

**“GLOBAL PETROLEUM ALBANIA” sh a**

**Tirana – Albania**

**Financial Statements as at 31 December 2007**

(with the independent auditor's report thereon)  
Tirana February 8<sup>th</sup>, 2007



## **Auditor's Report**

To the shareholders of  
**"GLOBAL PETROLEUM ALBANIA" sh a**  
**Tirana, Albania**

We have audited the accompanying financial statements Global Petroleum sh a ("the company"), which comprise the balance sheet as at 31 December 2007 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 go 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.

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 did not reflect in the accounting system and financial statements for the year than ended December 31, 2007, the General Assembly Decision dated May 8, 2007 for the decreasing the Share Capital with the accumulated losses in amount Leke
- b. As described in the note no 14, at 31 December 2007, the company has four Court and Administrative cases with tax authorities from the previous and current years. The company has not estimated any eventual liability amount related to these cases and hasn't created any provision for tax expenses. We are able to define the value of the provisions required for the tax expenses and penalties related to court cases or appeal processes.
- c. The company should prepare and present to Supervisory Board all the necessary documentation regarding Bad Debtors and record based on Authorized Supervisory Board Decision a respective "Bad Debts Allowance".

*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 "Global Petroleum Albania" sh a, 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

Esmeralda BALLUKU

## "GLOBAL PETROLEUM ALBANIA" sh a

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	10	136,261,447.89	42,818,376.20
Inventories	8	513,001,669.34	140,285,766.65
Trade Receivables	9	335,549,379.00	290,500,746.00
Other Receivables	9	236,670,982.00	488,986,662.15
		<u>1,221,483,478.23</u>	<u>962,591,551.00</u>
<b>Non - Current Assets</b>			
Investments	6	617,472,990.00	363,003,918.00
Property, Plant & Equipment	4, 5	1,156,839,762.00	1,175,682,783.25
Intangible Assets	7	17,988.00	45,465.00
		<u>1,774,330,740.00</u>	<u>1,538,732,166.25</u>
Exchanging differences		<u>7,009,455.00</u>	<u>8,256,916.00</u>
<b>Total Assets</b>		<b><u><u>3,002,823,673.23</u></u></b>	<b><u><u>2,509,580,633.25</u></u></b>
<b><i>Liabilities &amp; Shareholder's Equity</i></b>			
<b>Current Liabilities</b>			
Payables	14	1,183,412,328.00	671,695,956.30
Personnel	15	1,091,988.00	1,411,338.00
Others		0.00	0.00
Due to state authorities - Taxes	16	17,785,698.20	468,238.00
		<u>1,202,290,014.20</u>	<u>673,575,532.30</u>
<b>Long Term liabilities</b>			
Debts from banks	13	190,893,176.13	268,440,615.00
Interest on Loans		9,406,585.10	4,363,895.00
		<u>200,299,761.23</u>	<u>272,804,510.00</u>
Exchanging differences		59,656,640.00	40,426,867.40
Provision for foreign currency transactions		<u>0.00</u>	<u>8,256,916.00</u>
		<u>1,462,246,415.43</u>	<u>995,063,825.70</u>
<b>Stockholder's Equity</b>			
Capital	11	1,557,530,000.00	1,557,530,000.00
Share Premium	11	623,920,000.00	623,920,000.00
Legal Reserve		2,176,054.00	0.00
Profit/Loss from the previous Year	11	(666,933,193.00)	(607,625,576.45)
Profit/Loss from the Year	17,18	23,884,396.80	(59,307,616.00)
		<u>1,540,577,257.80</u>	<u>1,514,516,807.55</u>
<b>Total Liabilities &amp; Equity</b>		<b><u><u>3,002,823,673.23</u></u></b>	<b><u><u>2,509,580,633.25</u></u></b>

