

OKTA CRUDE OIL REFINERY A.D. - SKOPJE

Financial Statements

for the year ended 31 December 2005

With the Report of the Auditors Thereon

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Report of the auditors

To the Board of Directors and Shareholders of OKTA Crude oil refinery A.D. – Skopje

1. We have audited the accompanying balance sheet of OKTA Crude oil refinery A.D. - Skopje as of 31 December 2005, and related income statement, statement of changes in equity and cash flow statement for the year then ended. These financial statements set out on pages 3 to 20 are the responsibility of the Company's management. Our responsibility is to express an opinion, on these financial statements based on our audit.
2. Except as discussed in the following paragraph, we conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.
3. Following the provisions of the Share Purchase and Concession Agreement dated 8 May 1999 and concluded between EL.P.ET Balkanike S.A. and the Government of the Republic of Macedonia, the company has posted receivables in the amount of approximately MKD 771,000,000 as escrow agent. EL.P.ET Balkanike S.A. has filed a legal action against the Government of the Republic of Macedonia to recover these expenses but there is still uncertainty about the ultimate outcome of this legal dispute. The previous auditor has qualified the Auditor's opinion in this respect, as at 31 December 2004.
4. In our opinion, except for effect of such adjustments, if any, which might have been necessary to reflect the matters described in the preceding paragraph, the accompanying financial statements present fairly in all material aspects the financial position of the Company as of 31 December 2005 and of the results of its operations and cash flows for the year then ended in accordance with the laws and regulations applicable in the Republic of Macedonia.

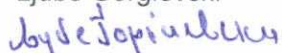
5. Without qualifying our opinion we draw your attention to the fact that in 2002 the company has commenced works for construction of an oil product pipeline, which will connect the refinery with Kosovo. However, due to land ownership issues and political uncertainties, the construction of this pipeline was never completed. Out of the total value of pipeline investment - MKD 452,716,460 company's management has decided to write-off MKD 214,122,650. Although the Company intends to restart this project there are still uncertainties about the timing of its completion.

PRICEWATERHOUSECOOPERS 

Skopje
17 April 2006

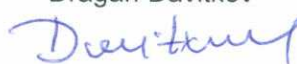
General Manager

Ljube Gorgievski



Certified auditor

Dragan Davitkov



OKTA CRUDE OIL REFINERY A.D. – SKOPJE
Financial statements for the year ended 31 December 2005

(all amounts are in thousands of Denars unless otherwise stated)

Income statement

	Note	Year ended 31 December	
		2005	2004 unaudited
Sales	3	23,704,979	14,925,601
Cost of goods sold	4	(22,517,526)	(13,819,701)
GROSS PROFIT		1,187,453	1,105,900
Administrative expenses	5	(224,342)	(268,480)
Selling expenses	6	(158,407)	(147,446)
Other income	7	176,205	78,733
Other expenses	8	(164,018)	(461,242)
OPERATING PROFIT		816,891	307,465
Finance (income) costs	9	(92,459)	107,636
PROFIT BEFORE INCOME TAX		724,432	415,101
Income taxes	10	(91,352)	(4,407)
PROFIT FOR THE YEAR		633,080	410,694

Signed on behalf of the Board of Directors of OKTA Crude oil refinery A.D. – Skopje:


 Psychogyos Ioannis
 Chief Executive Officer


 Srecko Surkov
 Director of Directorate of Finance
 and Administration

OKTA CRUDE OIL REFINERY A.D. – SKOPJE
Financial statements for the year ended 31 December 2005

(all amounts are in thousands of Denars unless otherwise stated)

Balance sheet

		Year ended 31 December	
	Note	2005	2004
			unaudited
ASSETS			
Non-current assets			
Property, plant and equipment	11	2,314,298	2,307,086
Total non-current assets		2,314,298	2,307,086
Inventory	12	1,792,048	1,050,044
Trade receivables	13	2,480,595	1,430,624
Other receivables	14	787,374	888,865
Available-for-sale financial assets	15	64,011	23,216
Cash and cash equivalents	16	1,049,025	637,090
Prepaid expenses	17	8,037	8,516
Total current assets		6,181,090	4,038,355
TOTAL ASSETS		8,495,388	6,345,441
EQUITY AND LIABILITIES			
Paid in share capital		2,472,820	2,472,820
Revaluation and other reserves		114,826	114,419
Retained earnings		2,158,981	1,548,739
TOTAL EQUITY		4,746,627	4,135,978
Trade payables	18	3,327,593	1,554,848
Accrued liabilities	19	21,486	9,989
Other current liabilities	20	399,682	644,626
TOTAL LIABILITIES		3,748,761	2,209,463
TOTAL LIABILITIES AND EQUITY		8,495,388	6,345,441

