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, 2009

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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, 2009, 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 Note2 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, 2009 and of its financial performance for the year then ended in accordance with the accounting principles described in Note 2.

Baker Tilly Georgia Limited

March 23, 2010
Tbilisi, Georgia

SPECIAL-PURPOSE BALANCE SHEET

		31.12.2009	31.12.2008
ASSETS			
Non-current assets			
Intangible assets, net	Note 3	53,131	53,375
Property, plant and equipment, net	Note 4	8,242,225	8,033,516
Total non-current assets		**8,295,356**	**8,086,891**
Current assets			
Inventories	Note 5	1,902,531	3,144,070
Prepaid taxes	Note 6	1,582,974	1,613,001
Prepayments		703,331	636,809
Trade receivables, net	Note 7	21,227	54,676
Cash and cash equivalents		1,722,103	703,547
Total current assets		**5,932,166**	**6,152,103**
TOTAL ASSETS		**14,227,522**	**14,238,994**
LIABILITIES AND OWNERS' EQUITY			
Owners' equity		7,165,300	7,165,300
Retained earnings (accumulated losses)		2,375,979	1,751,550
Total owners' equity		**9,541,279**	**8,916,850**
Current liabilities			
Miscellaneous short-term payables		110	110
Accounts payable		4,534,048	5,188,527
Tax liabilities		152,085	133,507
Total current liabilities		**4,686,243**	**5,322,144**
TOTAL LIABILITIES AND OWNERS' EQUITY		**14,227,522**	**14,238,994**

The Financial Statements were approved by the management on March 23, 2010 and signed on its behalf by:

Mr. George Emanouil,
Managing Director

SPECIAL-PURPOSE INCOME STATEMENT

		Year ended 31.12.2009	Year ended 31.12.2008
Sales revenue		26,583,668	36,826,891
Cost of sales		(23,679,178)	(32,623,755)
Gross profit		**2,904,490**	**4,203,136**
General and administrative expenses		(1,456,584)	(1,527,602)
Tax expenses		(189,412)	(162,496)
Impairment of prepaid taxes		(211,138)	-
Other operating income		232,625	232,070
Other operating expenses		(83,986)	(87,771)
Operating result		**1,195,995**	**2,657,337**
Financial income, net		98,277	121,140
Foreign exchange gains, net		(100,606)	(85,196)
Miscellaneous non-operating expenses, net		(81,888)	(17,684)
Profit before profit tax		**1,111,778**	**2,675,597**
Profit tax expense		(233,707)	(439,413)
Extraordinary losses	**Note 8**	(253,642)	(359,962)
Net profit		**624,429**	**1,876,222**

The Financial Statements were approved by the management on March 23, 2010 and signed on its behalf by:

Mr. George Emanouil,
Managing Director

შ.პ.ს. "ეკო-ჯორჯია" "EKO-GEORGIA" LTD. REPUBLIC OF GEORGIA საქართველოს რესპუბლიკა 204872977

SPECIAL-PURPOSE STATEMENT OF CHANGES IN OWNER'S EQUITY

	Owner's Equity	Retained earnings (accumulated losses)	Total
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**
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**

The Financial Statements were approved by the management on March 23, 2010 and signed on its behalf by:

შ.პ.ს. "EKO-GEORGIA" LTD. REPUBLIC OF GEORGIA 204872977

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 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 31.12.2008	127,677	40,214	167,891
Additions	-	9,000	9,000
As at 31.12.2009	**127,677**	**49,214**	**176,891**
Accumulated amortization:			
As at 31.12.2008	(85,751)	(28,765)	(114,516)
Charge for the year	(6,592)	(2,652)	(9,244)
As at 31.12.2009	**(92,343)**	**(31,417)**	**(123,760)**
Net book value as at 31.12.2008	**41,926**	**11,449**	**53,375**
Net book value as at 31.12.2009	**35,334**	**17,797**	**53,131**

Note 4. Property, plant and equipment

	LAND	BUILDINGS	MACHINERY	EQUIPMENT	VEHICLES	CONSTRUCTION IN PROGRESS	FURNITURE AND FITTINGS	TOTAL
Cost:								
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
Movement	51,300	355,208	54,036	22,835	62,751	56,600	22,547	625,277
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**
Accumulated depreciation:								
As at 31.12.2008	-	(2,086,582)	(1,083,434)	(536,533)	(160,974)	-	(115,649)	(3,983,172)
Charge	-	(175,756)	(102,055)	(89,358)	(39,895)	-	(9,504)	(416,568)
As at 31.12.2009	**-**	**(2,262,338)**	**(1,185,489)**	**(625,891)**	**(200,869)**	**-**	**(125,153)**	**(4,399,740)**
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**
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**

Note 5. Inventories

	31.12.2009	31.12.2008
Fuel and lubricants	1,418,495	2,572,156
Retail goods	44,431	63,894
Spare parts	434,978	503,394
Other	4,627	4,626
Total	**1,902,531**	**3,144,070**

Note 6. Prepaid taxes

	31.12.2009	31.12.2008
Profit tax	381,058	134,766
Value added tax	991,373	993,096
Income taxes	73,600	73,600
Social taxes	137,868	137,868
Property tax	175,974	240,078
Tax on entrepreneurial activities	13,907	13,907
Other	20,332	19,686
Impairment (see below)	(211,138)	-
Total	**1,582,974**	**1,613,001**

Each taxpayer has a personal tax card maintained by the tax authorities, disclosing tax assets and liabilities. Total of tax assets on the Company's tax card is less than the total recorded in accounting books. The difference relates to certain now non-existent taxes (such as social tax, for example) and date back to accounting periods prior to 2003. Given the time elapsed and the costs that might be involved in attempting to validate the difference with the tax authorities, recoverability of these amounts is highly doubtful. Therefore, the management made a decision, to recognize impairment of prepaid taxes for the amount, by which accounting books exceed corresponding balance on the Company's tax card.

Note 7. Trade Receivables

	31.12.2009	31.12.2008
Gross trade receivables	266,667	300,116
Doubtful debt allowance	(245,440)	(245,440)
Trade receivables, net	**21,227**	**54,676**

Note 8. Extraordinary losses

	Year ended 31.12.2009	Year ended 31.12.2008
Unordinary losses of inventories	207,081	324,159
Tax penalties and fines on unordinary losses of inventories	45,912	35,522
Miscellaneous	649	281
Total	**253,642**	**359,962**