*These statements are parts of the accompanier's notes*

## "GLOBAL PETROLEUM ALBANIA" sh a

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	17	4,663,825,109.00	3,615,772,892.00	1,048,052,217.00
Other Income	17	13,627,008.00	35,372,680.00	(21,745,672.00)
		<u>4,677,452,117.00</u>	<u>3,651,145,572.00</u>	<u>1,026,306,545.00</u>
<b>Financial income</b>				
Interest gained	17	210,762.00	274,735.00	(63,973.00)
Positive differences from exchange rates	17	136,998,907.00	97,321,997.00	39,676,910.00
		<u>137,209,669.00</u>	<u>97,596,732.00</u>	<u>39,612,937.00</u>
<b>Total Income</b>		<b><u>4,814,661,786.00</u></b>	<b><u>3,748,742,304.00</u></b>	<b><u>1,065,919,482.00</u></b>
<b>Expenses</b>				
Purchase of goods and others	18.1	4,829,001,087.00	2,111,369,996.00	2,717,631,091.00
Changes of Inventory	18.1	(370,453,200.00)	23,955,647.00	(394,408,847.00)
Supplies and Services	18.1	85,674,207.00	50,658,185.40	35,016,021.60
Personnel	18.1	45,201,624.00	36,508,713.00	8,692,911.00
Transport Expenses	18.1	33,675,673.00	26,472,789.10	7,202,883.90
Customs Expenses, Excise and Other Taxes	18.1	2,025,208.00	1,332,844,391.00	(1,330,819,183.00)
Rent Expenses	18.2	15,051,179.00	16,275,772.50	(1,224,593.50)
Other Expenses	18.2	7,728,254.00	57,096,341.15	(49,368,087.15)
Depreciation	18.2	54,731,916.00	83,339,542.00	(28,607,626.00)
Provision for exchange rate differences	18.2	20,377,471.00	8,256,916.00	12,120,555.00
		<u>4,723,013,419.00</u>	<u>3,746,778,293.15</u>	<u>976,235,125.85</u>
<b>Financial Expenses</b>				
Financial Interest	19	8,909,853.00	29,776,217.00	(20,866,364.00)
Bank charges	19	18,839,955.00	1,526,015.85	17,313,939.15
Negative foreign exchange	20	20,377,471.00	29,842,778.00	(9,465,307.00)
		<u>48,127,279.00</u>	<u>61,145,010.85</u>	<u>(13,017,731.85)</u>
<b>Total Expenses</b>		<b><u>4,771,140,698</u></b>	<b><u>3,807,923,304</u></b>	<b><u>963,217,394.00</u></b>
<b>Operating profit (loss)</b>		<b><u>43,521,088</u></b>	<b><u>(59,181,000.00)</u></b>	<b><u>187,607,436.00</u></b>
Undetectable Expenses	22	(43,782,098.00)	(59,814,081.00)	16,031,983.00
Tax on Profit 20% - 23%	22	17,460,637.20	126,616.20	17,334,021.00
<b>Retained Profit for the financial year</b>	22	<b><u>26,060,450.80</u></b>	<b><u>(59,307,616.20)</u></b>	<b><u>85,368,067.00</u></b>

These statements are parts of the accompanier's notes

## "GLOBAL PETROLEUM ALBANIA" sh a

*Statement of cash flows for the years ended 31 December 2007*

*(amounts in Lek)*

	<i>December 31, 2007</i>	<i>December 31, 2006</i>
<b>Operating activities</b>		
Profit (Loss) before tax	5,682,977.80	(67,564,534.20)
Adjustments for:		
Depreciation	54,731,916.00	83,339,542.00
Provisions	20,377,471.00	8,256,916.00
Unrealised foreign exchange (gain)/loss	-	-
Interest expenses	-	-
Working capital changes:		
Decrease/(Increase) of inventories	(372,715,902.69)	22,706,147.35
Decrease/(Increase) of trade receivables	(45,048,633.00)	8,753,918.00
Decrease/(Increase) of other receivables	252,315,680.15	16,971,154.85
Increase/(Decrease) of trade payables	511,716,371.70	(127,343,709.70)
Increase/(Decrease) of other payables	16,998,110.20	(7,890,166.00)
 Cash generated from operations	 444,057,991.16	 (62,770,731.70)
<b>Net cash from operating activities</b>	<b>444,057,991.16</b>	<b>(62,770,731.70)</b>
 <b>Investment activities</b>		
Acquisition of property, plant and equipment	(35,888,894.75)	1,210,444.75
Increase/(Decrease) of Investments	(254,469,072.00)	(12,192,918.00)
Increase/(Decrease) of Intangible assets	27,477.00	4,000.00
<b>Net cash used in investing activities</b>	<b>(290,330,489.75)</b>	<b>(10,978,473.25)</b>
 <b>Financing activities</b>		
Proceeds from borrowings	(72,504,748.77)	(34,762,379.00)
Decrease/(Increase) of due to partners	-	-
Decrease/(Increase) of the provisions	(8,256,916.00)	8,256,916.00
Decrease/(Increase) of unrealised exchange rates	20,477,233.60	21,293,249.40
<b>Net cash used in financing activities</b>	<b>(60,284,431.17)</b>	<b>(5,212,213.60)</b>
 <b>Net increase/(decrease) in cash during the year</b>	<b>93,443,070.24</b>	<b>(78,961,418.55)</b>
 <b>Cash on hand and at banks, beginning of the year</b>	<b>42,818,376.20</b>	<b>121,779,799.00</b>
 <b>Cash on hand and at banks, end of the year</b>	<b>136,261,447.89</b>	<b>42,818,376.20</b>

