

Elpe Services Limited

**Report and Financial Statements
For the period 1 Jan 2006 to
31 October 2006**

Elpe Services Limited

Report and financial statements for the period ended 31 October 2006

Contents	Page
Director and advisers	1
Director's report	2
Auditors' report	3 - 4
Income statement	5
Balance sheet	6
Statement of changes in equity	7
Cash flow statement	8
Notes to the financial statements	9 – 13
Analysis of expenses	14

Elpe Services Limited

Director and advisers

Directors

Michael Myrianthis
Andreas Shiamishis
Stamatia Psyllaki

Registered office

1 Erechtheiou
Egkomi
2413 Nicosia

Secretary

Marios Lytras

Auditors

C.A.Photiades Ltd
Certified Public Accountants CY
Stasandrou 7, Office 103
1060 Nicosia
Cyprus

Bankers

National Bank of Greece (Cyprus) Limited

Elpe Services Limited

Director's report

1 The Directors present herewith their report together with the audited financial statements of the Company for the period ended 31 October 2006.

Principal activity and future developments

2 The Company during the period has remained dormant. All trading activities were ceased on the 31st December 2005.

3 The Company's intention is to activate the provisions Article 261 of the Companies Law, Cap.113 for voluntary liquidation.

Results

4 The Company's results for the year are set out on page 5.

5 The Directors do not recommend the payment of a dividend.

Director

6 The directors of the company during the year and up to the date of this report were Michael Myrianthis, Andreas Shiamishis and Stamatia Psyllaki.

Share capital

7 There were no changes in the share capital of the Company.

Auditors

8 The auditors, Messrs C.A.Photiades Ltd, Chartered Public Accountants CY, have expressed their willingness to continue in office. A resolution giving authority to the Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the board

Marios Lytras
Secretary

Nicosia, 23 November 2006

Auditor's report to the members of Elpe Services Limited

Report on the financial statements

1 We have audited the financial statements of Elpe Services Limited on pages 5 to 16, which comprise the balance sheet as at 31 October 2006 and the income statement, statement of changes in equity and cash flow statement for the period ended 31 October 2006, and the related notes. These financial statements are the responsibility of the Company's Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to the Company's members, as a body, in accordance with Section 156 of the Companies Law, Cap. 113. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

2 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 amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.


3 In our opinion, the financial statements give a true and fair view of the financial position of Elpe Services Limited as of 31 October 2006 and of its financial performance and its cash flows for the period from 1 January 2006 to 31 October 2006 in accordance with International Financial Reporting Standards as adopted by the EU and with International Financial Reporting Standards as issued by the IASB and the requirements of the Cyprus Companies Law, Cap. 113.

Report on other legal requirements

4 Pursuant to the requirements of the Companies Law, Cap. 113, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on page 2 is consistent with the financial statements.

C. A. Photiades
Certified Public Accountants CY



Nicosia, 23 November 2006

Elpe Services Limited

Income statement for the period ended 31 October 2006

	Note	<u>1 Jan 06 - 31 Oct 06</u> €	<u>2005</u> €
Revenue			
Consulting services			625.000
Royalty fees		-	100.000
		<u>-</u>	<u>725.000</u>
Less:-			
General and administration expenses		(8.965)	(1.030.270)
		<u>(8.965)</u>	<u>(305.270)</u>
Loss from operating activities	3	(8.965)	(305.270)
Finance costs – (net)	4	<u>(24)</u>	<u>(5.230)</u>
		<u>(8.989)</u>	<u>(310.500)</u>
Loss from operating activities before taxation		(8.989)	(310.500)
Income tax expense	5	(4.774)	(13.825)
		<u>(4.774)</u>	<u>(13.825)</u>
Net loss for the year		<u>(13.763)</u>	<u>(324.325)</u>

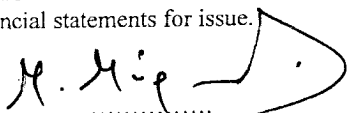
The notes on pages 9 to 13 form an integral part of these financial statements.


Elpe Services Limited

Balance sheet as at 31 October 2006

	Note	31 Oct 06 €	2005 €
Assets			
Current assets			
Other receivables		-	39.130
Income tax refundable	5	-	4.645
Cash at bank	7	14.603	67.994
Total assets		<u>14.603</u>	<u>111.769</u>
Equity and liabilities			
Capital and reserves			
Share capital	8	1.544	1.544
Retained earnings		(6.928)	6.835
Total equity		<u>(5.384)</u>	<u>8.379</u>
Current liabilities			
Amounts due to related parties	6	-	45.403
Other payable and accruals	9	19.987	57.987
		<u>19.987</u>	<u>103.390</u>
Total equity and liabilities		<u>14.603</u>	<u>111.769</u>

On 23 November 2006 the Board of Directors of Elpe Services Limited authorised these financial statements for issue.


