are provisions made by the Company for any under / over recovery of profits made by the Company that is recoverable / refundable through the Price Negotiations Balance Sheet adjustment (PNBS) mechanism operated by the government for the oil industry in Cyprus.

Turnover is attributable to one continuing activity, the purchasing and selling of petroleum products.

**2. Operating profit**

This is stated after charging:

	2002 STG£	2001 STG£
Operating lease rentals:		
Land and buildings	1,099,286	667,676
Plant and machinery	7,935	1,055
Depreciation of owned fixed assets	1,028,032	757,126
Auditors' remuneration:		
Audit fees – current fees	23,913	19,892

Included in marketing and distribution expenses are compensation and redundancy payments made by the Company during the year, as detailed in note 7.

Included in marketing and distribution expenses of 2001, was an amount of STG£1,159,140 representing costs incurred by the Company during that year in relation to the Partnership dissolution (note 20). These included costs for re-branding retail stations acquired from Mobil Oil Cyprus Ltd, offices relocation and other related legal and professional costs.

**3. Other income**

	2002 STG£	2001 STG£
Income from parent and fellow subsidiary undertakings	97,191	158,770
Bank interest	38,116	40,534
Income from Mobil Oil Cyprus Ltd	-	34,483
Other interest (on tax overpaid)	79,220	-
	<u>214,527</u>	<u>233,787</u>

**Hellenic Petroleum Cyprus Limited**  
**(Formerly BP Cyprus Limited)**

**NOTES TO THE ACCOUNTS**  
**at 31 December, 2002**  
**(in Sterling Pounds)**

**4. Exceptional items**

Exceptional items comprise profit on disposal of fixed assets.

	2002 STG£	2001 STG£
Profit on disposal of fixed assets	3,353,577	-
Taxation charge	(139,566)	-
Exceptional items net of tax	<u>3,214,011</u>	<u>-</u>

The profit on sale of fixed assets arose due to the disposal of eight service stations. See note 20, dissolution of partnership and mandatory divestment.

**5. Interest payable and similar charges**

	2002 STG£	2001 STG£
Bank loans and overdrafts	33,201	87,323
Other loans	85,268	130,229
Other interest	3,623	9,180
	<u>122,092</u>	<u>226,732</u>

**6. Taxation**

**(a) United Kingdom Taxation**

Until 31 December 2002 the company was a member of the BP Group of companies, for the purposes of relief under Section 402 of the Income & Corporation Taxes Act 1988. On this basis, no corporation tax was provided because another member of the BP group, BP International Limited had undertaken procure the claim or surrender of free group relief to the extent it is required and to provide for any current tax that arising. Following the company's departure from the BP group the undertaking from BP International Limited ceased to apply. As such, the company has now provided for deferred tax in respect of UK corporation tax resulting in a prior year adjustment.

**(b) Current year tax charge**

	2002 STG£	2001 STG£
Current taxation:		
Tax on income for the year	2,315,165	1,885,894
Adjustment in respect of previous periods	(131,027)	89,286
	<u>2,184,138</u>	<u>1,975,180</u>
Deferred taxation:		
Origination and reversal of timing differences	889,299	(398,443)
Effect of change in tax rates	(2,963)	-
Prior year adjustment (see above)	(99,808)	-
	<u>786,528</u>	<u>(398,443)</u>

**Hellenic Petroleum Cyprus Limited**  
**(Formerly BP Cyprus Limited)**

Tax on profit on ordinary activities

2.970.666

1.576.737

**Hellenic Petroleum Cyprus Limited**  
**(Formerly BP Cyprus Limited)**

**NOTES TO THE ACCOUNTS**

**at 31 December, 2002**

**(in Sterling Pounds)**

**6. Taxation (continued)**

The following table provides a reconciliation of the statutory corporation tax rate to the effective current tax rate on profit before taxation.