*These statements are parts of the accompanier's notes*

**"GLOBAL PETROLEUM ALBANIA" sh a**

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

*(amounts in 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>	1,557,530,000.00	623,920,000.00	-	(612,539,338.00)	1,568,910,662.00
Increase/Decrease of Owned Capital	-	-	-	-	-
Profit/Loss for the year 2006	-	-	-	(59,307,616.00)	(59,307,616.00)
<b>Balance at 31 December 2006</b>	<b><u>1,557,530,000.00</u></b>	<b><u>623,920,000.00</u></b>	<b><u>0.00</u></b>	<b><u>(671,846,954.00)</u></b>	<b><u>1,509,603,046.00</u></b>
<b>Balance at 31 December 2006</b>	1,557,530,000.00	623,920,000.00	-	(671,846,954.00)	1,509,603,046.00
Increase/Decrease of Owned Capital	-	-	-	-	-
Profit/Loss for the year 2007	-	-	-	26,060,450.80	26,060,450.80
<b>Balance at 31 December 2007</b>	<b><u>1,557,530,000.00</u></b>	<b><u>623,920,000.00</u></b>	<b><u>0.00</u></b>	<b><u>(645,786,503.20)</u></b>	<b><u>1,535,663,496.80</u></b>

*These statements are parts of the accompanier's notes*

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# “GLOBAL PETROLEUM ALBANIA” sh a

Notes to the Financial Statements  
For the period than ended December 31, 2007  
(amounts in Leke)

## 1. General Information

“Global Petroleum Albania” s.a is registered by the Tirana City Court decision no. 21689 dated 20.07.1999 as a joint stock company, in compliance with the “Commercial Company” Law no.7638 dated 19.11.1992.

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

	Shareholder name	Value of Subscribed Capital in 000/Lek	% in Capital
1	Hellenic Petroleum S.a	1,556,855	99.96
2	Dimitrios Gavril	216	0.01
3	Friden Kuqi	162	0.01
4	Apostol Goci	162	0.01
5	Besnik Sula	135	0.01
		<b>1,557,530</b>	<b>100</b>

General 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) J91923003C

In December 31, 2007 the company has 21 employees (December 31, 2006:23 employees)

## Significant contracts and agreements

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 Elda Petroleum L.t.d in order to supply petroleum and telephone services.

## 2. Company Organization

There have been no significant changes in the organization part of the company during 2007. The organization of the internal control is done in vertical scheme of the responsibilities and control.

## 3. 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.

## “GLOBAL PETROLEUM ALBANIA” sh a

Notes to the Financial Statements  
For the period than ended December 31, 2007  
(amounts in Leke)

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

Bookkeeping, which include accounting entries and its system, is performed by Financa 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.

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. The General Accounting Plan was used as a guide in bookkeeping. 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:

### 3.1 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 “On the income tax” 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 furnitures & equipments	20	Residual value
Computers and similar	25	Residual value

### 3.2 Intangible Fixed Assets

For Intangible fixed assets is used the method of straight-line amortization and the rate of amortization is 15% per year (2006: 10%).

### 3.3 Inventories

Inventories are stated at the lower of cost and market value.

## **“GLOBAL PETROLEUM ALBANIA” sh a**

Notes to the Financial Statements  
For the period than ended December 31, 2007  
(amounts in Leke)

### *3.4. 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. The company has not created a provision for bad debts for the 2007.

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

Cash and their equivalents include cash on hand and at banks.

