MOTOR OIL (HELLAS) CORINTH REFINERIES S.A.

Prefecture of Attica Registration Nr 1482/06/B/86/26
Headquarters: Irodou Attikou 12A – 151 24 Maroussi Attica

**TRANSLATION**

# INTERIM FINANCIAL STATEMENTS
# IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS THAT HAVE BEEN ADOPTED BY THE EUROPEAN UNION
# FOR THE PERIOD 1 JANUARY – 30 SEPTEMBER 2005
# FOR THE GROUP AND THE COMPANY
# «MOTOR OIL (HELLAS) – CORINTH REFINERIES S.A.»

**Headquarters: Irodou Attikou 12A – 151 24 Maroussi Attica**

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| THE CHAIRMAN OF THE BOARD OF DIRECTORS | THE MANAGING DIRECTOR | THE CHIEF ACCOUNTANT |
|---|---|---|
| VARDIS I. VARDINOYIANNIS | ABDULHAKIM A. AL. GOUHI | THEODOROS N. PORFIRIS |

**MOTOR OIL (HELLAS)**
**CORINTH REFINERIES S.A.**

## Balance Sheet as at 30th September 2005

| In 000´s Euros | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **30/9/2005** | **31/12/2004** | **30/9/2005** | **31/12/2004** |
| **Non-current assets** | | | | |
| Goodwill | 16.200 | 16.200 | 0 | 0 |
| Other intangible assets | 3.076 | 2.888 | 971 | 1.177 |
| Property, plant and equipment | 694.408 | 596.519 | 661.764 | 565.775 |
| Investments in subsidiaries and associates | 3.559 | 3.219 | 38.608 | 38.468 |
| Investments in related parties | 927 | 927 | 927 | 927 |
| Other non-current assets | 10.905 | 11.159 | 688 | 777 |
| **Total** | **729.075** | **630.912** | **702.958** | **607.124** |
| **Current assets** | | | | |
| Inventories | 250.071 | 163.176 | 244.283 | 156.878 |
| Trade and other receivables | 298.900 | 193.614 | 255.915 | 153.147 |
| Cash and cash equivalents | 13.942 | 43.599 | 11.112 | 41.426 |
| **Total** | **562.913** | **400.389** | **511.310** | **351.451** |
| **Total assets** | **1.291.988** | **1.031.301** | **1.214.268** | **958.575** |
| **Non-current liabilities** | | | | |
| Bank loans | 248.198 | 174.697 | 218.195 | 144.695 |
| Provision for retirement benefit obligation | 43.944 | 45.010 | 40.474 | 41.808 |
| Deferred tax liabilities | 19.452 | 20.399 | 18.992 | 19.920 |
| Other non-current liabilities | 1.122 | 1.046 | 2 | 2 |
| Deferred income | 4.899 | 5.204 | 4.899 | 5.204 |
| **Total** | **317.615** | **246.356** | **282.562** | **211.629** |
| **Current liabilities** | | | | |
| Trade and other payables | 273.012 | 202.790 | 255.078 | 185.239 |
| Provision for retirement benefit obligation | 7.697 | 2.324 | 7.574 | 2.324 |
| Taxes | 21.168 | 33.285 | 20.119 | 32.663 |
| Bank loans | 343.170 | 248.166 | 315.270 | 224.306 |
| Deferred income | 415 | 422 | 415 | 422 |
| Provisions | 0 | 0 | 0 | 0 |
| **Total** | **645.462** | **486.987** | **598.456** | **444.954** |
| **Total liabilities** | **963.077** | **733.343** | **881.018** | **656.583** |
| **Equity** | | | | |
| Share capital | 33.235 | 33.235 | 33.235 | 33.235 |
| Share premium account | 49.528 | 49.528 | 49.528 | 49.528 |
| Own shares | 0 | (113) | 0 | (113) |
| Reserves | 76.828 | 76.319 | 75.487 | 75.487 |
| Retained earnings | 169.320 | 138.989 | 175.000 | 143.855 |
| **Total equity** | **328.911** | **297.958** | **333.250** | **301.992** |
| **Total equity and liabilities** | **1.291.988** | **1.031.301** | **1.214.268** | **958.575** |