OKTA CRUDE OIL REFINERY A.D. – SKOPJE
Financial statements for the year ended 31 December 2005

(all amounts are in thousands of Denars unless otherwise stated)

Statement of changes in equity

	Capital	Revaluation and other reserves	Retained Earnings	Total
Balance at 1 January 2004	2,472,820	114,419	1,138,045	3,725,284
Net profit for 2004	-	-	410,694	410,694
Balance at 31 December 2004	2,472,820	114,419	1,548,739	4,135,978
Net profit for 2005	-	-	633,080	633,080
Paid dividends	-	-	(1,352)	(1,352)
Retirement benefits obligations	-	-	(21,486)	(21,486)
Other movements	-	407	-	407
Balance at 31 December 2005	2,472,820	114,826	2,158,981	4,746,627

According to Macedonian regulations, the Company is required to have compulsory general reserve established through apportionment of a portion of its net profits. The annual contribution to the general reserve may not be less than fifteen percent (15%) of the profit, unless or until the company's reserves reach an amount equal to one-fifth of its basic capital.

OKTA CRUDE OIL REFINERY A.D. – SKOPJE
Financial statements for the year ended 31 December 2005

(all amounts are in thousands of Denars unless otherwise stated)

Cash flow statement

	2005	2004 unaudited
Operating activities		
Profit for the year	633,080	410,695
<i>Adjustments for:</i>		
Depreciation	190,393	216,184
Impairment losses on trade and other receivables	68,304	5,378
Impairment on fixed assets	-	213,792
Gain on available for sale financial assets	(40,795)	-
Interest income	(75,779)	(64,259)
Interest expense and bank charges	18,218	32,787
Foreign exchange gain	(327,916)	(431,440)
Foreign exchange loss	520,333	357,032
Dividend income	(1,602)	(1,756)
Gain on sale of equipment	(631)	-
Other non cash adjustments	-	3,372
Cash generated from operations before changes in working capital	983,605	741,785
Increase in inventories	(742,004)	(395,986)
Increase in receivables	(1,000,627)	(308,359)
Decrease in payables	1,507,299	(907,771)
Cash generated from operations	748,273	(870,331)
Interest and bank charges paid	(18,218)	(32,787)
Income taxes paid	(4,798)	-
Cash flows from operating activities	725,257	(903,118)
Investing activities		
Acquisition of property, plant and equipment	(198,175)	(111,634)
Proceeds from sale of property, plant and equipment	1,241	-
Interest received	75,779	64,259
Dividends received	1,602	1,756
Foreign exchange gain	327,916	431,440
Foreign exchange loss	(520,333)	(357,032)
Cash flows from investing activities	(311,970)	28,789
Financing activities		
Cash from new issued shares	-	1,046,927
Dividends paid	(1,352)	(1,352)
Net cash used in financing activities	(1,352)	1,045,575
Net increase in cash and cash equivalents	411,935	171,246
Cash and cash equivalents at 1 January	637,090	465,844
Cash and cash equivalents at 31 December	1,049,025	637,090

1. General information

OKTA Crude oil refinery A.D. Skopje (hereinafter “the Company”) is a joint stock company established on 26 March 1980. The Company is owned 81.51% by EL.P.ET Balkanike, a company jointly controlled - 63% by Hellenic Petroleum S.A. and 37% by Etep S.A. & Meton S.A. The parent company is incorporated in Greece.

The Company’s main activities involve refining of crude oil and distribution of oil derivatives. The company is of hydroskimming type with a nominal capacity of 2.5 million tons a storage capacity of 250,000 mC. The following products are part of the production range: oil, liquid gas, regular and unleaded petrol, diesel fuels, heating fuel, oils and other derivatives.

In 2005, the Company employs 946 people (2004: 976 employees).

The address of the Company is as follows:

s. Miladinovci,
P.O. Box 66,
1000 Skopje
Republic of Macedonia

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

2.1 Basis of preparation

These financial statements are prepared, in all material respects, in accordance with Trade Law (Official Gazette No. 28/2004) and Rule Book for Accounting (Official Gazette No. 94/2004 and 11/2005 and No. 40/1997 and 73/99). The financial statements are prepared under the historical cost convention as modified by the revaluation of certain fixed assets and depreciation.