### *3.6 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 match concept for revenue and expenses

### *3.7 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 = 82.89 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 recognized in the income statement and not in balance sheet (asset or liabilities) in the post "Translation differences" as it is required by Accounting Law.

## **“GLOBAL PETROLEUM ALBANIA” sh a**

Notes to the Financial Statements  
For the period than ended December 31, 2007  
(amounts in Leke)

### *3.8 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% (2006; 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.

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.

## “GLOBAL PETROLEUM ALBANIA” sh a

Notes to the Financial Statements  
For the period than ended December 31, 2007  
(amounts in Leke)

### 4. Property Plant and Equipment

During the accounting period ended December 31, 2007 according to the Balance Sheet data, below the accounting entries for the acquisition and disposals for Tangible Fixed Assets.

Net value of Tangible Fixed Assets is presented as following:

	<i>Land</i>	<i>Technical Installation</i>	<i>Buildings</i>	<i>Others</i>	<i>Vehicles</i>	<i>Office Equipemts</i>	<i>In progress</i>	<i>Total</i>
<i>Historical Cost</i>								
At 31 December 2006	146,949,976	645,251,086	369,725,769	255,808,418	19,276,195	5,057,015	104,708,147	1,546,776,606
Additions	81,493,200	340,461	30,638,279	33,521,431	4,119,950	467,903	19,527,947	170,109,171
Adjustments of the year	-	-	-	(199,919,531)	-	199,919,531	-	-
Disposals	-	(17,000)	(12,239,386)	(1,373,546)	(7,358,018)	(1,591,025)	(116,805,074)	(139,384,049)
At 31 December 2007	<b>228,443,176</b>	<b>645,574,547</b>	<b>388,124,662</b>	<b>88,036,772</b>	<b>16,038,127</b>	<b>203,853,424</b>	<b>7,431,020</b>	<b>1,577,501,728</b>
<i>Accumulated Depreciation</i>								
At 31 December 2006	-	172,283,241	55,069,510	98,831,413	11,877,886	33,031,773	-	371,093,823
Annual Depreciation	-	32,218,799	18,444,796	8,630,935	1,631,631	11,400,853	-	72,327,014
Adjustments of the year	-	(35,432,193)	404,940	(70,438,059)	(38,203)	87,885,003	-	(17,618,512)
Disposals	-	-	-	(492,710)	(4,512,812)	(134,837)	-	(5,140,359)
At 31 December 2007	-	<b>169,069,847</b>	<b>73,919,246</b>	<b>36,531,579</b>	<b>8,958,502</b>	<b>132,182,792</b>	-	<b>420,661,966</b>
<i>Net book value as at 31.12.2006</i>	146,949,976	472,967,845	314,656,259	156,977,005	7,398,309	(27,974,758)	104,708,147	1,175,682,783
<i>Net book value as at 31.12.2007</i>	<b>228,443,176</b>	<b>476,504,700</b>	<b>314,205,416</b>	<b>51,505,193</b>	<b>7,079,625</b>	<b>71,670,632</b>	<b>7,431,020</b>	<b>1,156,839,762</b>

## “GLOBAL PETROLEUM ALBANIA” sh a

Notes to the Financial Statements

For the period than ended December 31, 2007

(amounts in Leke)

### 5. Depreciation

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 PPE. The depreciation amount is 54,731,916.00 lek, recognized even in the expenses. For tax purpose the company has used the legal depreciations rates.

### 6. Investments

Investments as financial assets amounted for 617,472,990.00lek present the investment the company has made in capital of Elda Petroleum Albania ltd.

	<u>December 31, 2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2006</u>
Financial Assets	617,472,990.00	254,469,072.00	0.00	363,003,918.00
	<b>617,472,990.00</b>	<b>254,469,072.00</b>	<b>0.00</b>	<b>363,003,918.00</b>

After the verification of the data, it results that the amount of the Net Equity of Elda Petroleum Albania lt.d is 617,472,990.00lek.

