

**“ELDA PETROLEUM” sh p k**

**Tirana – Albania**

**Financial Statements as at 31 December 2007**

(with the independent auditor’s report thereon)  
Tirana February 11<sup>th</sup>, 2008

## "ELDA PETROLEUM ALBANIA"shp k

Balance sheet as at 31 December 2007

(amounts in Leke)

<i>Assets</i>	<i>Notes</i>	<u>December 31, 2007</u>	<u>December 31, 2006</u>
<b>Current Assets</b>			
Cash and Bank	8	48,098,521.00	10,172,060.00
Inventories	6	23,195,337.00	26,166,013.00
Trade Receivables	7	51,680,218.00	25,419,386.00
Other Receivables	7	58,367,490.00	67,672,905.00
		<u>181,341,567.00</u>	<u>129,430,364.00</u>
<b>Non - Current Assets</b>			
Property, Plant & Equipment	4, 5	390,765,398.00	423,904,621.00
Intangible Assets		29,760.00	70,000.00
		<u>390,795,158.00</u>	<u>423,974,621.00</u>
Exchanging differences			0.00
Prepaid Expenses		248,750.00	501,573.00
		<u>248,750.00</u>	<u>501,573.00</u>
<b>Total Assets</b>		<b><u>572,385,473.00</u></b>	<b><u>553,906,558.00</u></b>
<b><i>Liabilities &amp; Shareholder's Equity</i></b>			
<b>Current Liabilities</b>			
Trade Payables	11	88,662,816.00	41,848,375.00
Personnel	12	78,154.00	86,462.00
Other liabilities	13	4,000,000.00	274,895,092.00
Taxes		53,997.00	46,602.00
	10	<u>92,794,967.00</u>	<u>316,876,531.00</u>
Exchanging differences		114,900.00	99,286.00
		<u>92,909,867.00</u>	<u>316,975,817.00</u>
<b>Stockholder's Equity</b>			
Capital	9	617,472,990.00	363,003,918.00
Share Premium		0.00	0.00
Reserve			0.00
Profit/Loss from the previous Year	9	(126,073,177.00)	(108,805,620.00)
Profit/Loss from the Year	17,18	(11,924,207.00)	(17,267,557.00)
		<u>479,475,606.00</u>	<u>236,930,741.00</u>
<b>Total Liabilities &amp; Equity</b>		<b><u>572,385,473.00</u></b>	<b><u>553,906,558.00</u></b>

The accompanying notes are part of these FS

**“ELDA PETROLEUM  
ALBANIA”shpk**

*Profit and loss account for the year ended 31 December 2007*

*(amounts in Leke)*

	Notes	<u>December 31, 2007</u>	<u>December 31, 2006</u>	<u>Difference +/-</u>
<b>Sales</b>				
Turnover-continuing operations	14	527,587,884.00	491,299,635.00	36,288,249.00
Other Income	14	13,341,326.00	9,290,481.00	4,050,845.00
		<u>540,929,210.00</u>	<u>500,590,116.00</u>	<u>40,339,094.00</u>
<b>Financial income</b>				
Interest gained	14	7,858.00	25,352.00	(17,494.00)
Positive differences from exchange rates		140,769.00	0.00	140,769.00
		<u>148,626.00</u>	<u>25,352.00</u>	<u>123,274.00</u>
<b>Total Income</b>		<b><u>541,077,836.00</u></b>	<b><u>500,615,468.00</u></b>	<b><u>40,462,368.00</u></b>
<b>Expenses</b>				
Purchase of goods and others	15.1	464,438,885.00	442,635,566.00	21,803,319.00
Changes of Inventory	15.1	3,014,010.00	(5,596,501.00)	8,610,511.00
Supplies and Services	15.1	33,593,085.00	29,218,756.30	4,374,328.70
Personnel	15.1	4,224,300.00	6,033,086.00	(1,808,786.00)
Local taxes	15.1	936,656.00	830,230.00	106,426.00
Rent Expenses	15.2	3,896,750.00	4,127,387.80	(230,637.80)
Other Expenses	15.2	18,839,057.00	11,207,888.00	7,631,169.00
Depreciation	15.2	23,702,202.00	28,860,005.00	(5,157,803.00)
		<u>552,644,945.00</u>	<u>517,316,418.10</u>	<u>35,328,526.90</u>
<b>Financial Expenses</b>				
Financial Interest	16	0.00	0.00	
Bank charges	16	314,970.00	415,625.40	(100,655.40)
Negative foreign exchange	17	42,128.00	150,981.25	(108,853.25)
		<u>357,098.00</u>	<u>566,606.65</u>	<u>(209,508.65)</u>
<b>Total Expenses</b>		<b><u>552,995,048.00</u></b>	<b><u>517,883,024.75</u></b>	<b><u>35,112,023.25</u></b>
<b>Operating profit (loss)</b>	19	<b><u>(11,917,211.00)</u></b>	<b><u>(17,267,556.75)</u></b>	<b><u>(5,350,345.75)</u></b>
Non Deductible Expenses	19	5,888,623.00	10,314,791.00	4,426,168.00
Tax on Profit 20%	19	0.00	0.00	
<b>Retained Profit for the financial year</b>	19	<b><u>(11,917,211.00)</u></b>	<b><u>(17,267,556.75)</u></b>	<b><u>(5,350,345.75)</u></b>