2.2 Foreign currencies

Transaction denominated in foreign currencies has been translated into Macedonian Denars at the middle exchange rate at the date of transaction. Assets and liabilities denominated in foreign currencies are translated into Macedonian Denars (“Denars”) at the National Bank of the Republic of Macedonia middle exchange rate on the reporting period. All gains and losses resulting from foreign currency translation or exchange are included in the Statement of Income as other financial income or expenses in the period in which they arose.

2.3 Property, plant and equipment

Property, plant and equipment are recorded at cost and they are revaluated at the year-end by applying official revaluation coefficients based on the general manufactured goods price index. Such coefficients have been applied to historical cost or later valuation and to accumulated depreciation. The effect of the revaluation of property, plant and equipment has been credited to the revaluation reserve.

2. Accounting policies (continued)

Additions of the property, plant and equipment are revaluated using by the official indexes of revaluation, which are accumulative, calculated since their acquisition, or construction till the end of the current year. The next year depreciation is based on revalued value of property, plant and equipment stated at year-end.

Additions are recorded at cost. Cost represents the prices by suppliers together with all costs incurred in bringing new property, plant and equipment into use.

Disposal of property, plant and equipment represents expense or technology obsolescence or other type of elimination of property, plant and equipment, including the accumulated provision. Gains and losses on disposal of property, plant and equipment are recognised in the income statement.

Depreciation of property, plant and equipment is provided at rates not lower than those prescribed by law and is designed to write off the cost or valuation of property, plant and equipment on the straight-line basis over their estimated useful lives.

The depreciation of property, plant and equipment shall start after expiration of the months of the start-up in the year in which the utilization of the property, plant and equipment has started.

The principal useful lives in use are:

Buildings	40 years
Computers	4 years
Equipment	20 years
Other equipment and vehicles	5 - 10 years

The costs of regular maintenance and repairs are charged to operating cost as incurred.

Improvements to existing fixed assets are capitalized as incurred.

2.4 Inventories

Inventories are stated at cost. Cost represent purchase price, customs duties, and other purchase costs. The cost of crude oil inventory is determined by using FIFO method, whereas the cost of spare parts is determined on a weighted average cost basis. The cost of finished goods and work in progress comprises the costs of direct materials and labor and a proportion of manufacturing overheads, however excluding borrowing costs.

2.5 Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. 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 financial reorganisation, and default in payments are considered indicators that the trade receivable is impaired.

2. Accounting policies (continued)

The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers.

2.6 Available-for-sale financial assets

Available-for-sale financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Gains and losses arising from the changes in the fair value of available-for-sale financial assets are presented in the income statement as income (losses) in the period which they arise. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques such as use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis.

2.7 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, bank balances in denar and foreign currency, and deposits in banks with original maturity with less than 3 months.

2.8 Share capital

Ordinary shares are classified as equity.

2.9 Income taxes

Taxes currently due are calculated and paid in accordance with the Macedonian Income Tax Law. The estimated tax on monthly profit is paid in advance as determined by the tax authorities. Final taxes on profit of 15% are payable based on the annual profit shown in the statutory Income Statement.

2.10 Employees Benefits

a) Pension

The Company, in the normal course of business, makes payments on behalf of its employees for pensions, health care, employment and personnel tax which are calculated according to the statutory rates in force during the year, based on gross salaries and wages. Food allowances travel expenses and holiday allowances are also calculated according to the local legislation. The Company makes these contributions to the Government's health and retirement funds. The cost of these payments is charged to the income statement in the same period as the related salary cost.

The Company does not operate any other pension scheme or post retirement benefits plan and consequently, has no obligation in respect of pensions.

2. Accounting policies (continued)**b) Termination and retirement benefits**

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Pursuant to the Labor law prevailing in the Republic of Macedonia, the Company is obliged to pay retirement benefits in an amount equal to three average republic salaries. According to the Collective bargaining agreement, the Company is obliged to pay up to one average republic salary for jubilee anniversary award. The number of average republic salaries for jubilee anniversary awards corresponds to the total number of years of service of the employee as presented in the table below:

Total number of Service Years	Percentage from one republic salary
10	50% from one republic salary
20	70% from one republic salary
30	100% from one republic salary

Long-term liabilities arising on severance pay and jubilee employment anniversary awards are stated at the present value of expected future cash payments towards the qualifying employees.