**MOTOR OIL (HELLAS)**
**CORINTH REFINERIES S.A.**

## Income Statements for the periods ended 30 September 2005

| In 000´s Euros | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **1/1/2005-30/9/2005** | **1/1/2004-30/9/2004** | **1/1/2005-30/9/2005** | **1/1/2004-30/9/2004** |
| **Continuing Operations** | | | | |
| Revenue | 2.227.608 | 1.599.096 | 2.001.389 | 1.392.822 |
| Cost of Sales | (2.013.184) | (1.393.451) | (1.819.253) | (1.218.289) |
| **Gross profit** | **214.424** | **205.645** | **182.136** | **174.533** |
| Distribution costs | (31.694) | (29.984) | (9.168) | (8.855) |
| Administrative expenses | (15.975) | (18.615) | (10.250) | (13.126) |
| Other operating income/expense | (9.908) | 1.238 | (11.972) | (710) |
| **Profit from operations** | **156.847** | **158.284** | **150.746** | **151.842** |
| Investment revenues | 1.243 | 1.139 | 4.545 | 5.500 |
| Share of profit of associates | 61 | 208 | 0 | 0 |
| Finance costs | (8.464) | (6.729) | (6.943) | (5.074) |
| **Profit before taxes** | **149.687** | **152.902** | **148.348** | **152.268** |
| Income tax expense | (46.838) | (48.901) | (45.194) | (46.730) |
| **Profit for the period after taxes** | **102.849** | **104.001** | **103.154** | **105.538** |
| **Earnings per share (in Euro)** | **0,93** | **0,94** | **0,93** | **0,95** |

| In 000´s Euros | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **1/7/2005-30/9/2005** | **1/7/2004-30/9/2004** | **1/7/2005-30/9/2005** | **1/7/2004-30/9/2004** |
| **Continuing Operations** | | | | |
| Revenue | 929.165 | 595.098 | 852.161 | 526.942 |
| Cost of Sales | (841.682) | (514.502) | (774.685) | (455.694) |
| **Gross profit** | **87.483** | **80.596** | **77.476** | **71.248** |
| Distribution costs | (9.142) | (9.217) | (2.332) | (2.659) |
| Administrative expenses | (5.222) | (4.738) | (2.953) | (2.895) |
| Other operating income/expense | 3.354 | 4.944 | 2.474 | 4.051 |
| **Profit from operations** | **76.473** | **71.585** | **74.665** | **69.745** |
| Investment revenues | 267 | 242 | 88 | 58 |
| Share of profit of related parties | 0 | 0 | 0 | 0 |
| Finance costs | (3.655) | (2.271) | (3.107) | (1.894) |
| **Profit before taxes** | **73.085** | **69.556** | **71.646** | **67.909** |
| Income tax expense | (21.957) | (22.285) | (21.473) | (21.612) |
| **Profit for the period after taxes** | **51.128** | **47.271** | **50.173** | **46.297** |
| **Earnings per share (in Euro)** | **0,46** | **0,43** | **0,45** | **0,41** |