### 7. Intangible Fixed Assets

Intangible Fixed Assets as at 31 December 2007 are composed as follows;

	<u>December 31, 2007</u>	<u>Additions</u>	<u>Amortization charge of the year</u>	<u>December 31, 2006</u>
Start up Expenses	89,950.00	(5,000.00)	0.00	94,950.00
Accumulated Amortization	(71,962.00)	0.00	(22,477.00)	(49,485.00)
<i>Net book value</i>	<b>17,988.00</b>	<b>(5,000.00)</b>	<b>(22,477.00)</b>	<b>45,465.00</b>

## “GLOBAL PETROLEUM ALBANIA” sh a

Notes to the Financial Statements  
For the period than ended December 31, 2007  
(amounts in Leke)

### 8. Inventories

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

	<u>December 31,2007</u>	<u>December 31,2006</u>	<u>Difference</u>
Petroleum with tax	258,654,860.12	32,900,219.57	225,754,640.55
Transit Petroleum	144,971,269.71	93,425,593.86	51,545,675.85
Lubrificant with tax	105,599,884.83	12,447,001.20	93,152,883.63
Inventory	3,775,654.68	1,512,952.02	2,262,702.66
<b>Total</b>	<b><u>513,001,669.34</u></b>	<b><u>140,285,766.65</u></b>	<b><u>372,715,902.69</u></b>

The balance of materials and goods purchased are stated in balance sheet at purchase cost, in the account class no.3, for the above amounts.

The company has used the perpetual inventory accounting method.

### 9. Accounts Receivables

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

#### 9.1 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>
Elda Petroleum ltd	83,662,799.75	35,103,276.31	48,559,523.44
Elda Petroleum ltd investment	0.00	1,560,799.00	(1,560,799.00)
Flladi ltd	36,585,686.95	36,585,686.95	-
Skenderi ltd	39,016,814.91	39,016,814.91	-
Adlent	1,431,196.28	1,931,196.28	(500,000.00)
Valentini ltd	(1,062,432.00)	0.00	(1,062,432.00)
Energia B sh p k	41,176,470.26	22,454,048.26	18,722,422.00
ADVA Sarande	3,904,166.00	3,904,166.00	-
Besmiri ltd	3,402,996.48	3,402,996.48	-
Edi petrol ltd	4,708,895.19	5,108,895.00	(399,999.81)
Soni D sh p k	10,951,214.00	0.00	10,951,214.00
Vellazeria Krume Has	8,783,936.19	0.00	8,783,936.19
Other clients	122,722,785.18	141,432,866.81	(18,710,081.63)
<b>Total</b>	<b><u>355,284,529.19</u></b>	<b><u>290,500,746.00</u></b>	<b><u>64,783,783.19</u></b>

## “GLOBAL PETROLEUM ALBANIA” sh a

Notes to the Financial Statements  
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### 9.b. Other receivables

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

	<u>December 31,2007</u>	<u>December 31,2006</u>	<u>Difference</u>
Prepayment Tax on Profit	72,847,600.16	35,923,385.00	36,924,215.16
VAT paid	41,474,498.43	-7,929,425.85	49,403,924.28
Receivable VAT	115,406,136.00	115,406,136.00	-
Advance withholding tax 15%	0.00	6,762,486.15	(6,762,486.15)
Provision for Tax control	0.00	30,161,730.00	(30,161,730.00)
Vreka Gjrokaster	0.00	12,306,000.00	(12,306,000.00)
Other Debtors & Creditor	6,324,359.40	11,091,596.90	(4,767,237.50)
Inter company Account	0.00	273,775,092.95	(273,775,092.95)
Provision for Court Cases	473,787.30	0.00	473,787.30
Prepaid Expenses	144,600.00	0.00	144,600.00
VAT and Costums act of control	0.00	11,489,661.00	(11,489,661.00)
	<u><b>236,670,981.29</b></u>	<u><b>488,986,662.15</b></u>	<u><b>(252,315,680.86)</b></u>

### 10. 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	400,193.76	205,650.00	194,543.76
Cash at banks	135,861,254.13	42,612,726.00	93,248,528.13
	<u><b>136,261,447.89</b></u>	<u><b>42,818,376.00</b></u>	<u><b>93,443,071.89</b></u>

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

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Notes to the Financial Statements  
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## 11. Net Equity

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

	Owned Capital	Share premium	Reserves	Accumulated Profit/loss	Total
Balance at 31 December 2006	1,557,530,000.00	623,920,000.00	-	(671,846,954.00)	1,509,603,046.00
Increase/Decrease of Owned Capital	-	-	-	-	-
Profit/Loss for the year 2007	-	-	-	26,060,450.80	26,060,450.80
<b>Balance at 31 December 2006</b>	<b><u>1,557,530,000.00</u></b>	<b><u>623,920,000.00</u></b>	<b><u>0.00</u></b>	<b><u>(645,786,503.20)</u></b>	<b><u>1,535,663,496.80</u></b>

Subscribed Capital is compounded in 1,557,530 shares which have a face value 1,000 lek/share. In previous year has been no calculation related to legal reserve because of loss net results. There is a profit of 26,060,450.80 lek in the year 2007. Based on that will be calculated a legal reserve of 2,176,054.00 lek.