.....
Michail Myrianthis - Director


.....
Andreas Sifamishis - Director

The notes on pages 9 to 13 form an integral part of these financial statements.

Elpe Services Limited

Statement of changes in equity for the period ended 31 October 2006

	<u>Share capital</u> €	<u>Retained earnings</u> €	<u>Total</u> €
At 1 January 2004	1.544	185.260	186.804
Net profit for the year	-	<u>145.900</u>	<u>145.900</u>
At 31 December 2004	1.544	331.160	332.704
Net loss for the year	-	<u>(324.325)</u>	<u>(324.325)</u>
At 31 December 2005	1.544	6.835	8.379
Net loss for the year	-	<u>(13.763)</u>	<u>(13.763)</u>
At 31 October 2006	<u>1.544</u>	<u>(6.928)</u>	<u>(5.384)</u>

The notes on pages 9 to 13 form an integral part of these financial statements.

Elpe Services Limited

Cash flow statement for the period ended 31 October 2006

	<u>1 Jan 06 -</u> <u>31 Oct 06</u> €	<u>2005</u> €
Cash flows from operating activities		
Loss before taxation	(8.989)	(310.500)
Adjustments for:		
Interest Income	(61)	(133)
Unrealised exchange gain on retranslation	(129)	-
	<hr/>	<hr/>
Operating loss before working capital changes	(9.179)	(310.633)
Changes in working capital:		
Decrease in amounts due from related parties	-	305.000
Decrease in other receivables	39.130	-
Decrease in amounts due to related parties	(45.403)	(70.613)
Decrease in other payables and accruals	(38.000)	(18.774)
Issued and paid up share capital	-	1.544
	<hr/>	<hr/>
Cash generated used in operations	(53.452)	(93.476)
Taxation paid	-	(57.813)
	<hr/>	<hr/>
Net cash flow used in operating activities	(53.452)	(151.289)
 Cash flow from investing activities		
Interest Income	61	133
	<hr/>	<hr/>
Net cash flow from investing activities	61	133
 Net decrease in cash and cash equivalents	(53.391)	(151.156)
 Cash and cash equivalents at the beginning of the year	67.994	219.150
Cash and cash equivalents at end of the period (Note 7)	<u>14.603</u>	<u>67.994</u>

The notes on pages 9 to 13 form an integral part of these financial statements.

Elpe Services Limited

Notes to the financial statements for the period ended 31 October 2006

1 General

General

Edwick Holdings Ltd (the "Company") was incorporated in Cyprus on 16 November 2001 in accordance with the provisions of the Companies Law, Cap. 113. On 23 January 2003 the Company's name changed to Elpe Services Limited. Its registered office is at 1 Erechtheiou, Egkomi, P.C.2413 Nicosia.

The Company is a wholly owned subsidiary of Hellenic Petroleum International AG, a company registered in Vienna-Austria.

Principal activity

The Company has remained dormant during the period to 31 October 2006.

2 Accounting policies

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

Basis of preparation

The financial statements, have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the IASB, and International Accounting Standards and Standing Interpretations Committee interpretations approved by the IASC that remain in effect and applicable requirements of the Cyprus Companies Law, Cap. 113.

In view of the fact that the Company's intention is to activate the provisions of Article 261 of the Companies Law Cap.113 the financial statements have been prepared based on the net realisable values.

Because of the international nature of the Company's activities and the fact that more of its business is transacted in Euro than any other currency, the financial statements are measured and presented in that currency.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of balance sheet. Actual results may vary from the current estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Elpe Services Limited

Notes to the financial statements for the period ended 31 October 2006

2 Accounting policies (continued)

Foreign Currencies

Foreign currency transactions are translated at the rate of exchange ruling at the time of the transaction, except for:

- (a) Share capital and reserves, which are stated at the historical exchange rate and
- (b) Monetary assets and liabilities, which are translated at the rate of exchange ruling at the balance sheet date.

Exchange differences are included in the results for the year.

Taxation

Provision is made for corporation tax on the taxable profit for the year at the appropriate rates in force.

Other payables and accruals

Liabilities for other payables and accruals are carried at cost, which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed by the supplier.

Related party

A company is considered to be a related party if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions and as such include all companies which are ultimately under a common control.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services:

Revenue from the provision of consulting services to the oil and oil products companies, including services to ensure the adequate conditions and terms for services received from third parties, is recognised by reference to the period that the services are provided.

Interest:

Revenue is recognised as the interest accrues.

Cash and cash equivalents

For the purposes of the cash flow statement, cash equivalents comprise cash at bank.