*The accompanying notes are part of these FS*

## "ELDA PETROLEUM ALBANIA" sh p k

Statement of cash flows for the years ended 31 December 2007

(amounts in Lek)

	<u>December 31, 2007</u>
<b>Operating activities</b>	
Profit (Loss) before tax	(11,924,207.00)
Adjustments for:	
Depreciation	23,702,202.00
Provisions	0.00
Unrealised foreign exchange (gain)/loss	0.00
Interest expenses	0.00
Working capital changes:	
Decrease/(Increase) of inventories	2,970,676.00
Decrease/(Increase) of trade receivables	(26,260,832.00)
Decrease/(Increase) of other receivables	9,305,415.00
Increase/(Decrease) of trade payables	46,814,441.00
Increase/(Decrease) of other payables	(270,896,006.00)
Cash generated from operations	<u>(226,288,311.00)</u>
<b>Net cash from operating activities</b>	<u>(226,288,311.00)</u>
<b>Investment activities</b>	
Acquisition of property, plant and equipment	<u>9,730,086.00</u>
<b>Net cash used in investing activities</b>	<u>9,730,086.00</u>
<b>Financing activities</b>	
Proceeds from borrowings	254,469,072.00
Decrease/(Increase) of due to partners	0.00
Decrease/(Increase) of unrealised exchange rates	15,614.00
<b>Net cash used in financing activities</b>	<u>264,214,772.00</u>
<b>Net increase/(decrease) in cash during the year</b>	<u><u>37,926,461.00</u></u>
<b>Cash on hand and at banks, beginning of the year</b>	<u><u>10,172,060.00</u></u>
<b>Cash on hand and at banks, end of the year</b>	<u><u>48,098,521.00</u></u>

The accompanying notes are part of these FS

**"ELDA PETROLEUM ALBANIA" sh p k**

*Statement of shareholders' equity for the year than ended 31 December 2007, 2006 & 2005*

*(amounts in 000'Lek)*

	<b>Owned Capital</b>	<b>Share premium</b>	<b>Reserves</b>	<b>Accumulated Profit</b>	<b>Total</b>
<b>Balance at 31 December 2005</b>	<b>363,004</b>	<b>0</b>	<b>0</b>	<b>-108,806</b>	<b>254,198</b>
Increase/Decrease of Owned Capital	0	0	0	0	0
Profit/Loss for the year 2006	0	0	0	-17,267	-17,267
<b>Balance at 31 December 2006</b>	<b>363,004</b>	<b>0</b>	<b>0</b>	<b>-126,073</b>	<b>236,931</b>
Increase/Decrease of Owned Capital 2007	254,469				254,469
Profit/Loss for the year 2007				(11,924)	(11,924)
<b>Balance at 31 December 2007</b>	<b>617,473</b>	<b>0</b>	<b>0</b>	<b>-137,997</b>	<b>479,476</b>

*The accompanying notes are part of these FS*



*"It -Al Consult" sh p k.*

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## **Auditor's Report**

To the shareholders of  
**"ELDA PETROLEUM ALBANIA" sh p k**  
**Tirana, Albania**

We have audited the accompanying financial statements Elda Petroleum Albania sh p k ("the company"), which comprise the balance sheet as at 31 December 2006 and the statements of income and expenditures, statement of changes in equity and cash flow statement for the year than ended and a summary of significant accounting policies and other explanatory notes.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with National Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to preparation of financial statements that are free from material misstatement, whether due to fraud and error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express an independent opinion on these 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. These procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the 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 financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of the expressing an opinion on the effectiveness of the entity's internal control. An audit 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 financial statements.



