REPORT OF BAKER TILLY GEORGIA LIMITED to EKO GEORGIA LIMITED

SPECIAL-PURPOSE FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT THEREON

As at and for the year ended December 31, 2010

an independent member of
BAKER TILLY INTERNATIONAL

BAKER TILLY
GEORGIA LTD

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INDEPENDENT AUDITOR'S REPORT

To: the Founders of EKO Georgia Ltd

We have audited the accompanying special-purpose financial statements of Limited Liability Company EKO Georgia ("the Company"), which comprise special-purpose Balance sheet as at December 31, 2010, and the related special-purpose statements of Income and Changes in Owner's Equity for the year then ended, and a summary of significant accounting policies and explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with the accounting principles established in the Company and summarized in Note 2 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these special-purpose financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the special-purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special-purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special-purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the special-purpose financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the special-purpose financial statements referred to in the first paragraph above, present fairly, in all material respects, the financial position of the Company as at December 31, 2010 and of its financial performance for the year then ended in accordance with the accounting principles described in Note 2.

Baker Tilly Georgia Ltd

February 4, 2011
Tbilisi, Georgia

SPECIAL-PURPOSE BALANCE SHEET

		31.12.2010	31.12.2009
ASSETS			
Non-current assets			
Intangible assets, net	**Note 3**	45,653	53,131
Property, plant and equipment, net	**Note 4**	8,037,462	8,242,225
Total non-current assets		**8,083,115**	**8,295,356**
Current assets			
Inventories	**Note 5**	5,113,457	1,902,531
Prepaid taxes	**Note 6**	268,126	1,582,974
Prepayments		827,719	703,331
Trade receivables, net	**Note 7**	22,500	21,227
Cash and cash equivalents		1,688,060	1,722,103
Total current assets		**7,919,862**	**5,932,166**
TOTAL ASSETS		**16,002,977**	**14,227,522**
LIABILITIES AND OWNERS' EQUITY			
Owners' equity		7,165,300	7,165,300
Retained earnings (accumulated losses)		5,602,071	2,375,979
Total owners' equity		**12,767,371**	**9,541,279**
Current liabilities			
Miscellaneous short-term payables		110	110
Accounts payable		2,884,640	4,534,048
Tax liabilities		350,856	152,085
Total current liabilities		**3,235,606**	**4,686,243**
TOTAL LIABILITIES AND OWNERS' EQUITY		**16,002,977**	**14,227,522**

The Financial Statements were approved by the management on February 4, 2011 and signed on its behalf by:

Mr. Georgios Emannouil,
Managing Director

SPECIAL-PURPOSE INCOME STATEMENT

		Year ended 31.12.2010	Year ended 31.12.2009
Sales revenue		57,624,715	26,583,668
Cost of sales		(51,366,963)	(23,679,178)
Gross profit		**6,257,752**	**2,904,490**
General and administrative expenses		(1,456,399)	(1,456,584)
Tax expenses		(222,477)	(189,412)
Impairment of prepaid taxes		-	(211,138)
Other operating income		244,884	232,625
Other operating expenses		(85,853)	(83,986)
Operating result		**4,737,907**	**1,195,995**
Financial income, net		122,516	98,277
Foreign exchange gains, net		(506,693)	(100,606)
Miscellaneous non-operating expenses, net		(2,953)	(81,888)
Profit before profit tax		**4,350,777**	**1,111,778**
Profit tax expense		(688,541)	(233,707)
Extraordinary losses	**Note 8**	(436,144)	(253,642)
Net profit		**3,226,092**	**624,429**

The Financial Statements were approved by the management on February 4, 2011 and signed on its behalf by:

Mr. Georgios Emannouil,
Managing Director

SPECIAL-PURPOSE STATEMENT OF CHANGES IN OWNER'S EQUITY

	Owner's Equity	Retained earnings (accumulated losses)	Total
Opening balance as at 01.01.2009	**7,165,300**	**1,751,550**	**8,916,850**
Net profit	-	624,429	624,429
Closing balance as at 31.12.2009	**7,165,300**	**2,375,979**	**9,541,279**
Opening balance as at 01.01.2010	**7,165,300**	**2,375,979**	**9,541,279**
Net profit	-	3,226,092	3,226,092
Closing balance as at 31.12.2010	**7,165,300**	**5,602,071**	**12,767,371**

The Financial Statements were approved by the management on February 4, 2011 and signed on its behalf by:

Mr. Georgios Emannouil,
Managing Director

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

Note 1. Company Background

Limited liability company EKO Georgia (the Company) was registered at Vake-Saburtalo regional court on 20 October 1995, registration #5/4 -115.