2.11 Revenue

Sales are recognised upon delivery of products and customer acceptance, net of sales taxes and discounts.

Other revenues earned by the Company are recognised on the following bases:

Interest income - as it accrues unless collectibility is in doubt.

Dividend income – it is recognised when the right to receive payment is established.

2.12 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.13 Financial risk management

The Company's activities expose it to a variety of financial risks. The company's risk management approach is focused on unpredictability of the financial market and seeks to minimise potential adverse effects. Risk management is carried out under policies approved by the Board of Directors.

2. Accounting policies (continued)**a) Credit risk**

The Company has no significant concentrations of credit risk. The Company has policies in place to ensure that sales of products are made to customers with an appropriate credit history. The Company has policies that limit the amount of credit exposure to any one customer. In addition, to reduce this risk the Company has required as collateral: bank guaranties and deposits.

Recognisable risks are accounted for by adequate provisions on receivables.

2.14 Comparative information

In order to maintain consistency with the current year presentation, where appropriate certain items have been reclassified for comparative purpose. Such reclassifications, however, have not resulted in significant changes of the content and format of the financial information as presented in the financial statements.

3. Analysis of sales

	2005	2004 unaudited
Sales on domestic market	15,487,135	11,028,229
Sales on foreign market	8,217,844	3,897,372
	23,704,979	14,925,601

The sales on domestic and foreign market represent sale of oil derivatives.

OKTA CRUDE OIL REFINERY A.D. – SKOPJE**Notes to the financial statements for the year ended 31 December 2005**

(all amounts are in thousands of Denars unless otherwise stated)

4. Cost of Sales

	2005	2004 unaudited
Consumed crude oil	20,624,433	12,463,604
Cost of traded goods	1,483,594	952,995
Wages and salaries	170,291	170,619
Depreciation	153,741	162,733
State contributions	118,491	118,524
Electricity	107,427	108,312
Maintenance expenses	51,099	53,469
Insurance expenses	40,750	54,971
Expenses for chemicals	34,684	30,479
Other benefits	34,611	29,363
Personnel transportation expenses	20,694	21,516
Consumed food products	16,332	16,545
Miscellaneous expenses	8,426	7,772
Own consumption	4,459	5,062
Telecommunication expenses	1,348	989
Other variable expenses	1,383	1,584
Office supplies expenses	1,316	1,573
Overtime	849	55
Rental expenses	574	497
Public relation and advert expenses	243	746
Dues and subscriptions	128	195
Business travel	39	233
Provision for retirement	37	73
Other fixed cost	820	453
Inventory movements	(358,243)	(382,661)
	22,517,526	13,819,701

OKTA CRUDE OIL REFINERY A.D. – SKOPJE**Notes to the financial statements for the year ended 31 December 2005**

(all amounts are in thousands of Denars unless otherwise stated)

5. Administrative expenses

	2005	2004 unaudited
Miscellaneous expenses	61,466	65,707
Salaries, wages, benefits	41,220	41,315
Contribution (social security etc.)	29,834	29,975
Depreciation	21,534	37,014
Public relation and advert expenses	20,154	23,119
Other benefits	10,697	8,949
Personnel transportation expenses	5,752	5,625
Insurance expenses	5,206	7,706
Rental expenses	4,819	6,693
Consumed food products	4,241	4,388
Telecommunication expenses	4,135	5,116
Redundancy expenses	3,664	15,829
Own consumption	2,845	2,255
Maintenance expenses	2,168	3,837
Management and allocated expenses	2,015	3,839
Office supplies expenses	1,985	2,450
Business travel	1,237	2,457
Other variable expenses	533	640
Dues and subscriptions	334	545
Electricity	321	744
Provision for retirement	37	-
Other fixed cost	145	277
	224,342	268,480

OKTA CRUDE OIL REFINERY A.D. – SKOPJE**Notes to the financial statements for the year ended 31 December 2005**

(all amounts are in thousands of Denars unless otherwise stated)

6. Sales and Distribution Expenses

	2005	2004 unaudited
Miscellaneous expenses	45,874	33,860
Other variable expenses	41,661	38,706
Salaries, wages, benefits	19,520	20,726
Depreciation	15,118	16,438
Contribution (social security etc.)	13,681	14,439
Other benefits	6,098	5,028
Insurance expenses	2,835	3,828
Dues and subscriptions	1,989	1,990
Telecommunication expenses	1,749	1,653
Personnel transportaiton expenses	1,582	2,224
Public relation and advert expenses	1,538	313
Maintenance expenses	1,485	1,446
Consumed food products	1,436	1,680
Office supplies expenses	1,219	1,353
Own consumption	965	1,552
Electricity	829	976
Business travel	466	275
Rental expenses	207	783
Provision for retirement	37	-
Other fixed cost	118	176
	158,407	147,446