*"It -Al Consult" sh p k.*

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

During our audit work we have noticed as following:

- a) The company has two court case with Tax Authorities. The company has loss two first steps of appeal in the administration appeal process with the tax office. The company has lost and the first step of the claim in Tirana court. These cases come from previous years and the company has not estimated the eventual liability amount related to these cases and has created no provision for tax expenses. The company presented this obligation in the notes of the FS as eventual liabilities. We didn't take any evidence regarding to the provisions for tax expenses, therefore we are not able to define the value of the provisions required for the tax expenses and penalties related to court cases or appeal process.

*Opinion*

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary, the financial statements give a true and fair view, in all materials respects, the financial position of "Elda Petroleum" sh p k, as of 31 December 2007, and of its financial performance and its cash flows for the year than ended in accordance with Law 9228 dated 29.04.2004 "On Accounting and Financial Statements" and other the Albanian Regulations.

**"It – Al Consult" sh p k**

Tirana, February 8<sup>th</sup>, 2008

EKA Leze **ABAZI**

Authorized Chartered Accountant

## “ELDA PETROLEUM ALBANIA” sh p k

Notes to the Financial Statements

For the period than ended December 31, 2007

(amounts in Leke)

### 1. General Information

“Elda Petroleum Albania” sh p k is registered by the Tirana City Court decision no.22438 dated 15.12.1999 as a limited company, in compliance with the “Commercial Company” Law no.7638 dated 19.11.1992.

The shareholders of the Company as at December 31, 2007 are as following:

Shareholder name	Value of Subscribed Capital in 000/Lek	% in Capital
1 Global Petroleum S.a	<u>617,473</u>	<u>100.00</u>
	<u>617,473</u>	<u>100</u>

With the decision e shareholder’s meeting dated 04.05.2006 is has been decided the increase of the capital of the company. The legal procedures for the increase of the capital has been finished in the year 2007 with the decision of the Tirana Court no..22438/9 dated 05.04.2007 that has approved the increase of the capital for the Leks 254,469 thousand

2007 was Administrator of Company is Mr. Vasilios Antoniadis

Company address: Rruga e Kavajes, nr. 59, Tirana Tower, Tirana.

Company is register in the Tax Office of The Biggest Taxpayer and has the Taxpayer Identification Number (NIPT) K01315005N.

In December 31<sup>st</sup>, 2007 the company has 4 employees (December 31<sup>st</sup> 2006, 4 employees)

The main activity of the company is the trading of the petroleum and its products, the administration and operating of the point of sales of the petroleum in Albania. There have been no significant changes in the organization part of the company during 2007.

There are the necessary contracts to support its activity. The significant contracts are lease contract for the retail sales shops, and service agreements for the retail sales of petroleum and related. The company has subscribed some contracts with Global Petroleum s.a. in order to sale of petroleum and telephone services.

### 2. Significant Accounting Principles

The accompanying Financial Statements are prepared based on the accounting entries in compliance with the Accounting Law no.9228 dated 29.04.2004. Balance Sheet and the Income Statement as of December 31, 2007 are presented in compliance with the model form as required by this law and the General Accounting Plan.

According to Albanian accounting principles, the Financial Statements are prepared based on historical costs and accrual accounting basis.

## **“ELDA PETROLEUM ALBANIA” sh p k**

Notes to the Financial Statements

For the period than ended December 31, 2007

(amounts in Leke)

### **2. Significant Accounting Principles (Continue)**

Bookkeeping, which include accounting entries and its system, is performed by Finance 5, an Albanian accounting software. The bookkeeping is performed in the company offices, finance department, where it is elaborated and registered all the financial and accounting documentation.

Albanian specialized economist perform the bookkeeping process, supervised by a foreign financial controller. The accounting software is in Albanian language and the account numbers are organized in accordance with the General Accounting Plan requirements. This software offers the opportunity to generate financial statements periodically. Every month are prepared and reported the monthly reported statements.

In preparing the FS of the year 2007 there is applied the principle of going concern, of materiality, comparison, etc.

