

GLOBAL PETROLEUM ALBANIA ShA.

FINANCIAL STATEMENTS

31 DECEMBER 2012

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"Inter BBK Auditing" sh p k,

Auditor's Report

To the shareholders of

**"GLOBAL PETROLEUM ALBANIA" sh a
Tirana, Albania**

We have audited the accompanying financial statements Global Petroleum Albania sh a ("the company"), which comprise the balance sheet as at 31 December 2012 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 International 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.



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Opinion

In our opinion, 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 2011, 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 International Financial Reporting Standards.

"Inter BBK Auditing" sh p k

Tirana March 26th, 2013

Esmeralda BALLUKU

Engagement Partner

GLOBAL PETROLEUM ALBANIA SHA.
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

(AMOUNTS IN ALL THOUSAND, UNLESS OTHERWISE STATED)

	Note	As at 31 December	
		2012	2011
Assets			
Non-current assets			
Intangible assets		80	836
Property, plant and equipments	5	62.423	384.524
Investments in subsidiaries	6	-	617.473
		62.503	1.002.833
Current assets			
Inventories	7	233	1.170
Trade and other receivables	8	1.353	33.978
Cash and cash equivalents	9	293.977	16.846
		295.563	51.994
Total assets		358.067	1.054.827
Equity			
Share capital	10	1.063.800	1.063.800
Share premium	10	623.920	623.920
Accumulated losses		(2.648.854)	(1.968.288)
		(961.134)	(280.568)
Liabilities			
Non-current liabilities			
Bank loan		-	-
Provisions for other liabilities and charges	11	-	-
		-	-
Current liabilities			
Bank loan	12	105.845	107.535
Trade and other payables	13	1.213.356	1.227.860
		1.319.201	1.335.395
Total liabilities		1.319.201	1.335.395
Total equity and liabilities		358.067	1.054.827


The Financial Statements and accompanying notes on pages 3 to 27 are approved and signed on 26 March 2013 by:

Drejtor
Argyrios Katsibiris




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GLOBAL PETROLEUM ALBANIA SHA.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

(AMOUNTS IN ALL THOUSAND, UNLESS OTHERWISE STATED)

	Note	Year ended 31 December	
		2012	2011
Revenue	14	23.793	596.766
Cost of sales	15	(22.686)	(577.128)
Gross profit		1.107	19.638
Other income	16	8.122	3.001
Sales and distribution costs	17	(29.144)	(39.028)
Administrative expenses	18	(79.976)	(56.451)
Other (losses)/gains - net	19	(597.952)	61.268
Operating loss		(697.844)	(11.572)
Finance income	20	2.300	14.047
Finance costs	20	14.977	(46.779)
Finance costs - net	20	17.277	(32.732)
Loss before income tax		(680.567)	(44.304)
Income tax expense	21	-	-
Loss for the year		(680.567)	(44.304)

GLOBAL PETROLEUM ALBANIA SHA.
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2012
 (AMOUNTS IN ALL THOUSAND, UNLESS OTHERWISE STATED)

	Share capital	Share premium	Accumulated losses	Total equity
Balance at 1 January 2011	1.063.800	623.920	(1.923.984)	(236.264)
Profit or loss	-	-	(44.304)	(44.304)
Balance at 31 December 2011	1.063.800	623.920	(1.968.288)	(280.568)
Profit or loss	-	-	(680.567)	(680.567)
Balance at 31 December 2012	1.063.800	623.920	(2.648.854)	(961.134)

GLOBAL PETROLEUM ALBANIA SHA.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012
(AMOUNTS IN ALL THOUSAND, UNLESS OTHERWISE STATED)

	Note	Year ended 31 December	
		2012	2011
Profit for the year		(680.567)	(44.304)
<i>Adjustment for:</i>			-
Net gain from sale of property, plant and equipment	19	(4.130)	(176)
Reversal of impairment property, plant and equipment	19	(4.385)	-
Depreciation	5	15.351	15.770
Provision for inventory	6	(995)	2.801
Provision for impairment of receivables	19	(704)	(248.388)
Impairment of assets	19	27.717	2.240
Provision for other liabilities and charges	19	-	(13.877)
Loss from revaluation of contribution in EKO	19	55.238	-
Loss from expropriation of land in Mezez	19	28.589	-
Loss from the sale of investment in EKO	19	545.646	-
Gain from forgiveness of borrowings from EKO	19	(50.020)	-
Exchange differences on borrowings		(1.690)	3.541
Interest expenses	20	5.643	4.484
Interest incomes	20	(2.300)	(14.047)
Cash flow from operating activities		(66.606)	(291.956)
(Increase)/decrease in inventories		1.932	3.987
(Increase)/decrease from trade and other debtors		33.205	290.482
Increase/(decrease) from trade and other payables		(14.503)	(78.611)
<i>Net cash generated from operating activities</i>		(45.973)	(76.098)
Cash flow from investing activities			
Purchase of property, plant and equipment	5	-	(482)
Proceeds from the sale of property, plant and equipment	19	11.189	176
Proceeds from the sale of investment in EKO	19	265.238	-
Interest received		2.300	14.047
<i>Net cash used in investing activities</i>		278.727	13.741
Financing activities			
Proceeds/(repayment) from borrowings		50.020	-
Interest paid		(5.643)	(4.484)
<i>Net cash generated/(used) in financing activities</i>		44.377	(4.484)
Net increase/(decrease) in cash during the year		277.131	(66.841)
Cash on hand and at banks, at 1 January	9	16.846	83.687
Cash on hand and at banks, at 31 December	9	293.977	16.846