**MOTOR OIL (HELLAS)**
**CORINTH REFINERIES S.A.**

**Statement of Changes in Equity for the period ended 30 September 2005**

| **GROUP** In 000´s Euros | **Share capital** | **Share premium account** | **Reserves** | **Own Shares** | **Retained earnings** | **Total** |
|---|---|---|---|---|---|---|
| Balance at 1 January 2005 | 33.235 | 49.528 | 76.319 | (113) | 138.989 | 297.958 |
| Share capital increase | | | | | | 0 |
| Profit for the period | | | | | 102.849 | 102.849 |
| Dividends | | | | | (72.009) | (72.009) |
| Other movements | | | | 113 | | 113 |
| **Balance at 30 September 2005** | **33.235** | **49.528** | **76.319** | **0** | **169.829** | **328.911** |
| Balance at 1 January 2004 | 33.235 | 49.528 | 67.369 | (1.385) | 85.779 | 234.526 |
| Share capital increase | | | | | | 0 |
| Profit for the period | | | | | 104.001 | 104.001 |
| Dividends | | | | | (33.235) | (33.235) |
| Other movements | | | | 1.385 | | 1.385 |
| **Balance at 30 September 2004** | **33.235** | **49.528** | **67.369** | **0** | **156.545** | **306.677** |

| **COMPANY** In 000´s Euros | **Share capital** | **Share premium account** | **Reserves** | **Own Shares** | **Retained earnings** | **Total** |
|---|---|---|---|---|---|---|
| Balance at 1 January 2005 | 33.235 | 49.528 | 75.487 | (113) | 143.855 | 301.992 |
| Share capital increase | | | | | | 0 |
| Profit for the period | | | | | 103.154 | 103.154 |
| Dividends | | | | | (72.009) | (72.009) |
| Other movements | | | | 113 | | 113 |
| **Balance at 30 September 2005** | **33.235** | **49.528** | **75.487** | **0** | **175.000** | **333.250** |
| Balance at 1 January 2004 | 33.235 | 49.528 | 66.758 | (1.385) | 89.316 | 237.452 |
| Share capital increase | | | | | | 0 |
| Profit for the period | | | | | 105.538 | 105.538 |
| Dividends | | | | | (33.235) | (33.235) |
| Other movements | | | | 1.385 | | 1.385 |
| **Balance at 30 September 2004** | **33.235** | **49.528** | **66.758** | **0** | **161.619** | **311.140** |

**MOTOR OIL (HELLAS)**
**CORINTH REFINERIES S.A.**

## Cash Flow Statement for the period ended 30 September 2005

| In 000´s Euros | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **1/1 - 30/9/2005** | **1/1 - 30/9/2004** | **1/1 - 30/9/2005** | **1/1 - 30/9/2004** |
| **Operating activities:** | | | | |
| Profit for the period | 149.687 | 152.902 | 148.348 | 152.268 |
| **Adjustments for:** | | | | |
| Depreciation | 16.454 | 15.587 | 13.968 | 13.028 |
| Government grants amortization | (312) | (317) | (312) | (317) |
| Provisions | 4.306 | 3.197 | 3.915 | 2.886 |
| Exchange differences | 8.026 | 1.229 | 7.939 | 1.235 |
| Investment income | (487) | (625) | (2.960) | (3.522) |
| Finance costs | 8.465 | 6.729 | 6.943 | 5.074 |
| **Movements in working capital:** | | | | |
| Decrease/(increase) in inventories | (86.895) | (57.068) | (87.405) | (59.832) |
| Decrease / (Increase) in receivables | (102.862) | (15.440) | (100.350) | (19.712) |
| (Decrease) / Increase in payables | 155.592 | 36.063 | 156.624 | 46.550 |
| **Less:** | | | | |
| Financial costs paid | (7.329) | (6.094) | (6.217) | (4.837) |
| Taxes paid | (60.642) | (33.063) | (58.666) | (29.102) |
| **Net cash from operating activities (a)** | **84.003** | **103.100** | **81.827** | **103.719** |
| **Investing activities** | | | | |
| Disposal / (Acquisition) of subsidiaries & related parties | (279) | 0 | (140) | 0 |
| Purchase of tangible and intangible assets | (114.862) | (95.243) | (109.739) | (89.628) |
| Proceeds on disposal of tangible and intagible assets | 263 | 9 | 3 | 4 |
| Interest received | 755 | 725 | 393 | 388 |
| Dividends received | 305 | 224 | 2.953 | 3.612 |
| **Net cash used in investing activities** (b) | **(113.818)** | **(94.285)** | **(106.530)** | **(85.624)** |
| **Financing activities** | | | | |
| Proceeds on issue of shares | 0 | 0 | 0 | 0 |
| New bank loans raised | 1.574.491 | 1.534.342 | 1.435.068 | 1.270.986 |
| Repayments of borrowings | (1.502.117) | (1.518.548) | (1.368.463) | (1.263.550) |
| Repayments of obligation under finance leases | 0 | 0 | 0 | 0 |
| Dividends paid | (72.216) | (33.550) | (72.216) | (33.550) |
| **Net cash (used in) from financing activities (c)** | **158** | **(17.756)** | **(5.611)** | **(26.114)** |
| **Net Increase / (Decrease) in cash and cash equivalents (a)+(b)+( c))** | **(29.657)** | **(8.941)** | **(30.314)** | **(8.019)** |
| **Cash and cash equivalents at of the beginning period** | **43.599** | **42.331** | **41.426** | **40.513** |
| **Cash and cash equivalents at the end of the period** | **13.942** | **33.390** | **11.112** | **32.494** |