7. Other income

	2005	2004 unaudited
Capital gain from sale of catalyst	165,458	67,959
Income from collected bad and doubtful debt	6,198	5,378
Income from sale of fixed assets	1,211	-
Insurance reimbursements	1,165	110
Other income	2,173	5,286
	176,205	78,733

8. Other expenses

	2005	2004 unaudited
Pipeline charges	(62,016)	(219,441)
Prior year expenses	(29,231)	(19,288)
Provision for bad and doubtful debts	(68,304)	(5,378)
Net book value of fixed assets sold	(580)	(213,792)
Other expenses	(3,887)	(3,343)
	(164,018)	(461,242)

OKTA CRUDE OIL REFINERY A.D. – SKOPJE**Notes to the financial statements for the year ended 31 December 2005**

(all amounts are in thousands of Denars unless otherwise stated)

9. Finance (income) costs

	2005	2004 unaudited
Foreign exchange gain	327,916	431,397
Foreign exchange loss	(520,333)	(357,032)
Interest income	75,779	64,302
Interest expenses	(546)	(16,968)
Income from dividends received	42,397	1,756
Bank charges	(17,672)	(15,819)
	(92,459)	107,636

10. Tax and contribution

	2005	2004 unaudited
Income before tax	724,432	415,101
Tax calculated at a tax rate of 15%	108,665	62,265
Expenses non tax deductible according to local regulations	12,682	5,618
Income not subject to tax	(269)	(51,195)
Tax allowance	(29,726)	(12,281)
Tax charge	(91,352)	(4,407)

The tax authorities are authorised to carry out a full-scope tax audit at the Company for the year ended 31 December 2005 .

The tax authorities may at any time inspect the books and records within 5 to 10 years subsequent to the reported tax year, and may impose additional tax assessments and penalties.

The Company's management is not aware of any circumstances, which may give rise to a potential material liability in this respect.

OKTA CRUDE OIL REFINERY A.D. – SKOPJE**Notes to the financial statements for the year ended 31 December 2005**

(all amounts are in thousands of Denars unless otherwise stated)

11. Property Plant and Equipment

	Land	Buildings	Machinery and equipment	Construction in progress	Total
<i>Cost or valuation</i>					
At 1 January 2005	126,876	3,215,921	4,413,723	78,340	7,834,860
Additions	-	-	-	198,176	198,176
Transfer from construction in progress	-	10,701	175,698	(186,399)	-
Disposal	-	-	(6,566)	-	(6,566)
At 31 December 2005	126,876	3,226,622	4,582,855	90,117	8,026,470
<i>Depreciation</i>					
At 1 January 2005	-	2,378,456	3,149,318	-	5,527,774
Charge for the year	-	31,608	158,785	-	190,393
Disposal	-	-	(5,995)	-	(5,995)
At 31 December 2005	-	2,410,064	3,302,108	-	5,712,172
Net book value at 31 December 2005	126,876	816,558	1,280,747	90,117	2,314,298
31 December 2004	126,876	837,465	1,264,405	78,340	2,307,086

12. Inventory

	2005	2004 unaudited
Finished goods	1,039,968	674,594
Raw materials - crude oil	521,375	145,320
Work in progress	141,723	148,853
Raw materials - other	35,730	21,901
Trade goods	34,651	41,620
Spare parts in storage	18,175	17,216
Tools and consumables stores - inventory	426	540
	1,792,048	1,050,044

13. Trade Receivables

	2005	2004 unaudited
Trade receivables domestic	2,314,287	1,320,353
Trade receivables foreign	192,014	74,794
Allowance for doubtful accounts	(102,495)	(41,312)
Other trade receivables	76,789	76,789
	2,480,595	1,430,624

OKTA CRUDE OIL REFINERY A.D. – SKOPJE**Notes to the financial statements for the year ended 31 December 2005**

(all amounts are in thousands of Denars unless otherwise stated)

14. Other receivables

	2005	2004 unaudited
Receivable from Escrow account	769,497	768,527
Advance payments	3,997	13,532
Input VAT taxes	773	-
Receivable from workers	833	662
Receivables from state and state organizations	-	27,201
Other receivables	12,274	78,943
	787,374	888,865