The Company's legal and actual address is 74 I.Chavchavadze ave., Tbilisi 0162, Georgia.

Hellenic Petroleum Georgia (Holding) Limited holds 99 percent interest in the Company. Hellenic Petroleum S.A. holds remaining 1 percent.

The main activities of EKO Georgia Ltd are import and subsequent retail and bulk sales of high quality, Greek petroleum products (Gasoline RON 98, RON 95, RON 92, Diesel EN 590 50 ppm, and Eko Lubricants) in Georgia. Imported products conform to the latest European Union Production Standards & Specifications. The sale of products is mainly carried out through the network of service stations all over Georgia.

- Fourteen service stations – Company owned - Company operated
- Two service stations – Company owned – dealer operated.
- Four service station – rented – company operated.
- One Company owned service station located in Khashuri is out of operation.

Besides the main activities EKO Georgia Ltd is operating lubrication workshop, and a mini-market.

Note 2. Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these special-purpose financial statements are set out below:

a) Basis of accounting

The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting.

b) Foreign currency translation

Transactions denominated in foreign currencies are reported at the Tbilisi Inter-Bank Currency Exchange (TIBEX) rates prevailing at the date of transactions. Differences between the contractual exchange rates at the date of the transaction and TIBEX exchange rates on the date of the transaction are included in foreign exchange gains or losses. Any gains or losses on assets and liabilities denominated in foreign currencies arising from change in exchange rates subsequent to the date of the transaction are recognized as foreign exchange gains or losses.

c) Non-current assets

An asset is classified as a non-current asset when it is not expected to be realized in, or is not held for trading purposes or sale or consumption in, the normal course of the Company's operating cycle and when its estimated useful life is more than one financial year.

- **Property, plant and equipment**

Property, plant and equipment are recorded at historical cost. Cost includes all expenditures directly attributable to bringing the asset to working condition for its intended use. Subsequently, property, plant and equipment are carried at cost less accumulated depreciation.

Depreciation of the Property, plant and equipment is calculated as follows: the rates are applied to opening residual balance of property, plant and equipment plus any additions in the current year.

Applicable rates are as follows:

a) Buildings – 5 percent,

b) Machinery – 8, 20 percent,

c) Equipment – 8, 20 percent,

d) Other – 15 percent.

- **Intangible assets**

Intangible assets are recorded at historical cost. The assets are carried at historical cost less accumulated amortization.

To calculate annual amortization, the amortization rate at 10 percent is applied to the opening residual balance of intangible assets plus additions during the current year.

d) Current assets

An asset is classified as a current asset when it:

(a) is expected to be realized in, or is held for sale or consumption in, the normal course of the Company's operating cycle; or

(b) is held primarily for trading purposes or for the short-term and expected to be realized within twelve months of the balance sheet date; or

(c) is cash or cash equivalent asset which is not restricted in its use.

- **Other current assets**

Other current assets are carried at cost less any specific allowance for impairment or write-off of bad debts. Allowances for impairment and bad debt write-offs occur as a result of management's assessment of recoverability of the assets.

- **Inventories**

Inventories are stated at cost on a weighted-average basis.

- **Prepayments**

Prepayments are carried at cost less any allowances for impairment of irrecoverable amounts as assessed by management.

- **Trade receivables**

  Trade receivables are carried at cost less any specific allowance for or write-off of doubtful and bad debts, respectively. Specific allowances and bad debt write-offs occur as a result of management's assessment of recoverability of the assets.