## NOTES TO THE FINANCIAL STATEMENTS OF 30th SEPTEMBER 2005

### 1. GENERAL INFORMATION

The parent company of the MOTOR OIL Group is Motor Oil (Hellas) Corinth Refineries S.A., a corporation incorporated in Greece according to Law 2190/1920, with headquarters in Marousi, 12A Herodou Attikou Street, Athens 151 24. The Company operates in the oil sector with its main activities being oil refining and oil product trading.

Petroventure Holdings ltd is the major shareholder of Motor Oil (Hellas), holding 51% of Company shares.

The most important of the Group's affiliated companies and the only one fully consolidated with Motor Oil is AVIN OIL A.V.E.N.E.P. (Industrial, Commercial Maritime Oil Product Company) S.A (Avin Oil), active in the oil product trading (including retail) sector and incorporated in Greece according to Law 2190/1920 with headquarters in Marousi.

These financial statements are presented in Euro because that is the currency of the primary economic environment in which the group operates. Foreign operations do not exist.

MOTOR OIL S.A. personnel as at September 30th, 2005 amounts to 1,166 persons and AVIN OIL personnel amounts to 212 persons.

### 2. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Group presents their financial statements in conformity to the IFRS (International Financial Reporting Standards) for the first year.

The appropriate adjustments were made in order to convert the financial statements to IFRS. These adjustments are presented in detail in note 8.

The last financial statements conforming to Greek Accounting Standards related to the year ended December 31, 2004. The date of transition to the IFRS was January 1st, 2004.

## 3. SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting**
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) for the first year.

The financial statements have been prepared on the historical cost basis, except for land and buildings which are stated at deemed cost as allowed by IFRS1. The principal accounting policies adopted are set out below.

**Basis of Consolidation**
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) at the end of each respective period. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to profit and loss in the period of acquisition.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.
The accounting policies of the subsidiary used are consistent with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

**Investments in Associates**

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of the associates in excess of the group's interest in those associates are not recognized.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognized as goodwill.

Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition (i.e. discount on acquisition) is credited in profit and loss in the period of acquisition. Where a group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

Goodwill is recognized as an asset and reviewed for impairment at least annually. Any impairment is recognized immediately in profit or loss and is not subsequently reversed.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Sales of goods are recognized when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

### Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Operating leases

#### 1) The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

#### 2) The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

### Foreign Currencies

Transactions in currencies other than Euro are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognized directly in equity.

### Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Government Grants

Government grants towards staff re-training costs are recognized as income over the periods necessary to match them with the related costs and are deducted in reporting the related expense.

Government grants relating to property, plant and equipment are treated as deferred income and released to profit and loss over the expected useful lives of the assets concerned.

### Retirement Benefit Costs

Payments to defined contribution retirement plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in profit or loss in the period in which they are incurred.