All the accounting entries are documented and registered in a chronological and systematically base in the accounting books in compliance with the accepted accounting principles. Financial Statements are reported in Lek, which is the Albanian currency

A summary of the significant accounting policies, based on which are prepared financial statements, are presented as following:

#### **2.1 Property Plant and Equipment**

Tangible Fixed Assets are measured at the acquiring cost minus the accumulated depreciation. Depreciation is calculated according to the Law 8438 dated 28.12.1998 “Tax on income” and the depreciation rates are listed as following:

	<b>Depreciation rate %</b>	<b>Calculating Method</b>
Buildings	5	Straight-line
General technical installations	5	Straight-line
Machinery & Equipments	20	Residual value
Vehicles	20	Residual value
Office furniture & equipments	20	Residual value
Computers and similar	25	Residual value

#### **2.2 Intangible Fixed Assets**

For Intangible fixed assets is used the method of straight-line amortization and the rate of amortization is 10% per year.

#### **2.3 Inventories**

Inventories are stated at average cost. The accounting method of inventory is perpetual method.

## **“ELDA PETROLEUM ALBANIA” sh p k**

Notes to the Financial Statements

For the period than ended December 31, 2007

(amounts in Leke)

### *2.4. Accounts Receivables & Trade payable*

Receivables are stated at their cost. Trade payables are stated at the invoice amount taken from the suppliers. State liabilities are stated at the amount of liabilities calculated in accordance with the law requirements. The loss from clients or debtors is presented as an expense at the moment they are classified as doubtful, lost or without hope to be received. There is not created a provision for bad debts for the year 2007 and for tax liabilities

### *2.5 Cash on hand and at banks*

Cash and their equivalentents include cash on hand and at banks. They are stated at their cost.

### *2.6 Revenue and Expenses Recognition*

Revenue is recognized when the significant risks and rewards of the sale of goods have been transferred to the buyer, the future economic benefits are expected to flow in the company, and these inflows can be measured reliably.

Expenses are recognized in the income statement when the obligated event has occurred and the company expects an outflow of the assets for their settlement in the future.

The company has applied the matching concept for revenue and expenses

### *2.7 Foreign currency transactions*

Foreign currency transactions are translated in Lek at the transaction date rate. Monetary elements denominated in foreign currency are translated in lek at closing rate, presented as below:

#### **31 December 2007**

1 Euro = 121.78 Lek

1 US Dollars = 89.92 Lek

#### **31 December 2006**

1 Euro = 123.85 Lek

1 US Dollars = 94.14 Lek

Exchange rate differences of monetary elements denominated in foreign currencies are recognized in the income statement.

Foreign exchange differences of receivables and liabilities are not recognized in the income statement but in balance sheet (asset or liabilities) in the item "Translation differences" as it is required by Accounting Law.

## “ELDA PETROLEUM ALBANIA” sh p k

Notes to the Financial Statements

For the period than ended December 31, 2007

(amounts in Leke)

### 2.8 Tax on profit

Tax on profit is calculated in accordance with the law requirement ” Tax on income”. Tax on profit rate for 2007 is 20% (2005; 20%).

Current tax is the excepted tax payable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

The deferred taxation is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The company does not apply the deferred taxation

### 3. Fixed Assets

The situation of fixed asset in 2007 comprised with year 2006 is presented as following:

<i>Fixed Asset</i>	<i>At 31 December 2007 In leks</i>	<i>At 31 December 2006 In leks</i>	<i>Difference 07-06 In leks</i>
Start up and development	70,000	70,000	-
Land	39,518,080	39,518,080	-
Buildings	296,807,014	305,906,129	(9,099,115)
Technical Installation	29,975,929	28,262,016	1,713,913
Vehicles	4,544,078	4,544,078	-
Others in use	44,181,190	47,022,936	(2,841,746)
In progress	39,509,098	40,737,102	(1,228,004)
<b>Total</b>	<b>454,605,389</b>	<b>466,060,341</b>	<b>(11,454,952)</b>

During the accounting period ended December 31, 2007 there are done some movements of Fixed Asset. The movements of the Fixed Assets valued with historical is presented as following:

<i>Fixed Asset</i>	<i>At 31 December 2007 In leks</i>	<i>Increase during 2007 In Leks</i>	<i>Decrease during 2007 In Leks</i>	<i>At 31 December 2006 In leks</i>
Start up and development	70,000			70,000
Land	39,518,080	=	=	39,518,080
Buildings	305,906,129	3,762,666	12,861,781	296,807,014
Technical Installation	28,262,016	1,897,095	183,181	29,975,929
Vehicles	4,544,078	=	=	4,544,078
Others in use	47,022,936	61,189	2,902,935	44,181,190
In progress	40,737,102	=	1,228,004	39,509,098
<b>Total</b>	<b>466,060,341</b>	<b>5,720,950</b>	<b>17,175,901</b>	<b>454,605,389</b>