## 12. Liabilities

Liabilities include long-term liabilities and current liabilities. As to this classification, they are presented as following:

	<u>December 31,2007</u>	<u>December 31,2006</u>	<u>Difference</u>
Long term liabilities	200,299,761.23	272,804,510.00	(72,504,748.77)
Current liabilities	<u>1,202,290,014.20</u>	<u>673,575,532.30</u>	<u>528,714,481.90</u>
<b>Total</b>	<b><u>1,402,589,775.43</u></b>	<b><u>946,380,042.30</u></b>	<b><u>456,209,733.13</u></b>

## 13. Long-term liabilities

Present the liabilities for mid-term bank loans to National Bank of Greece and Alpha Bank according to respective contracts. The loans components based on the currencies is presented as following:

		<u>December 31,2007</u>	<u>December 31,2006</u>	<u>Difference</u>
Alpha Bank Tirana	\$ (47.64)	(3,948.87)	37,587,177.10	(37,591,125.97)
NGB London	€206,250.00	25,117,125.00	42,573,437.50	(17,456,312.50)
NGB Tirana	\$ 2,000,000.00	165,780,000.00	188,280,000.40	(22,500,000.40)
		<b><u>190,893,176.13</u></b>	<b><u>268,440,615.00</u></b>	<b><u>(77,547,438.87)</u></b>
Interest on loans		9,406,582.14	4,363,895.00	5,042,687.14
		<b><u>200,299,758.27</u></b>	<b><u>272,804,510.00</u></b>	<b><u>(72,504,751.73)</u></b>

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### 13. Long-term liabilities (Continue)

Bank Loans are denominated in foreign currencies. The company has done the translation of these loans with the closing rate, published of Bank of Albania. The translation differences are records only on balance sheet accounts.

### 14. Trade Payables

Trade payables are presented in balance sheet for the amount that will be paid after the 31.12.2007.

	<u>December 31,2007</u>	<u>December 31,2006</u>	<u>Difference</u>
Hellenic Petroleum Greece	1,127,582,712.57	656,449,927.30	471,132,785.27
ELPET Balcanic	5,687,772.66	5,784,452.65	(96,679.99)
Elda Petroleum ltd investments	19,579,617.20	0.00	19,579,617.20
Valentini ltd	5,210,185.00	-2,754,242.00	7,964,427.00
Inspektoriati i karburanteve	0.00	23,997.64	(23,997.64)
Alba Skela Konstruktion	5,264,148.00	0.00	5,264,148.00
EKO Elda Athina	0.00	5,605,474.40	(5,605,474.40)
Ernst & Young Albania	3,409,840.00	3,467,800.00	(57,960.00)
Others	16,678,052.57	3,118,546.30	13,559,506.27
<b>Total</b>	<b><u>1,183,412,328.00</u></b>	<b><u>671,695,956.29</u></b>	<b><u>511,716,371.71</u></b>

During 2007, are paid regularly the suppliers for the goods and services purchased for which there is no problem even during the coming year.

## “GLOBAL PETROLEUM ALBANIA” sh a

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### 15. Other liabilities

Other Liabilities as of December 31, 2007 are presented as following:

	<u>December 31,2007</u>	<u>December 31,2006</u>	<u>Difference</u>
Personnel	687,813.00	963,528.00	(275,715.00)
Social insurance	404,175.00	447,810.00	(43,635.00)
	<b><u>1,091,988.00</u></b>	<b><u>1,411,338.00</u></b>	<b><u>(319,350.00)</u></b>

The item "Social Insurance" reflects the liability due to Social Insurance office calculated for December 2007 salaries and which are paid in January 2008.