Past service cost is recognized immediately in the profit or loss to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Taxation

The tax expense represents the sum of the current tax payable and deferred tax, reduced by any discount obtained for paying previous period taxes in one lump sum.

The current tax payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Property, Plant and Equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their cost amounts less any subsequent accumulated depreciation.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognized impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

| Fixed Assets category | Useful lives |
|---|---|
| Buildings | 40 |
| Plant & machinery | 10-30 |
| Transportation equipment | 15-20 |
| Fixtures and equipment | 4-20 |

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

It is noted that, in making the transition to International Financial Reporting Standards (IFRS), the Group elected for land and for buildings to use as deemed cost the historic cost as adjusted by Greek law revaluations, and historic cost for all other fixed assets. Depreciation was provided based on the assets' useful lives from the date of acquisition.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

**Internally-generated Intangible Assets - Research and Development Expenditure**
Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from the Group's development is recognized only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortized on a straight-line basis over their useful lives. Where no internally-generated intangible asset can be recognized, development expenditure is recognized as an expense in the period in which it is incurred.

**Other intangible assets**

Other Intangible Assets include the Group's software as well as rights to operate gas stations on property leased by its subsidiary, Avin Oil.

These assets are initially recorded at acquisition cost and then depreciated based on expected useful lives in respect of software and in respect of Avin Oil's leasing rights over the period the Company is entitled to the rights.

The useful life of these assets is noted bellow:

| Intangible assets category | years |
|---|---|
| Software | 4 – 8 |
| Leasing Rights (average) | 9 |

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

### Financial Instruments

Financial assets and financial liabilities are recognized on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

### Trade receivables

Trade receivables are interest free and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

### Financial Liability and Equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits.

### Bank borrowings

Interest-bearing bank loans and overdrafts are recorded according to the amounts received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the profit and loss account using effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

### Trade payables

Trade payables are interest free and are stated at their nominal value.

## 4. SUBSIDIARIES AND ASSOCIATES

Details of the Group's subsidiaries and associates, are as follows:

| Name | Place of incorporation and operation | Proportion of ownership interest | Principal activity |
|---|---|---|---|
| AVIN OIL | Greece, Marousi of Attika | 100% | Petroleum Products |
| OLYMPIC FUEL COMPANY S.A. | Greece, Spata of Attika | 28% | Aviation Fueling Systems |
| HELLENIC AVIATION FUEL COMPANY S.A. | Greece, Marousi of Attika | 50% | Aviation Fueling Systems |
| CORINTH POWER S.A. | Greece, Marousi of Attika | 100% | Energy |
| AVIN ALBANIA S.A. | Tirana, Albania | 100% | Petroleum Products |

Cost of investment in subsidiaries and associates are as follows:

| Name | GROUP | | COMPANY | |
|---|---|---|---|---|
| In 000´s Euros | 30/9/2005 | 31/12/2004 | 30/9/2005 | 31/12/2004 |
| AVIN OIL | 0 | 0 | 37.564 | 37.564 |
| OLYMPIC FUEL COMPANY S.A. | 2.803 | 2.623 | 904 | 904 |
| HELLENIC AVIATION FUEL COMPANY S.A. | 46 | 86 | 0 | 0 |
| CORINTH POWER S.A. | 200 | 0 | 140 | 0 |
| AVIN ALBANIA S.A. | 510 | 510 | 0 | 0 |
| **TOTAL** | **3.559** | **3.219** | **38.608** | **38.468** |

Of the companies listed above, "CORINTH POWER S.A." and «AVIN ALBANIA S.A." are not included in the consolidation due to their insignificance. "Hellenic Aviation Fuel Company S.A." is accounted using the equity method because the Group does not exercise control.