- **Cash and cash equivalents**

  Cash and cash equivalents consist of cash in hand and balance with banks.

e) Current liabilities

A liability is classified as a current liability when it:

(a) is expected to be settled in the normal course of the Company's operating cycle, or

(b) is due to be settled within twelve months of the balance sheet date.

f) Revenue recognition

Revenue recognition principals differ according to the underlying operation types:

- Wholesale and retail sales are recognized as revenues when goods are made available to customers;
- Where customers opt for bulk purchases via appropriate coupons, revenues are recognized when coupons are transferred to clients.

g) Expenses

Expenses are recognized when incurred.

h) Taxes

Tax charges are calculated in accordance with regulations of Georgia.

Note 3. Intangible assets

	Licenses	Other	Total
Cost:			
As at 31.12.2009	127,677	49,214	176,891
Additions	-	75	75
As at 31.12.2010	**127,677**	**49,289**	**176,966**
Accumulated amortization:			
As at 31.12.2009	(92,343)	(31,417)	(123,760)
Charge for the year	(5,227)	(2,326)	(7,553)
As at 31.12.2010	**(97,570)**	**(33,743)**	**(131,313)**
Net book value as at 31.12.2009	**35,334**	**17,797**	**53,131**
Net book value as at 31.12.2010	**30,107**	**15,546**	**45,653**

Note 4. Property, plant and equipment

	LAND	BUILDINGS	MACHINERY	EQUIPMENT	VEHICLES	CONSTRUCTION IN PROGRESS	FURNITURE AND FITTINGS	TOTAL
Cost:								
As at 31.12.2009	2,329,809	5,616,463	1,946,178	1,053,339	395,334	1,091,251	209,591	12,641,965
Movement	-	113,061	28,080	10,450	4,869	12,858	9,653	178,971
As at 31.12.2010	**2,329,809**	**5,729,524**	**1,974,258**	**1,063,789**	**400,203**	**1,104,109**	**219,244**	**12,820,936**
Accumulated depreciation:								
As at 31.12.2009	-	(2,262,338)	(1,185,489)	(625,891)	(200,869)	-	(125,153)	(4,399,740)
Charge	-	(173,893)	(88,797)	(73,957)	(34,902)	-	(12,185)	(383,734)
As at 31.12.2010	**-**	**(2,436,231)**	**(1,274,286)**	**(699,848)**	**(235,771)**	**-**	**(137,338)**	**(4,783,474)**
Net book value as at 31.12.2009	**2,329,809**	**3,354,125**	**760,689**	**427,448**	**194,465**	**1,091,251**	**84,438**	**8,242,225**
Net book value as at 31.12.2010	**2,329,809**	**3,293,293**	**699,972**	**363,941**	**164,432**	**1,104,109**	**81,906**	**8,037,462**

Note 5. Inventories

	31.12.2010	31.12.2009
Fuel and lubricants	4,586,505	1,418,495
Retail goods	51,499	44,431
Spare parts	470,923	434,978
Other	4,530	4,627
Total	**5,113,457**	**1,902,531**

Note 6. Prepaid taxes

	31.12.2010	31.12.2009
Profit tax	-	381,058
Value added tax	98,234	991,373
Income taxes	155,048	73,600
Social taxes	-	137,868
Property tax	4,482	175,974
Other	10,362	34,239
Impairment	-	(211,138)
Total	**268,126**	**1,582,974**

Note 7. Trade Receivables

	31.12.2010	31.12.2009
Gross trade receivables	267,940	266,667
Doubtfull debt allowance	(245,440)	(245,440)
Trade receivables, net	**22,500**	**21,227**

Note 8. Extraordinary losses

	Year ended 31.12.2010	Year ended 31.12.2009
Unordinary losses of inventories	308,580	207,081
Tax provisions, accrued penalties and fines	127,564	45,912
Miscellaneous	-	649
Total	**436,144**	**253,642**

Effective from 1 January 2010, Georgian legislation has introduced the notion and corresponding norms (for tax purposes solely) on losses occurring at various transportation and warehousing stages of fuel and lubricants. Consequently, the Company amended its policies and practices to account for losses on inventories at various stages in accordance with the new legislation except for maritime transportation losses incurred before imported goods are received. Pending clarification on the applicability of the new legislation on these types of losses, the Company has included in "Tax provisions, accrued penalties and fines" a provision of 121 thousand Lari, representing the estimated additional value added tax and profit tax that the company might be asked to pay for 2010. It is not possible to estimate whether penalties or fines might apply.