### 16. Due to State Authorities

Due to State Authorities as of December 31, 2007 are presented as following:

	<u>December 31,2007</u>	<u>December 31,2006</u>	<u>Difference</u>
Tax on Personally incomes	325,061.00	468,238.00	(143,177.00)
Tax on profit	17,460,637.00	0.00	17,460,637.00
	<b><u>17,785,698.00</u></b>	<b><u>468,238.00</u></b>	<b><u>17,317,460.00</u></b>

The item "Tax on Personally incomes" reflects the liability for tax on personal income of employees for December 2007 which are paid in January 2008.

### 17. 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.

#### 17.1 Incomes

Income from sales of goods includes petroleum, lubricants and other goods amounts. Its components during the year 2007 are presented as below:

	<u>December 31,2007</u>	<u>December 31,2006</u>	<u>Difference</u>
	<i>000 Leke</i>	<i>000 Leke</i>	<i>000 Leke</i>
Sales of Petroleum with tax	3,987,152.54	3,400,164.00	586,988.54
Sales of transit Petroleum	645,726.32	191,691.00	454,035.32
Sales of other goods	0.00	0.00	0.00
Sales of lubricant with tax	30,946.25	23,918.00	7,028.25
	<b><u>4,663,825.11</u></b>	<b><u>3,615,773.00</u></b>	<b><u>1,048,052.11</u></b>

## “GLOBAL PETROLEUM ALBANIA” sh a

Notes to the Financial Statements  
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### 17.1 Incomes (Continue)

Income from Other sales are presented as following

	<u>December 31,2007</u>	<u>December 31,2006</u>	<u>Difference</u>
	<i>000 Leke</i>	<i>000 Leke</i>	<i>000 Leke</i>
Rent	1,200.00	1,200.00	-
Income from sales of TFA	737.44	2,534.00	(1,796.56)
Reversal of Depreciation	686.67	5,859.00	(5,172.34)
Other incomes	11,002.91	16,076.00	(5,073.09)
Reversal of Bad Debtors	0.00	9,703.00	(9,703.00)
	<u><b>13,627.01</b></u>	<u><b>35,372.00</b></u>	<u><b>(21,744.99)</b></u>

Incomes, other than financial income, are presented below:

	<u>December 31,2007</u>	<u>December 31,2006</u>	<u>Difference</u>
Interest gained	210,762.00	274,735.00	(63,973.00)
Positive differences from exchange rates	136,998,907.00	97,321,997.00	39,676,910.00
	<u><b>137,209,669.00</b></u>	<u><b>97,596,732.00</b></u>	<u><b>39,612,937.00</b></u>

The item "Positive differences from exchange rates" includes gains form the translation in ALL of transactions denominated in foreign currency with the rate of the date of transaction. Income from interest is income form current bank accounts during 2007.

## 18. Statement of Expenditures

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

	<u>2007</u>	<u>2006</u>	<u>Difference</u>
Purchase of goods and others	4,625,124,599.00	3,581,809,721.50	1,043,314,877.50
Net Operating Expenses	97,888,820.00	164,968,571.65	(67,079,751.65)
	<u><b>4,723,013,419.00</b></u>	<u><b>3,746,778,293.15</b></u>	<u><b>976,235,125.85</b></u>

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### 18.1 Purchase of goods

Purchase of goods and others as at 31 December 2007, are composed of the following:

	<u>2007</u>	<u>2006</u>	<u>Difference</u>
Purchase of goods and others	4,829,001,087.00	2,111,369,996.00	2,717,631,091.00
Changes of Inventory	(370,453,200.00)	23,955,647.00	(394,408,847.00)
Supplies and Services	85,674,207.00	50,658,185.40	35,016,021.60
Personnel	45,201,624.00	36,508,713.00	8,692,911.00
Transport Expenses	33,675,673.00	26,472,789.10	7,202,883.90
Customs Expenses, Assize and Other Taxes	2,025,208.00	1,332,844,391.00	(1,330,819,183.00)
	<b><u>4,625,124,599.00</u></b>	<b><u>3,581,809,721.50</u></b>	<b><u>1,043,314,877.50</u></b>