15. Available-for-sale financial assets

	2005	2004 unaudited
Investments in companies	57,712	18,365
Investments in banks	6,299	4,851
	64,011	23,216

16. Cash and cash equivalents

	2005	2004 unaudited
Bank accounts in domestic currency	111,838	49,966
Foreign accounts	71,103	46,363
Cash on hand	485	387
Letter of credit in foreign currency	734	956
Other money assets	3,815	2,885
Checks	1,896	2,163
Bank deposits	859,154	534,370
	1,049,025	637,090

Short-term bank deposits relate to time deposits up to one month in domestic and foreign currency. Deposits in domestic and foreign currency are placed in Stopanska banka, Komercijalna banka and Alfa Banka with one month maturity and interest rate 6.5 - 9% for domestic deposits and 2.5 – 3% for foreign deposits.

17. Prepaid expenses

	2005	2004 unaudited
Prepaid expenses	8,037	8,310
Prepaid excise duties on border	-	206
	8,037	8,516

OKTA CRUDE OIL REFINERY A.D. – SKOPJE**Notes to the financial statements for the year ended 31 December 2005**

(all amounts are in thousands of Denars unless otherwise stated)

18. Trade payables

	2005	2004 unaudited
Domestic trade payables	41,224	45,223
Foreign trade payables	3,284,042	1,507,349
Payables for non-invoiced goods	2,327	2,276
	3,327,593	1,554,848

19. Accrued expenses

	2005	2004 unaudited
Retirement obligation benefits	21,486	-
Other	-	9,989
	21,486	9,989

20. Other current liabilities

	2005	2004 unaudited
Advances received	24,289	27,234
Excise taxes payable	276,506	517,455
Other acc. payable - Chamber of commerce fee	151	254
Income taxes payable	83,205	31,663
Wages payable	21,694	21,173
Employee illness fund	661	515
VAT taxes payables	(6,824)	46,332
	399,682	644,626

21. Related party transactions

The Company is controlled by ELP.ET Balkanike, which owns 81.51% of the Company's shares. The remaining 7.50% of the shares are held by the employees and 10.99% of shares are held by the Pension and Disability Fund.

The following transactions were carried out with related parties:

i) Sales of goods and services

	2005	2004 unaudited
Sales of goods		
Eko Yu A.D. Beograd	50,862	3,221
	50,862	3,221

OKTA CRUDE OIL REFINERY A.D. – SKOPJE**Notes to the financial statements for the year ended 31 December 2005**

(all amounts are in thousands of Denars unless otherwise stated)

21. Related party transactions (continued)

	2005	2004 unaudited
<i>Sales of services</i>		
EL.P.ET Balkanike S.A.	2,824	-
Vardax S.A.	2,151	-
Hellenic Petroleum S.A.	-	501
ETEP S.A.	-	4
	4,975	505

ii) Purchases of raw material, goods and services

	2005	2004 unaudited
<i>Purchases of raw material and goods</i>		
Hellenic Petroleum S.A.	21,030,582	12,152,705
Hellenic Petroleum Chemicals S.A.	4,235	4,825
Eko Elda S.A.	1,396	1,831
Asprofos S.A.	-	17,909
ELPE Services Ltd	-	846
	21,036,213	12,178,116

	2005	2004 unaudited
<i>Purchases of services</i>		
Vardax S.A.	968,799	-
EL.P.ET Balkanike S.A.	334,343	1,187,522
ELPE Services Ltd	30,639	30,662
	1,333,781	1,218,184

iii) Outstanding balances arising from sale/purchase of goods/services

	2005	2004 unaudited
<i>Receivables arising from sale of goods</i>		
Eko Yu A.D. Beograd	15	3,189
	15	3,189

	2005	2004 unaudited
<i>Receivables arising from sale of services</i>		
ETEP SA	-	1,200
Hellenic Petroleum S.A.	-	464
	-	1,664

	2005	2004 unaudited
<i>Payments in advance</i>		
Hellenic Petroleum Chemicals S.A.	87	-
	87	-

22. Contingencies

a) Contingencies with respect to bank guarantees

The Group has contingent liabilities in respect of bank guarantees arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities. The company has bank guarantees in the amount of approximately MKD 260,000,000 (2004: MKD 309,000,000). No additional payments are anticipated at the date of the financial statements.