	2002 %	2001 %
Statutory corporation tax rate:	30	30
Increase/(decrease) resulting from:		
Lower Rate of Overseas Tax	(2)	(2)
Timing differences	3	(4)
Permanent differences	(7)	19
Prior period adjustments	(1)	2
Group relief	(1)	(1)
Capital gains	1	
Effective current tax rate	23	44

Deferred taxation has been provided in the accounts comprising tax on timing differences as follows:

	2002 STG£	2001 STG£
<i>Analysis of movements during the year:</i>		
At 1 January	(136.779)	260.194
Exchange adjustments	(9.326)	(2.769)
Accelerated capital allowances	815.125	74.659
Price Negotiations Balance Sheet adjustment	160.899	(468.863)
Provision for pension contributions	(85.227)	-
Effect of change in tax rates	(3.097)	-
Prior year adjustment	(99.808)	
Balance at 31 December	641.787	(136.779)
<i>Analysis of provisions:</i>		
Accelerated capital allowances	727.014	13.850
Price Negotiations Balance Sheet adjustment	-	(150.629)
Provision for pension contributions	(85.227)	-
	641.787	(136.779)



**Hellenic Petroleum Cyprus Limited**  
**(Formerly BP Cyprus Limited)**

**NOTES TO THE ACCOUNTS**

**at 31 December, 2002**

**(in Sterling Pounds)**

**6. Taxation (continued)**

No provision has been made for deferred tax on gains recognised on the revaluation gain on tangible assets. Such tax would become payable only if the assets were sold. The Company estimates that the amount of such tax is currently STG£NIL. In accordance with the company's accounting policy for deferred tax no asset has been recognised for any revaluation gains on intangible fixed assets.

**7. Directors and employees**

	2002 STG£	2001 STG£
(a) Remuneration of directors:		
Total paid in respect of one director with an overseas service contract:		
Total earnings for year	220.030	104.297
Compensation for loss of office	597.826	-
	<u>817.856</u>	<u>104.297</u>

The remaining directors received no fees or remuneration for services as directors of the Company during the financial year (2001: STG£NIL).

**(b) Employee costs:**

	2002 STG£	2001 STG£
Wages and salaries	2.742.930	2.039.998
Social security costs	212.985	182.113
Pensions and other retirement benefit costs:		
- to local employees	74.885	65.915
- to employees seconded overseas	3.091	3.751
- additional funding contribution by the Company (note 18)	543.478	-
Other benefits and contributions	319.966	85.441
Compensations and redundancies	994.239	252.257
	<u>4.891.574</u>	<u>2.629.475</u>

***Employee share scheme***

BP offered most of its employees the opportunity to acquire a shareholding in BP p.l.c. through the BP ShareMatch Plan. The Company matched employees' own contributions of shares, up to a predetermined limit. The Company's matching contributions during the year were STG£31.086 (2001: STG£33.156) and are included in other benefits and contributions above. Following the change in the Company's ownership, this scheme has been terminated as from 1 January 2003. All shares attributable to the Company's employees were sold in 2003.

**Hellenic Petroleum Cyprus Limited**  
**(Formerly BP Cyprus Limited)**

**NOTES TO THE ACCOUNTS**

**at 31 December, 2002**

**(in Sterling Pounds)**

**7. Directors and employees (continued)**

*Compensations and redundancies*

These relate to payments made by the Company to one director, one member of management and two other employees made redundant during the year.

Payments to the director and the member of management totalling STG£808.152 were ex-gratia as compensation for loss of office. Payments to the two other employees totalling STG£186.087 were made as part of the Employee Collective Agreement.

Payments in 2001 related to payments made by the Company to employees made redundant pursuant to the dissolution of the Partnership with Mobil Oil Cyprus Ltd and following a rationalisation of procedures.

(c)	Average number of employees during the year (all non-UK):	2002	2001
	Marketing and distribution	55	58

On 1 December 2002, 21 employees were transferred to BP Eastern Mediterranean Limited (note 21).

**8. Tangible assets**

	Freehold Land & Buildings STG£	Buildings on Leasehold Land STG£	Fixtures & Fittings STG£	Plant & Machinery STG£	Total STG£	of which: Assets under construction STG£
<b>Cost</b>						
At 1 January 2002	3,727,140	2,822,778	146,286	13,635,371	20,331,575	288,969
Exchange adjustments	254,123	192,463	9,974	929,685	1,386,245	19,703
Additions	21,288	101,270	-	1,533,757	1,656,315	69,209
Disposals	-	(228,857)	-	(692,483)	(921,340)	-
Transfers to fellow subsidiary	-	(121,428)	(2,285)	(3,239,448)	(3,363,161)	(298,444)
Write offs	-	-	-	(40,890)	(40,890)	-
At 31 December 2002	4,002,551	2,766,226	153,975	12,125,992	19,048,744	79,437
<b>Depreciation</b>						
At 1 January 2002	336,053	1,994,840	138,797	7,007,991	9,477,681	-
Exchange adjustments	24,275	139,665	9,728	519,267	692,935	-
Charge for the year	29,967	80,357	5,822	911,886	1,028,032	-
Disposals	-	(158,292)	-	(362,258)	(520,550)	-
Transfers to fellow subsidiary	-	(98,661)	(2,285)	(1,955,397)	(2,056,343)	-
Write offs	-	-	-	(1,035)	(1,035)	-
At 31 December 2002	390,295	1,957,909	152,062	6,120,454	8,620,720	-
<b>Net book amount</b>						
At 31 December 2002	3,612,256	808,317	1,913	6,005,538	10,428,024	79,437
At 31 December 2001	3,391,087	827,938	7,489	6,627,380	10,853,894	288,969
Principal rates						