## “ELDA PETROLEUM ALBANIA” sh p k

Notes to the Financial Statements

For the period than ended December 31, 2007

(amounts in Leke)

### 4. Depreciation

The Accumulated Depreciation and Annual Charge as of 31 December 2007 are composed as follows:

<i>Accumulated Depreciation</i>	<i>At 31 December 2006</i>	<i>Annual charge</i>	<i>Disposals</i>	<i>At 31 December 2006</i>
	<i>In Leks</i>	<i>In Leks</i>	<i>In Leks</i>	<i>In Leks</i>
Start up and development	0	40,246	0	40,246
Buildings	17,196,630	15,300,905	1,351,887	31,145,648
Technical Installation	10,887,301	3,460,330	425,602	13,922,029
Vehicles	2,736,301	379,102	0	3,115,403
Others in use	11,265,487	4,948,792	627,372	15,586,907
<b>Total</b>	<b>42,085,719</b>	<b>24,129,375</b>	<b>2,404,861</b>	<b>63,810,233</b>

The company has used the depreciation rates defined in the Law no.8438 dated 28.12.1998 "Tax on Income" to calculate the depreciation of Tangible Fixed Assets. For the building is used the straight line method of depreciation and for other Tangible FA is used the method of residual value. The depreciation amount is 23,767 thousand lek, recognized even in the expenses. For Intangible Asses the company during the year 2007 has done some adjustments in the sum of the amortization. The value of the amortization on the Intangible FA, over the tax limitation has been considered as non tax deductible expenses.

### 5. Inventories

The balance of inventory in December 31, 2007 is presented in the following statement:

	<i>December 31,2006</i>	<i>December 31,2006</i>	<i>Leks Difference</i>
Petroleum	21,303,967	24,115,639	(2,811,672)
Lubricants	0	202,337	(202,337)
Other Inventory	1,891,370	1,848,037	43,333
<b>Total</b>	<b>23,195,337</b>	<b>26,166,013</b>	<b>(2,970,675)</b>

The balance of materials and goods purchased are stated in balance sheet at average purchase cost, in the account class no.3, for the above amounts. The accounting balance of the inventory are in compliance with the balance of the physical stoke take done at the end of the year

The company has used the perpetual inventory accounting method.

## “ELDA PETROLEUM ALBANIA” sh p k

Notes to the Financial Statements

For the period than ended December 31, 2007

(amounts in Leke)

### 6. Accounts Receivables

Accounts receivables as at 31 December 2007 are composed as follows;

#### 6.1 Trade receivables

This item includes the total of the invoices that has been issued during the accounting period and those issued in the previous years and that are not settle.

	<u>December 31,2007</u>	<u>December 31,2006</u>	<u>Difference</u>
Gjrokastra 1 Petrol Station	2,332,372	1,650,662	681,710
Elbasan Petrol Station	-663,883	2,233,527	-2,897,410
Kakavija Petrol Station	1,670,019	963,539	706,480
Permet Petrol Station	1,757,633	1,455,935	301,698
Khafnezaj Petrol Station	3,822,381	1,802,712	2,019,669
Gjrokastra 2 Petrol Station	3,041,998	1,614,803	1,427,195
Global Sha Asets	19,579,617	29,241	19,550,376
Khafnezaj 2 Petrol Station	3,716,925	2,009,282	1,707,643
Ortodoks church	1,769,677	105,000	1,664,677
J & P AVAX	1,785,881	1,753,122	32,759
Others	12,867,598	11,801,563	1,066,035
<b>Total</b>	<b><u>51,680,218</u></b>	<b><u>25,419,386</u></b>	<b><u>26,260,832</u></b>

Other clients include the amounts to be received from the companies or other clients.