## 5. INTERESTS IN RELATED PARTIES

| Name | Place of incorporation | Proportion of ownership interest | Cost Euro 000´s | Principal activity |
|---|---|---|---|---|
| ATHENS AIRPORT FUEL PIPELINE CO. S.A. | Athens | 16% | 927 | Aviation Fueling Systems |

«ATHENS AIRPORT FUEL PIPELINE CO. S.A.» is stated at cost as significant influence is not exercised.

## 6. CONTINGENT LIABILITIES / COMMITMENTS

No provision has been made for outstanding claims totaling to € 49 million approximately, as there are similar counter-claims totaling to € 71 million.

Tax audits have not been conducted for MOTOR OIL (HELLAS) S.A. for fiscal years 2000 until 2004.
For Avin Oil, tax audits have not been conducted for fiscal years 2003 and 2004.
The outcome of a tax audit cannot be estimated at present and, consequently, no provision has been made in the financial statements, in relation to this issue. In addition the associate companies have not been audited by the Tax authorities since their establishment.

The Company and, consequently, the Group have mortgaged land and buildings as security for bank loans granted to the Group, an analysis of which is presented below.

| BANK | PRENOTICES | | MORTGAGES |
|---|---|---|---|
| | 000´s € | 000´s $ | 000´s € |
| N.B.G | 47.098 | 25.000 | 6 |
| CITIBANK INTERNATIONAL PLC | 0 | 165.000 | 275.001 |
| **TOTAL** | **47.098** | **190.000** | **275.007** |

The parent company in order to complete the investment in the new hydrocracker unit at the refinery, has entered into construction contracts with technical companies, the outstanding commitments as of 30/9/2005 amounts to approximately €15 million.

Contracts to purchase and sell crude and fuels´, are entered into at current prices in line with the world market´s effective at the time the transaction takes place.

The total amount of letters of guarantee given as security for Group companies' liabilities as at 30/9/2005, amounted to €47,838 thousand. The respective amount as at 31/12/2004 was €47,974 thousand.

The total amount of letters of guarantee given as security for the Company's liabilities as at 30/9/2005, amounted to €2,029 thousand. The respective amount as at 31/12/2004 was €1,898 thousand.

## 7. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiary (Avin Oil), have been eliminated on consolidation. Details of transactions between the Company and other related parties are disclosed as associates below.

| In 000´s Euros | SALES | PURCHASES | RECEIVABLES | LIABILITIES |
|---|---|---|---|---|
| Subsidiary | 264.329 | 12 | 28.768 | 3 |
| Other related parties | 42.964 | 804.147 | 6.957 | 94.836 |
| **Total** | **307.293** | **804.159** | **35.725** | **94.839** |

Sales of goods to associates were made at the Group's normal prices.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

No provision has been made for doubtful debts in respect of the amounts due from associates.

