

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, 2008

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**BAKER TILLY
GEORGIA LTD**

44, Leselidze str., Meidan Palace
Tbilisi 0105, Georgia
Tel.: +99532 505353
Fax : +99532 505353

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, 2008, 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 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 to special-purpose financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. 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.

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, 2008 and of its financial performance for the year then ended in accordance with the accounting principles described in Note 2.

Baker Tilly Georgia Limited

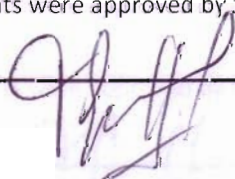
February 3, 2009
Tbilisi, Georgia

SPECIAL-PURPOSE BALANCE SHEET

		31.12.2008	31.12.2007
ASSETS			
<i>Non-current assets</i>			
Intangible assets, net	Note 3	53,375	62,794
Property, plant and equipment, net	Note 4	8,033,516	8,104,062
Total non-current assets		8,086,891	8,166,856
<i>Current assets</i>			
Inventories	Note 5	3,144,070	2,894,572
Prepaid taxes	Note 6	1,613,001	1,427,822
Prepayments		636,809	360,402
Trade receivables, net	Note 7	54,676	25,302
Cash and cash equivalents		703,547	702,505
Total current assets		6,152,103	5,410,603
TOTAL ASSETS		14,238,994	13,577,459
LIABILITIES AND OWNERS' EQUITY			
Owners' equity		7,165,300	7,165,300
Retained earnings (accumulated losses)		1,751,550	(124,672)
Total owners' equity		8,916,850	7,040,628
<i>Current liabilities</i>			
Miscellaneous short-term payables		110	110
Accounts payable		5,188,527	6,495,900
Tax liabilities		133,507	40,821
Total current liabilities		5,322,144	6,536,831
TOTAL LIABILITIES AND OWNERS' EQUITY		14,238,994	13,577,459

The Financial Statements were approved by the management on February 3, 2009 and signed on its behalf by:

Mr. George Emanouil,
Managing Director



FINANCIAL STATEMENTS

For the year ended December 31, 2008

(in Georgian Lari)



SPECIAL-PURPOSE INCOME STATEMENT

	Year ended 31.12.2008	Year ended 31.12.2007
Sales revenue	36,826,891	27,946,556
Cost of sales	(32,623,755)	(24,526,729)
Gross profit	4,203,136	3,419,827
General and administrative expenses	(1,527,602)	(1,525,196)
Tax expenses	(162,496)	(115,631)
Other operating income	232,070	129,025
Other operating expenses	(87,771)	(76,574)
Operating result	2,657,337	1,831,451
Financial income, net	121,140	92,858
Foreign exchange gains, net	(85,196)	524,725
Miscellaneous non-operating expenses, net	(17,684)	(51,028)
Profit before profit tax	2,675,597	2,398,006
Profit tax expense	(439,413)	(535,263)
Extraordinary losses	(359,962)	(389,384)
	Note 8	
Net profit	1,876,222	1,473,359

The Financial Statements were approved by the management on February 3, 2009 and signed on its behalf by:

 Mr. George Emanouil,
 Managing Director

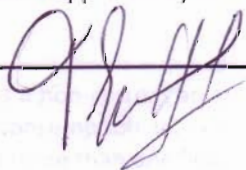
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SPECIAL-PURPOSE STATEMENT OF CHANGES IN OWNER'S EQUITY

	Owner's Equity	Retained earnings (accumulated losses)	Total
Opening balance as at 01.01.2007	7,165,300	(1,598,031)	5,567,269
Net profit	-	1,473,359	1,473,359
Closing balance as at 31.12.2007	7,165,300	(124,672)	7,040,628
Opening balance as at 01.01.2008	7,165,300	(124,672)	7,040,628
Net profit	-	1,876,222	1,876,222
Closing balance as at 31.12.2008	7,165,300	1,751,550	8,916,850

The Financial Statements were approved by the management on February 3, 2009 and signed on its behalf by:

Mr. George Emanouil,
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 100, RON 98, 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.
- one service station – rented – company operated.
- Two Company owned service stations, located in Khashuri are leased out without franchise. These have operated partially during the year ended December 31, 2007.

Besides the main activities EKO Georgia Ltd is operating lubrication & car washing workshops, and supermarket..

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 31.12.2007	127,677	40,214	167,891
Additions	-	-	-
As at 31.12.2008	127,677	40,214	167,891
Accumulated amortization:			
As at 31.12.2007	(77,996)	(27,101)	(105,097)
Charge for the year	(7,755)	(1,664)	(9,419)
As at 31.12.2008	(85,751)	(28,765)	(114,516)
Net book value as at 31.12.2007	49,681	13,113	62,794
Net book value as at 31.12.2008	41,926	11,449	53,375

Note 4. Property, plant and equipment

	LAND	BUILDINGS	MACHINERY	EQUIPMENT	VEHICLES	CONSTRUCTION IN PROGRESS	FURNITURE AND FITTINGS	TOTAL
Cost:								
As at 31.12.2007	2,265,206	5,062,398	1,871,237	1,010,327	403,110	897,583	187,044	11,696,905
Movement	13,303	198,857	20,905	20,177	(70,527)	137,068	-	319,783
As at 31.12.2008	2,278,509	5,261,255	1,892,142	1,030,504	332,583	1,034,651	187,044	12,016,688
Accumulated depreciation:								
As at 31.12.2007	-	(1,915,755)	(967,939)	(429,915)	(174,024)	-	(105,210)	(3,592,843)
Charge	-	(170,827)	(115,495)	(106,618)	13,050	-	(10,439)	(390,329)
As at 31.12.2008	-	(2,086,582)	(1,083,434)	(536,533)	(160,974)	-	(115,649)	(3,983,172)
Net book value as at 31.12.2007	2,265,206	3,146,643	903,298	580,412	229,086	897,583	81,834	8,104,062
Net book value as at 31.12.2008	2,278,509	3,174,673	808,708	493,971	171,609	1,034,651	71,395	8,033,516

FINANCIAL STATEMENTS

As at and for the year ended December 31, 2008
(in Georgian Lari)

**Note 5. Inventories**

	31.12.2008	31.12.2007
Fuel and lubricants	2,572,156	2,557,758
Retail goods	63,894	39,993
Spare parts	503,394	295,353
Other	4,626	1,468
Total	3,144,070	2,894,572

Note 6. Prepaid taxes

	31.12.2008	31.12.2007
Profit tax	134,766	-
Value added tax	993,096	1,043,878
Income taxes	73,600	113,166
Social taxes	137,868	137,868
Property tax	240,078	96,838
Tax on entrepreneurial activities	13,907	13,907
Other	19,686	22,165
Total	1,613,001	1,427,822

Note 7. Trade Receivables

	31.12.2008	31.12.2007
Gross trade receivables	300,116	270,742
Doubtful debt allowance	(245,440)	(245,440)
Trade receivables, net	54,676	25,302

Note 8. Extraordinary losses

	Year ended 31.12.2008	Year ended 31.12.2007
Unordinary losses of inventories	324,159	362,661
Tax penalties and fines on unordinary losses of inventories	35,522	26,274
Miscellaneous	281	-
Total	359,962	389,384