Elpe Services Limited

Notes to the financial statements for the period ended 31 October 2006

3 Loss from operating activities

The following items have been charged in arriving at operating loss:

	<u>1 Jan 06 -</u> <u>31 Oct 06</u>	<u>2005</u>
	€	€
Staff costs	-	720.215
Auditors' remuneration	1.000	6.989
Auditors' remuneration – Prior years	4.665	2.810

4 Finance costs – (net)

	<u>1 Jan 06 -</u> <u>31 Oct 06</u>	<u>2005</u>
	€	€
Bank interest income	61	133
Bank charges	(139)	(4.302)
Interest on taxation	-	(3.206)
Realised exchange gain	54	2.145
	<u>(85)</u>	<u>(5.363)</u>
Total net finance cost	<u>(24)</u>	<u>(5.230)</u>

5 Taxation

Income Statement:

	<u>1 Jan 06 -</u> <u>31 Oct 06</u>	<u>2005</u>
	€	€
Corporation tax – prior years	4.774	-
Overseas withholding tax	-	13.825
Income tax expense as per income statement	<u>4.774</u>	<u>13.825</u>

The tax on the company's profit before taxation differs from the theoretical amount that would arise using the applicable tax rates as follows:

	<u>1 Jan 06 -</u> <u>31 Oct 06</u>	<u>2005</u>
	€	€
(Loss)/profit from operating activities before taxation	<u>(7.989)</u>	<u>(310.500)</u>
Tax calculated at the applicable tax rate of 10%	(799)	(31.050)
Tax losses carried forward to next year	799	31.057
Tax effect of income not subject to tax	-	(7)
Overseas withholding tax	-	13.825
Income tax expense per income statement	<u>-</u>	<u>13.825</u>

Elpe Services Limited

Notes to the financial statements for the period ended 31 October 2006

5 Taxation (continued)

Balance sheet:

	<u>31 Oct 06</u>	<u>2005</u>
	€	€
Current assets		
Tax balance of income tax relates to corporation tax refundable	-	(4.645)

6 Related party balances

	<u>31 Oct 06</u>	<u>2005</u>
	€	€
<i>Amounts due to related parties:</i>		
Hellenic Petroleum S.A.	-	10.000
ELPET Balkaniki S.A.	-	35.403
	<u>-</u>	<u>45.403</u>

The amounts due to the related parties relate to the trading activities of the Company. The amounts are unsecured, interest free and payable on demand.

7 Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	<u>31 Oct 06</u>	<u>2005</u>
	€	€
Cash at bank	<u>14.603</u>	<u>67.994</u>

8 Share capital

	<u>31 Oct 06</u>	<u>2005</u>
	cyp£	cyp£
<i>Authorised</i>		
5.000 shares of cyp £1 each	<u>5.000</u>	<u>5.000</u>
	€	€
Issued and fully paid		
1.000 shares of CYP£1 each translated to Euro at the rates of exchange ruling at the date of the issue CYP£ / Euro 1,544	<u>1.544</u>	<u>1.544</u>

Elpe Services Limited

Notes to the financial statements for the period ended 31 October 2006

9 Other payables and accruals

	<u>31 Oct 06</u>	<u>2005</u>
	€	€
VAT penalties / VAT payable	18.987	39.130
Accrued expenses	1.000	18.857
	<u>19.987</u>	<u>57.987</u>

10 Related party transactions

The following transactions have been entered into on commercial terms with related companies:

	Royalty Income	Consulting Income	Royalty Expenses	Professional Expenses
	€	€	€	€
<i>Hellenic Petroleum Cyprus Ltd</i>				
1 Jan 06 – 31 Oct 06	-	-	-	-
2005	50.000	-	-	-
<i>Jugopetrol AD Kotor</i>				
<i>Okta Crude Oil Refinery AD</i>				
1 Jan 06 – 31 Oct 06	-	-	-	-
2005	-	500.000	-	-
<i>E.L.P.E.T</i>				
1 Jan 06 – 31 Oct 06	-	-	-	-
2005	-	-	-	290.256
<i>Hellenic Petroleum S.A.</i>				
1 Jan 06 - 31 Oct 06	-	-	-	-
2005	-	75.000	10.000	-

11 Fair values

The fair values of the Company's financial assets and financial liabilities approximate their carrying amounts at the balance sheet date.

12 Commitments and contingencies

The Company's management is not aware of any actual, pending or threatened claims against the Company.

13 Post balance sheet events

The Company's intention is to activate the procedures of Article 261 of the Companies Law, Cap.113 for voluntary liquidation.

Elpe Services Limited**Analysis of expenses
for the period ended 31 October 2006**

	<u>1 Jan 06 -</u> <u>31 Oct 06</u>	<u>2005</u>
	€	€
General and administrative expenses		
Audit fees	5.665	9.799
Professional services	1.372	-
Staff costs	-	720.215
Consultancy expenses	1.928	290.256
Royalty expenses	-	10.000
	<u>8.965</u>	<u>1.030.270</u>