**Hellenic Petroleum Cyprus Limited**  
**(Formerly BP Cyprus Limited)**

---

of depreciation:

5%

2½ % - 10%

15%

5%-20%

**Hellenic Petroleum Cyprus Limited**  
**(Formerly BP Cyprus Limited)**

**NOTES TO THE ACCOUNTS**

**at 31 December, 2002**

**(in Sterling Pounds)**

**8. Tangible assets (continued)**

On implementation of FRS 15 in 2000, the Company did not adopt a policy of revaluation. Under the transitional provisions of FRS 15, the Company retained the carrying amounts of tangible fixed assets which reflect previous revaluations.

The last revaluation of all fixed assets other than those in territories occupied by Turkish forces was carried out as at 1 January, 1987. Land was revalued by an independent professional valuer and other fixed assets by the Company by using appropriate cost indices.

Had no revaluation taken place the comparative historical cost position of total assets as at 31 December, 2002 would have been as follows :

	Carrying Amount STG£	Historical Cost STG£
Cost	19,048,744	17,201,514
Depreciation	(8,620,720)	(8,811,405)
Net book amount	10,428,024	8,390,109

Included in tangible assets above:

- (a) land which is not depreciated of STG£3,245,370 at 31 December 2002 (2001: STG£3,038,219)
- (b) freehold land, buildings and other assets which are in territories occupied by Turkish forces following the invasion of Cyprus in July, 1974.

The ultimate effect of occupation on the value of these assets is unknown.

	Cost STG£	Depreciation STG£	Net STG£
At 31 December 2002	270,583	264,985	5,598
At 31 December 2001	274,064	268,823	5,241

**Hellenic Petroleum Cyprus Limited**  
**(Formerly BP Cyprus Limited)**

**NOTES TO THE ACCOUNTS**  
**at 31 December, 2002**  
**(in Sterling Pounds)**

**9. Fixed assets – investment in subsidiary undertaking shares**

		2002 STG£	200 STC
At cost	380.170	384.258	
Exchange adjustments	25.921	(4.088)	
	406.091	<u>380.170</u>	

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

		% of Ordinary Shares	Country of Incorporation	Prin Acti
Superlube Ltd	65	Cyprus	Blending of	lubr

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

**10. Stocks**

		2002 STG£	200 STC
Petroleum	5.195.076	5.993.929	
Stores	-	12.001	
		<u>5.195.076</u>	<u>6.00</u>

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

**11. Debtors**

		2002 STG£	200 STC
Trade	5.465.011	7.642.231	
Parent and fellow subsidiary undertakings	220.620	-	
Joint venture current account	-	116.360	
Prepayments and accrued income	442.915	341.405	
Other	1.541.048	616.913	
		<u>7.669.594</u>	<u>8.71</u>

**Hellenic Petroleum Cyprus Limited**  
**(Formerly BP Cyprus Limited)**

**NOTES TO THE ACCOUNTS**  
**at 31 December, 2002**  
**(in Sterling Pounds)**

**12. Creditors : amounts falling due within one year**

		2002 STG£	200 STC
Trade	4.806.693	6.022.273	
Subsidiary undertaking	11.430	236.273	
Hellenic Petroleum S.A.	353.517	-	
Parent and fellow subsidiary undertakings	-	6.410.019	
Bank loan and overdrafts	1.248.332	10.237	
Other loans	2.306.600	2.479.931	
Accruals and deferred income	1.112.335	1.030.897	
Overseas taxation on profits	855.715	84.856	
UK deferred tax liability	756.531	-	
Other	2.133.862	2.394.698	
		<u>13.585.015</u>	<u>18.6</u>

**13. Operating lease commitments**

At 31 December the Company had annual commitments under non-cancellable operating leases for land and buildings as set out below:

		2002 STG£	200 STC
Expiring :			
Within 1 year	32.340	100.198	
Between 2 to 5 years	284.414	187.587	
Thereafter	597.385	532.047	
		<u>914.139</u>	<u>819.</u>

**Hellenic Petroleum Cyprus Limited**  
**(Formerly BP Cyprus Limited)**

**NOTES TO THE ACCOUNTS**  
**at 31 December, 2002**  
**(in Sterling Pounds)**

**14. Called up share capital**

		2002 STG£	200 STC
Authorised, allotted, called up and fully paid:			
443.345 Ordinary Shares of STG£10 each	4.433.450	<u>4.433.450</u>	<u>      </u>

**15. Reconciliation of shareholders' funds and movements on reserves**

	Equity Share Capital STG£	Revaluation Reserve STG£	Other Reserves STG£	Profit and Loss Account STG£	Total STG£
At 1 January 2001	4.433.450	219.420	931.444	7.949.743	13.534.057
Profit for the year	-	-	-	2.874.589	2.874.589
Currency translation differences	-	-	-	29.382	29.382
Distribution to shareholders	-	-	-	(3.195.000)	(3.195.000)
At 1 January 2002	4.433.450	219.420	931.444	7.658.714	13.243.028
Profit for the year	-	-	-	6.692.420	6.692.420
Currency translation differences	-	-	-	1.012.138	1.012.138
Distribution to shareholders	-	-	-	(3.364.254)	(3.364.254)
At 31 December 2002	<u>4.433.450</u>	<u>219.420</u>	<u>931.444</u>	<u>11.999.018</u>	<u>17.583.332</u>

Other Reserves include Special Reserve of STG£490.259 (2001: STG£490.259) and General Reserve of STG£441.185 (2001: STG£441.185).

**16. Capital commitments**

Authorised future capital expenditure is estimated at:

		2002 STG£	200 STC
Contracted for	1.250.000	-	
Not contracted for	1.684.091	<u>1.646.809</u>	<u>      </u>

## **Hellenic Petroleum Cyprus Limited (Formerly BP Cyprus Limited)**

---

### **NOTES TO THE ACCOUNTS at 31 December, 2002 (in Sterling Pounds)**

#### **17. Contingent liabilities**

A substantial claim has been made by Petrolina (Holdings) Ltd against the rest of the oil industry with regard to the distribution of the compensation paid by the Government to cover the oil industry's losses from PNBS products, mainly incurred during the period 2000/2001. Due to a disagreement between Petrolina (Holdings) Ltd and the rest of the oil industry on the percentages to be used by the Government to split the payment among the individual companies, it was decided that the payments be made on a provisional basis and finalised upon the decision made by an arbitrator who would be appointed for this purpose by the oil industry and whose decision would be final and binding.

The oil companies made several attempts to appoint an arbitrator but with no success. On 22 January 2003 the claimants, through their lawyers, addressed a letter to Hellenic Petroleum Cyprus Ltd (formerly BP Cyprus Ltd), ExxonMobil Cyprus Inc and Mobil Oil Cyprus Ltd referring again the matter to arbitration and proposing as sole arbitrator a former member of the Supreme Court. So far the arbitrator has not been agreed by the parties and neither has the claim been withdrawn.

The Company's lawyers expressed the opinion that the outcome of any arbitration cannot be predicted as the issue is very complex. At the same time the lawyers expressed the opinion that the claim cannot be regarded as groundless but as a matter which presents both difficulties and significant dangers. The Company concurs with this opinion.

The total claim made by Petrolina (Holdings) Ltd, as described in a letter by their lawyers dated 23 May 2002, is STG£1.356.818 plus interest. On the basis claimed by Petrolina (Holdings) Ltd, that is to be used for the apportionment of the payments to the industry, i.e. the white oil products market shares, the whole amount is payable by the Company, less an amount already paid to Petrolina (Holdings) Ltd of STG£139.773, in excess of Petrolina's entitlement.

There are several other claims made against the Company for which legal action has been taken but the Company does not expect to incur any substantial loss.

In addition, the Company was contingently liable in respect of guarantees provided to third parties of STG£473.864 (2001: STG£454.255).



## **Hellenic Petroleum Cyprus Limited (Formerly BP Cyprus Limited)**

---

### **NOTES TO THE ACCOUNTS at 31 December, 2002 (in Sterling Pounds)**

#### **18. Pensions and other retirement benefits**

The Company contributes to staff schemes in respect of its operations in Cyprus, which are of an overall defined benefit type. The charge to the profit and loss account for the year is STG£77.976 (2001: STG£69.666).