GLOBAL PETROLEUM ALBANIA SHA.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012
(AMOUNTS IN ALL THOUSAND, UNLESS OTHERWISE STATED)

1. Background

a- Organisation and operations

Global Petroleum Albania SHA. (the “Company”) was established as a joint stock company in Tirana on July 1999. The Company’s registered office is at Rruga e Kavajes, Tirana Tower, 7th Floor, Tirana, Albania. The Company’s principal activity is import and wholesale of refined fuel products in the Republic of Albania.

The Company is owned by Hellenic Petroleum SA. Greece (99.957%). The majority of the Company’s funding is from other entities within the Group headed by Hellenic Petroleum SA (the “Group”). As a result, the Company is economically dependent upon the Group. In addition, the activities of the Company are closely linked with the requirements of the Group. Related party transactions are detailed in note 25.

As at 31 December 2012 the company had 6 employees (31 December 2011: 5 employees).

b- Albanian business environment

The ongoing global financial and economic crisis that emerged out of the severe reduction in global liquidity which commenced in the middle of 2007 (often referred to as the “Credit Crunch”) has resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the banking sector and wider economy, and, at times, higher interbank lending rates and very high volatility in stock and currency markets. The uncertainties in the global financial markets have also led to failures of banks and other corporates, and to bank rescues in the United States of America, Western Europe, Russia and elsewhere. The full extent of the impact of the ongoing global financial and economic crisis is proving to be difficult to anticipate or completely guard against. Management faced difficulties to reliably determine the effects on the Company’s future financial position of any further deterioration in the Company’s operating environment as a result of the ongoing crisis. Management believes it is taking all the necessary measures to support the sustainability and development of the Company’s business in the current circumstances.

Impact on customers/ borrowers:

Debtors of the Company may be adversely affected by the financial and economic environment which could in turn impact their ability to repay the amounts owed. Deteriorating economic conditions for customers may also have an impact on management’s cash flow forecasts and assessment of the impairment of financial and non-financial assets. To the extent that information is available, management has properly reflected revised estimates of expected future cash flows in its impairment assessments.

2. Significant accounting policies

2.1 Basis of preparation

a- Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations, as adopted by the European Union. The financial statements have been prepared under the historical cost convention.

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions. The management relied on their own judgment when applying the accounting policy of the Company. The elements of the financial statements whose presentation includes higher degree of judgement or subjectivity and for which the assumptions and judgments have higher influence are separately disclosed in Note 4.

b- Basis of measurement

The financial statements are prepared on the historical cost basis.

2. Significant accounting policies (continued)

c- Functional and presentation currency

The national currency of the Republic of Albania is the Albanian LEK ("LEK"), which is the Company's functional currency and the currency in which these financial statements are presented. All financial information presented in LEK has been rounded to the nearest thousand.

2.2 Going Concern

The Company's financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

The Company incurred losses during the year ended 31 December 2012 amounting LEK 680.567 thousand (31 December 2011: LEK 44.304 thousand) and current liabilities exceed current assets by LEK 1.023.638 thousand (31 December 2011: LEK 1.283.401 thousand) which causes significant uncertainty on the Company's ability to continue as a going concern. Since the foundation of the Company, its owners have provided financial support, so that the Company is able to continue its operations. The Company's ability to meet its obligations and to continue as a going concern is dependent on the funds provided by the owners. The Company's parent confirmed to the Company that it is its current policy to ensure that Global Petroleum Albania SHA. is in the position to meet its debts and capital expenditure commitments as they fall due. If the Company's owners do not provide financial support to the Company and the going concern basis would not be applied, the Company's assets and liabilities should be measured at their net realisable value. These values could be substantially different than the amounts presented in these financial statements prepared on a going concern basis.

2.3 Foreign currency

Foreign currency transactions are recorded into the functional currency at the rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year end disclose rates of monetary assets and liabilities denominated in foreign currency are recognised in the income statement.

2.4 Financial instruments

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets. For the purposes of these financial statements short term means a period within 12 months. During the year, the Company did not hold any investments in this category.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables', and 'cash and cash equivalents' in the balance sheet. Loans and receivables are carried at amortised cost using the effective interest method.

GLOBAL PETROLEUM ALBANIA SHA.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2012
 (AMOUNTS IN ALL THOUSAND, UNLESS OTHERWISE STATED)

2. Significant accounting policies (continued)

(c) Held-to-maturity investments

Held-to-maturity investments are fixed-maturity investments that the Company's management has the positive intention and ability to hold to maturity. These securities are included as non-current assets except for securities, reaching maturity within 12 months from the balance sheet date and which are recognised as current during the reporting period. During the year, the Company did not hold any investments in this category.