## 8. Opening Equity Reconciliation Between Greek G.A.A.P. and IFRS as at 1/1/2005 and 1/1/2004

| In 000´s Euros | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 1/1/2005 | 1/1/2004 | 1/1/2005 | 1/1/2004 |
| **GREEK G.A.A.P. opening equity.** | **179.559** | **169.618** | **177.373** | **165.819** |
| **A. Adjustments according to the qualifications of the certified public accountants** | | | | |
| Actuarial valuation for statutory staff retirement benefit | (30.371) | (26.258) | (28.935) | (25.093) |
| Provision for voluntary benefit plan based on actuarial valuation | (11.518) | (12.420) | (9.875) | (10.921) |
| Bad debt provision | 0 | (1.653) | 0 | (1.653) |
| Adjustment to opening goodwill amortization in accordance with Greek GAAP | (7.003) | (8.353) | 0 | 0 |
| **Total (A)** | **(48.892)** | **(48.684)** | **(38.810)** | **(37.667)** |
| **B. Adjustments due to differences between Greek GAAP and IFRS** | | | | |
| Dividends approved after balance sheet date reversed for IFRS | 72.009 | 33.235 | 72.009 | 33.235 |
| Adjustment as a result of depreciation being provided over estimated useful life for IFRS. | 80.421 | 74.729 | 75.296 | 69.005 |
| Write off of non qualifying intangible assets recorded under Greek GAAP. | (146) | (561) | 26 | (531) |
| Accrual for untaken vacation | (1.093) | (946) | (977) | (846) |
| Reclassification of State Subsidies/Grants from Equity to Deferred Income and recalculation of its amortization according to the relative fixed assets useful life. | (5.626) | (5.681) | (5.626) | (5.681) |
| Share issue expenses net of tax set off against share premium. | (780) | (1.561) | (780) | (1.561) |
| Unrealized exchange differences deferred for Greek GAAP reversed for IFRS. | 44.464 | 38.183 | 44.428 | 38.029 |
| Reclassification of own shares from current assets per Greek GAAP to equity per IFRS | (113) | (1.385) | (113) | (1.385) |
| Recognition of deferred taxation per IFRS | (20.399) | (20.998) | (19.920) | (20.141) |
| Miscellaneous | (1.446) | (1.423) | (914) | (824) |
| **Total (B)** | **167.291** | **113.592** | **163.429** | **109.300** |
| **Total (A + B)** | **118.399** | **64.908** | **124.619** | **71.633** |
| **IFRS equity** | **297.958** | **234.526** | **301.992** | **237.452** |

## 8. Equity and profit Reconciliation between Greek G.A.A.P. and IFRS for the period 1 January – 30 September 2004.

| In 000´s Euros | GROUP | | COMPANY | |
|---|---|---|---|---|
| | Equity | Profit | Equity | Profit |
| | 30/9/2004 | 1/1/2004-30/9/2004 | 30/9/2004 | 1/1/2004-30/9/2004 |
| **GREEK G.A.A.P. equity / profit.** | **315.712** | **146.094** | **311.914** | **146.096** |
| **A. Adjustments according to the qualifications of the certified public accountants** | | | | |
| Actuarial valuation for statutory staff retirement benefit | (29.093) | (2.835) | (27.724) | (2.631) |
| Provision for voluntary benefit plan based on actuarial valuation | (11.743) | 677 | (10.137) | 784 |
| Bad debt provision | (1.653) | - | (1.653) | - |
| Adjustment to opening goodwill amortization in accordance with Greek GAAP | (7.341) | 1.012 | - | - |
| **Total (A)** | **(49.830)** | **(1.146)** | **(39.514)** | **(1.847)** |
| **B. Adjustments due to differences between Greek GAAP and IFRS** | | | | |
| Adjustment as a result of depreciation being provided over estimated useful life for IFRS. | 78.671 | 4.362 | 73.648 | 4.365 |
| Write off of non qualifying intangible assets recorded under Greek GAAP | (582) | (21) | (442) | 88 |
| Accrual for untaken vacation | (1.440) | (494) | (1.267) | (421) |
| Reclassification of State Subsidies/Grants from Equity to Deferred Income and recalculation of its amortization according to the relative fixed assets useful life. | (5.732) | (50) | (5.732) | (50) |
| Share issue expenses net of tax set off against share premium | (976) | 585 | (976) | 585 |
| Unrealized exchange differences deferred for Greek GAAP reversed for IFRS | 36.806 | (1.377) | 36.768 | (1.261) |
| Reclassification of own shares from current assets per Greek GAAP to equity per IFRS | (113) | - | (113) | - |
| Recognition of deferred taxation per IFRS | (18.836) | 2.161 | (18.160) | 1.980 |
| Income tax for the period 1/1 – 30/9/2004 | (51.658) | (51.658) | (49.457) | (49.457) |
| Miscellaneous | 4.542 | 5.545 | 4.359 | 5.460 |
| **Total (B)** | **40.682** | **(40.947)** | **38.628** | **(38.711)** |
| **Total (A + B)** | **(9.148)** | **(42.093)** | **(886)** | **(40.558)** |
| **IFRS** | **306.564** | **104.001** | **311.028** | **105.538** |