As part of the Share Purchase Agreement between BP p.l.c. and Hellenic Petroleum International A.G. (the "Agreement", see note 21), the existing retirement benefit schemes for all retired and active employees (including employees that remain under the employment of the Company) were transferred to BP Eastern Mediterranean Ltd which has become the Founding Company of the schemes as from 1 December 2002. This is subject to the consent of the local regulatory authorities. In accordance with the Agreement, the Company is committed to set up within six months of the completion date (being 31 December 2002) its own retirement benefit schemes for its current employees (other than those employees who will elect to continue to be members of the current BP schemes), equivalent to the existing ones, that will provide benefits for future service that are no less favourable overall than those provided by BP under the existing arrangements. The Company's new schemes will recognise the employee's credited service, participation vesting and as applicable, benefit accrual periods of service, which will accrue in BP's retained arrangement in which the Company will participate as a Member Company until the setting up of its own schemes. For the period of participation, the Company will pay the normal funding costs (i.e. current service costs), assuming that the schemes were neither in surplus or deficit.

Under the Agreement, BP procures that a transfer of assets in respect of benefits accrued is made from its current schemes to the Company's new schemes with the amount of such transfer to be calculated at the expiration of any period of participation and paid in cash unless otherwise agreed. As part of negotiations with the Employee Trade Unions for the execution of the Agreement, the Company made a provision of STG£543.478 for extra funding to be contributed to the new schemes to allow for notified discretionary practices, mainly for providing increased benefits in line with price inflation. The provision of STG£568.182 is included in other creditors and will be paid to the new schemes when these are set up.

The above arrangements are subject to the consent of the local regulatory authorities, i.e. the Inland Revenue and the Ministry of Labour. In case no approval is obtained for the setting of the new schemes, the Company will continue to be a Member Company to the existing schemes for which BP Eastern Mediterranean Ltd will be the Founding Company.

#### **19. Related party transactions**

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

## **Hellenic Petroleum Cyprus Limited (Formerly BP Cyprus Limited)**

---

### **NOTES TO THE ACCOUNTS at 31 December, 2002 (in Sterling Pounds)**

#### **20. Dissolution of Partnership and mandatory divestment**

As a result of the Mobil and Exxon Corporation merger in prior years, Mobil gave an undertaking to the European Commission to reach an agreement with BP p.l.c. for the sale of Mobil's interests in the fuels elements of the various joint ventures and partnerships in Europe or the dissolution of such joint ventures and partnerships.

In the context of the above, the Company and Mobil Oil Cyprus Ltd agreed that on 1 October 2001 S.D.S. Oils J.V. be dissolved and the Company purchase certain of the assets of Mobil Oil Cyprus Ltd, including 22 service stations and the whole LPG Business with economic effect from 1 January 2000.

In accordance with the agreements signed between the two parties, in 2001 the Company paid Mobil Oil Cyprus Ltd for the purchase of fixed assets (STG£3.109.213) and Mobil Oil Cyprus Ltd paid the Company for the net cash flows for the period from 1 January 2000 up to 30 September 2001 (STG£654.696).

As a condition to the acquisition by the Company of the 22 service stations and the whole LPG business from Mobil Oil Cyprus Limited, the Council of Ministers of the Republic of Cyprus, by means of an Order published on 7 September 2001, directed the Company and ExxonMobil Cyprus Inc. to divest 15 service stations to a new entrant in the local market. This was subsequently increased to 16 at the request of ExxonMobil and the Company, so they would share the divestment burden equally.

Following the invitation, submission and evaluation of tenders (jointly with ExxonMobil), the Company sold 8 stations to Lukoil Cyprus Limited on 1<sup>st</sup> July 2002, realising a profit on disposal of STG£3.353.577.

#### **21. Ultimate parent undertaking**

The ultimate parent undertaking of the group of undertakings for which group accounts are drawn up, and of which the Company was a member up to 31 December 2002, was BP p.l.c., a company registered in England and Wales.

On 31 December 2002, under the Share Purchase Agreement between BP p.l.c., Hellenic Petroleum International A.G. and Hellenic Petroleum S.A., the called up share capital of BP Cyprus Limited was sold to Hellenic Petroleum International A.G., a company registered in Austria which is in turn a 100% subsidiary of Hellenic Petroleum S.A., a company registered in Greece.

On the same date, the Company was renamed to Hellenic Petroleum Cyprus Limited.