### 18.2 Net Operating Expenses

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

	<u>2007</u>	<u>2006</u>	<u>Difference</u>
Rent Expenses	15,051,179.00	16,275,772.50	(1,224,593.50)
Other Expenses	7,728,254.00	57,096,341.15	(49,368,087.15)
Depreciation	54,731,916.00	83,339,542.00	(28,607,626.00)
Provision for exchange rate differences	20,377,471.00	8,256,916.00	12,120,555.00
	<b><u>97,888,820.00</u></b>	<b><u>164,968,571.65</u></b>	<b><u>(67,079,751.65)</u></b>

## 19. Finance cost, net

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

	<u>2007</u>	<u>2006</u>	<u>Difference</u>
Financial Interest	8,909,853.00	24,295,176.40	(15,385,323.40)
Bank charges	18,839,955.00	1,526,015.85	17,313,939.15
	<b><u>27,749,808.00</u></b>	<b><u>25,821,192.25</u></b>	<b><u>1,928,615.75</u></b>

## 20. Net foreign exchange gain (loss)

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

	<u>2007</u>	<u>2006</u>	<u>Difference</u>
Realised gain on foreign currency transactions	0.00	0.00	-
Realised loss on foreign currency transactions	20,377,471.00	29,842,778.00	(9,465,307.00)
	<b><u>20,377,471.00</u></b>	<b><u>29,842,778.00</u></b>	<b><u>(9,465,307.00)</u></b>

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### 21. 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	21	23	
	<u>December 31,2007</u>	<u>December 31,2006</u>	<u>Difference</u>
Wages & Salaries	41,980,314.00	32,349,704.00	9,630,610.00
Social insurance	3,221,310.00	4,159,009.00	(937,699.00)
	<b><u>45,201,624.00</u></b>	<b><u>36,508,713.00</u></b>	<b><u>8,692,911.00</u></b>

### 22. Taxation

The following is a reconciliation of income taxes calculated at the applicable tax rate to income tax expense as disclosed in the financial statements:

	<u>2007</u>	<u>2006</u>	<u>Difference</u>
Profit on ordinary activities before taxes	43,521,088.00	(59,181,000.00)	102,702,088.00
Non Deductible expenses	43,782,098.00	59,814,081.00	(16,031,983.00)
<b>Profit (loss) for tax Purposes</b>	<b><u>87,303,186.00</u></b>	<b><u>633,081.00</u></b>	<b><u>86,670,105.00</u></b>
Extraordinary Expenses	0.00	0.00	0.00
Tax on Profit for tax purposes	17,460,637.20	126,616.20	17,334,021.00
<b>Retained loss for the financial year</b>	<b><u>26,060,450.80</u></b>	<b><u>(59,307,616.20)</u></b>	<b><u>85,368,067.00</u></b>

The company has a profit in amount 26,060,450.80lek.

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:

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### 22. Taxation (continued)

<b>Un-deductible expenses</b>	<u>2007</u>	<u>2006</u>
Bar and cleaning expenses	-	1,344,408.00
Rent	3,940,992.00	-
Visa card	1,064,554.00	664,443.00
Transfers, Travelling, per diems	4,561,047.00	2,106,955.00
Fines and penalties	298,563.00	22,005,327.06
Other current expenses	24,295,736.00	4,331,754.80
Representation	170,330.00	1,508,501.00
Technical/field losses	7,704,250.00	5,209,892.00
Bad debt	-	1,388,361.80
Net book value of disposal assets	1,746,626.00	10,747,732.80
Internal consumption	-	2,249,792.00
Provision for exchange rate differences	-	8,256,916.00
<b>Total</b>	<b><u>43,782,098.00</u></b>	<b><u>59,814,083.46</u></b>

Based on Albanian tax regulations, the company has not made any tax prepayment during the year 2007. As for the year 2007 the company has resulted with a Profit for tax Purposes in amount 87,303,186.00 Lek the Tax on profit that should be paid till 31 March 2008 is calculated in amount Lek 17,460,637.20

### 23. Contingency

In the previous years and during the year 2007 the company has been audited by the tax authorities. In these audits the tax authorities has issue the tax notification for the tax obligation and penalties. The company has claimed this tax notifications because it is of the opinion that the obligation and penalties in these notifications are non in accordance with the Albanian tax law. The company has finished the claims in the administrative level of the appeal and is continuing in the legal level. The company is of the opinion that the possibilities to win the court cases versus the tax authorities are more the 50%, so that the company has not presented in the Financial Statements the provision for tax liabilities. The company, in the case of losses of these court cases may have eventual liabilities versus the tax office.