#### 6.b. Other receivables

Other receivables as at 31 December 2006 are composed as follows;

	<u>December 31,2007</u>	<u>December 31,2006</u>	<u>Difference</u>
Prepayment Tax on Profit	8,423,289	9,445,483	(1,523,766)
Value Added Tax	47,918,928	55,651,978	(7,733,050)
Others	2,025,274	2,575,444	(48,597)
	<b><u>58,367,491</u></b>	<b><u>67,672,904</u></b>	<b><u>(9,305,413)</u></b>

### 7. Cash and cash equivalents

Cash and cash equivalents are presented in financial statements as of December 31, 2007 of followings:

	<u>December 31,2007</u>	<u>December 31,2006</u>	<u>Difference</u>
Cash on hand	92,290.00	16,910.00	75,380.00
Cash at banks	48,006,231.00	10,155,149.63	37,851,081.37
	<b><u>48,098,521.00</u></b>	<b><u>10,172,059.63</u></b>	<b><u>37,926,461.37</u></b>

## “ELDA PETROLEUM ALBANIA” sh p k

Notes to the Financial Statements

For the period than ended December 31, 2007

(amounts in Leke)

### 7. Cash and cash equivalents (Continue)

The balance of bank accounts presented in balance sheet as of December 31, 2007 is equal to the bank statements dated 31.12.2007 .

The balance of bank accounts presented in balance sheet as of December 31, 2007 is equal to the bank statements dated 31.12.2007 .

### 8. Cost to be distributed

In this item of Leks 249 thousand is included the cost of the insurance paid during the 2007 and the service will received during the year 2008.

### 9. Net Equity

Movements in net equity as of December 31,2007 are presented as following:

	000/Leks				
	<u>Owned Capital</u>	<u>Share premium</u>	<u>Reserves</u>	<u>Accumulated Profit</u>	<u>Total</u>
<b>Balance at 31 December 2005</b>	<b>363,004</b>	<b>0</b>	<b>0</b>	<b>-108,806</b>	<b>254,198</b>
Increase/Decrease of Owned Capital	0	0	0	0	0
Profit/Loss for the year 2006	0	0	0	-17,267	-17,267
<b>Balance at 31 December 2006</b>	<b>363,004</b>	<b>0</b>	<b>0</b>	<b>-126,073</b>	<b>236,931</b>
Increase/Decrease of Owned Capital 2007	254,469				254,469
Profit/Loss for the year 2007				(11,924)	(11,924)
<b>Balance at 31 December 2007</b>	<b>617,473</b>	<b>0</b>	<b>0</b>	<b>-137,997</b>	<b>479,476</b>

Subscribed Capital is compounded in 100 shares which have a face value 6,174,729.9 lek/share. During the year 2007 there has finished the procedures for the increase of the subscribed capital from the capitalization of the balance of the intra0group account.

### 10. Current Liabilities

Liabilities include only current liabilities. As to this classification, they are presented as following:

	<u>December 31,2007</u>	<u>December 31,2006</u>	<u>Difference</u>
	<u>In Leks</u>	<u>In Leks</u>	<u>In Leks</u>
Trade payables	88,662,816	41,848,375	46,814,441
Social & Health insurance	78,154	86,462	(8,308)
Tax	53,997	46,602	7,395
Other liabilities	4,000,000	280,638,087	(276,638,087)
<b>Total</b>	<b>92,794,967</b>	<b>316,876,531</b>	<b>(224,081,564)</b>

## “ELDA PETROLEUM ALBANIA” sh p k

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### 11. Trade Payables

Trade payables are presented in balance sheet for the amount that will be paid after the 31.12.2007. In the following table is presented the composition of trade payables

	<i>December 31,2007</i> <i>In leks</i>	<i>December 31,2006</i> <i>In Leks</i>	<i>Difference</i> <i>In leks</i>
Global Petroleum sh a	83,662,800	35,103,081	48,559,710
Global Petroleum Fixed Assets	=	1,560,800	(1,560,800)
Others	5,000,016	5,184,494	(184,478)
<b>Total</b>	<b>88,662,816</b>	<b>41,848,375</b>	<b>46,814,441</b>

### 12. Personnel

This item present the liability of the company due to Social Insurance and Social Health Institutes calculated for December 2007 salaries and which are paid in January 2008.

### 13. Other liabilities

Other Liabilities as at December 31, 2007 present an obligation to a company which has paid wrongly in the bank account of the company. During the year 2007 the company has closed the balances with Global Petroleum sha which has partially used for the increase of the capital and partially has been paid.

### 14 Taxes

In this items are include the obligation of the company to the tax office for the income on the salaries and withholding tax is to be paid in the January of 2008.

### 15. Statement of Incomes

For the accounting period year ended December 31, 2007, the company has incurred expenses and incomes which are presented in the accounting classes 6 and 7 respectively.

#### 15.1 Incomes

Income from sales of the continuing operation during the year 2007 are presented as below:

	<i>December 31,2007</i> <b>In leks</b>	<i>December 31,2006</i> <b>In leks</b>	<i>Difference</i> <b>In leks</b>
Sales of Petroleum with tax	523,279,993	486,969,767	36,310,226
Sales of Lubrificants	148,891	171,868	(22,978)
Other sales -rent	4,159,000	4,158,000	1,000
<b>Total</b>	<b>527,587,884</b>	<b>491,299,635</b>	<b>36,288,248</b>

**“ELDA PETROLEUM ALBANIA” sh p k**

Notes to the Financial Statements

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*15.1 Incomes (Continue)*

Income from Other sales is presented as following:

	<i>December 31,2007</i> <i>In leks</i>	<i>December 31,2006</i> <i>In Leks</i>	<i>Difference</i> <i>In Leks</i>
Income from sales of TFA	12,450,152	1,036,386	11,413,766
Reversal of Depreciation	891,174	1,261,468	(370,294)
Other incomes		6,992,627	(6,992,627)
<b>Total</b>	<b>13,341,326</b>	<b>9,290,481</b>	<b>4,050,845</b>

Incomes from financial activities are presented below:

	<i>December</i> <i>31,2007</i> <i>In leks</i>	<i>December</i> <i>31,2006</i> <i>In Leks</i>	<i>Difference</i> <i>In Leks</i>
Interest gained	7,858	25,352	(17,494)
Revenue from Exchange	140,769		140,769
<b>Total</b>	<b>148,627</b>	<b>25,352</b>	<b>123,275</b>

**16. Statement of Expenditures**

Expenditures as at 31 December 2007, are composed of the following:

	<i>2007</i> <i>In Leks</i>	<i>2006</i> <i>In Leks</i>	<i>Difference</i>
Purchase of goods and others	464,438,886	442,635,566	21,803,320
Net Operating Expenses	88,206,060	74,680,852	13,525,208
	<b>552,644,946</b>	<b>517,316,418</b>	<b>35,328,528</b>

*16.1 Purchase of goods*

Purchase of goods and others as at 31 December 2006, are composed of the following:

	<i>2007</i> <i>In Leks</i>	<i>2006</i> <i>In Leks</i>	<i>Difference</i>
Purchase of goods and others	464,438,885	442,635,566	21,803,319
Changes of Inventory	3,014,010	(5,596,501)	8,610,511
Supplies and Services	37,489,835	33,346,144	4,374,329
Personnel	4,224,300	6,033,086	(1,808,786)
Customs Expenses, Excise and Other Taxes	936,656	830,230	106,426
<b>Total</b>	<b>510,103,686</b>	<b>477,248,525</b>	<b>33,085,799</b>

## “ELDA PETROLEUM ALBANIA” sh p k

Notes to the Financial Statements

For the period than ended December 31, 2007

(amounts in Leke)

### 16.1 Purchase of goods (Continue)

The composition of the item Supplies and Services is given in the following table:

	<i>December 31,2007 In 000 leks</i>	<i>December 31,2006 In 000'Leks</i>	<i>Difference In 000'Leks</i>
Electricity, water cost	7		7
Rent	3,897	4,127	-230
Service cost	27,532	23,420	4112
Petroleum analysis cost	575	559	16
Office furniture		96	-96
Accounting cost service	750	639	111
Legal Cost Kalo&Associates		184	-184
Maintenance and repairs	2,512	2,128	384
Insurance premium	1,265	1,505	-240
Service from third parties	714		714
Telephone and mail cost	149	132	17
Other services cost	89	556	-467
<b>Total</b>	<b>37,490</b>	<b>33,346</b>	<b>4,144</b>

### 16.2 Net Operating Expenses

Net Operating Expenses as at 31 December 2007 are composed of the following:

	<i>2007 In leks</i>	<i>2006 In leks</i>	<i>Difference In leks</i>
Other Expenses	18,839,057	11,207,888	7,631,169.00
Annual Depreciation	23,702,202	28,860,005	(5,157,803.00)
<b>Total</b>	<b>42,541,259</b>	<b>40,067,893</b>	<b>2,473,366</b>

### 17- Tax expense

In this item of expense are included the taxes paid by the company during the eyar 2007. An analytical view is given in the fallowing table:

	<b>Year 2007 In Leks</b>
Registration tax	100,000
Local Tax	745,956
Taxes for vehicles	90,700
<b>Total</b>	<b>936,656</b>

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Notes to the Financial Statements

For the period than ended December 31, 2007

(amounts in Leke)

### 16. Finance cost, net

The finance cost for the years indicated is composed as follows:

	<i>2007</i> <i>In Leks</i>	<i>2006</i> <i>In leks</i>	<i>Difference</i> <i>In leks</i>
Financial Interest	0.00	0.00	0.00
Bank charges	314,970.00	415,625.40	(100,655.40)
	<b>314,970.00</b>	<b>415,625.40</b>	<b>(100,655.40)</b>

### 17. Net foreign exchange gain (loss)

The net foreign exchange gain (loss) for the years indicated is composed as follows:

	<i>2007</i> <i>In leks</i>	<i>2006</i> <i>In Leks</i>	<i>Difference</i> <i>In Leks</i>
Realized gain on foreign currency transactions	0.00	0.00	0.00
Realized loss on foreign currency transactions	42,128.00	150,981.25	(108,853.25)
	<b>42,128.00</b>	<b>150,981.25</b>	<b>(108,853.25)</b>

### 18. Employee Information

The average monthly number of persons (excluding executive directors) and the related expenditures by the company during the years was:

	2007	2006
Number of Employees	4 persons	4 persons

In the following table is presented the information for the composition of the personnel cost:

	<i>2007</i> <i>In Leks</i>	<i>2006</i> <i>In Leks</i>	<i>Difference</i> <i>In leks</i>
Wages & Salaries	3,611,966	4,928,316	(1,316,350)
Social and Health insurance	612,334	1,104,770	(492,436)
<b>Total</b>	<b>4,224,300</b>	<b>6,033,086</b>	<b>(1,808,786)</b>

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### 19. Taxation

For the year 2007 the company has an accounting loss for amount of Leks 11,924 thousand

The calculation of the taxable net result is presented as following:

	<u>Year 2007</u>	<u>Year 2006</u>	<u>Difference</u>
Profit on ordinary activities before taxes	(11,917,211.00)	(17,267,557.75)	<b>(5,350,345.75)</b>
Non Deductible expenses	5,888,623.00	10,314,791.00	4,426,168.00
<b>Profit (loss) for tax Purposes</b>	<b>(6,028,588.00)</b>	<b>(6,952,766)</b>	(1,953,561.25)
Extraordinary Expenses	0.00	0.00	
Tax on Profit for tax purposes	0.00	0.00	
<b>Accounting Retained loss for the financial year</b>	<b>(11,917,211.00)</b>	<b>(17,267,557.75)</b>	<b>(5,350,345.75)</b>
<b>Fiscal Retained loss from previous years</b>	<b>(4,075,026)</b>	<b>0.00</b>	
<b>Taxable net losses to carry forward</b>	<b>(10,101,614)</b>	<b>(6,952,766)</b>	

To determine the net result for year 2007 the company has made the necessary adjustments, predicted by Law Tax on Income, considering as un-deductible for tax purpose some expenses, which are presented as follows:

	<b>Year 2007</b> <i>000 Leke</i>
<b>Non Deductible expenses</b>	
Fines and penalties	2,205
Petroleum obsolence	637
Value of Tangible FA losses	2,346
Other non deductible expenses	700
<b>Total</b>	<b><u>5,888</u></b>

Based on the tax notification after the tax audit done during the year 2006 and 2007, the company has and taxable net losses of 4,075,026 lek which will cover in the next years from the taxable net profit.

After tax audit during the year 2007, there were change the taxable net losses to carry forward in the year 2007, from (6,952,766) leks in 4,075,026 leks

Based on Albanian tax regulations, and after the adjustments done during the year 2007, the company has a credit balance of tax prepayment of Lek 8,423,289 at December 31-st 2007. Because the losses the company does not calculate income tax. So the balance of the rights to tax authorities for tax on profit is in amount Lek 8,423,289.

**“ELDA PETROLEUM ALBANIA” sh p k**

Notes to the Financial Statements

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**20. Contingencies**

The company has two case courts for the claim versus tax authorities. The company has valuated that the possibilities to loss these cases court and to have a liability in the future, are less then 50%. So there are not presented in the BSH as provision. In case that these court cases will be loss the company will have a obligation to pay to the tax office the obligation and penalties, so that an eventual liability of a sum about of Leks 17,144 thousand

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