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are investments acquired with the purpose to be owned for non-fixed period of time and which can be sold when the Company needs recourse or at change of interest rates. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date or to use them as a source of working capital. In this case the investments are classified within current assets. During the year, the Company did not hold any investments in this category.

Cash and cash equivalents comprise cash on hand, current accounts with banks and short-term deposits held with banks.

Accounting for finance income and expenses is discussed in note 2.13.

2.5 Property plant and equipments

Property plant and equipments are stated at historical cost less accumulated depreciation and less impairment losses, if any. Historical cost includes all expenditures that are directly attributable to the acquisition of the items. Subsequent costs are included in the assets carrying amount or recognized as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement when incurred.

Depreciation is charged on a straight-line basis to allocate the cost of fixed assets over their estimated useful lives. Depreciation is charged commencing from the month following the month of acquisition. The estimated useful lives applied are the following:

Description	Years
Buildings	20
Machinery & equipment	15
Vehicles	8
Furniture & fixtures	8
Computer hardware	5

The asset's residual value and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount.

Gains and losses on disposal of an item of property, plant and equipment are recognised net in "other income" in the income statement.

Borrowing costs are expensed in the income statement.

2. Significant accounting policies (continued)

2.6 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

2.7 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the income statement.

Non-financial assets

The carrying amounts of the company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (group of units) on a pro rata basis.

An impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2. Significant accounting policies (continued)

2.8 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans, such as Albania's state pension fund, are recognised in the income statement when they are due.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term benefits if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.9 Share capital

Issued ordinary shares are classified as share capital.

2.10 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

2.11 Borrowings

Borrowings are disclosed initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is disclosed in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are disclosed as an expense in the period in which they are incurred.

2.12 Revenues

Goods Sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of value-added tax, excise, returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale. Transfer usually occurs when the product is received at the customer's warehouse.

2. Significant accounting policies (continued)

Agents' Commissions

When the Company acts in the capacity of the principal using an agent in a transaction, the revenue recognised is the net amount after the commissions paid by the Company.

Lease payments

Leases in which a significant portion of the risk and rewards of the ownership are retained by the lesser are classified as operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

2.13 Finance income and expenses

Finance income comprises interest income on funds invested and foreign currency gains. Interest income is recognised as it accrues in the income statement, using the effective interest method.

Finance expenses comprise interest expense on borrowings and foreign currency losses. All borrowing costs are recognised in the income statement using the effective interest method. Foreign currency gains and losses are reported on a net basis.

2.14 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised.

No deferred tax assets have been recognized as at 31 December 2012 as the management believes it is no longer probable that the related tax benefit will be realised.

2.15 New and amended standards and interpretations issued but not yet effective

A number of new Standards, amendments and interpretations are not yet effective for financial periods beginning 1 January 2012, and have not been applied in preparing these financial statements. Of these pronouncements, none will have an impact on the Company's financial position or performance.

2.16 New and amended standards and interpretations mandatory for the first time

A number of new Standards, amendments and interpretations have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2012 or later periods, but the company has not adopted them, because none is currently relevant to the company.

3. Financial risk management

Management of risk is an essential element of the Company's operations. The major risks faced by the Company are those related to market risk, which includes price, interest rate and currency risks, credit risk and liquidity risk.

3.1 Risk management policies and procedures

The Company's risk management policies aim to identify, analyse and manage the risks faced by the Company, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, products and services offered and emerging best practice.

Management of the Company in close cooperation with and supervision by the group risk management structures has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing its risk management policies and procedures as well as approving significantly large transactions.

Both external and internal risk factors are identified and managed throughout the Company's organisational structure, and especially by the risk management structures at a group level.

3.1.1 Market risk

Market risk is the risk that movements in market prices, including foreign exchange rates, interest rates, credit spreads will affect the Company's income. Market risks comprise currency risk, interest rate risk and other price risk. Market risk arises from open positions in interest rate, currency and other commodities which are exposed to general and specific market movements and changes in the level of volatility of market prices.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimizing the return on risk.

3.1.2 Interest rate risk

Interest rate risk is the risk that movements in interest rates will affect the Company's income or the value of its portfolios of financial instruments.

As the Company has no significant interest bearing assets, the Company's income and operating cash flows are substantially independent of changes in the market interest rates. Changes in interest rates impact primarily its variable rate borrowings by changing their future cash flows. Management does not have a formal policy of determining how much of the Company's borrowings should be to fixed or variable rates. However, at the time of receiving new borrowings management uses its judgment to decide whether it believes that a fixed or variable rate would be more favourable to the Company over the expected period until maturity.

3.1.3 Currency risk

The Company has assets and liabilities denominated in USD and Euro. Foreign currency risk arises when the actual or forecasted assets in a foreign currency are either greater or less than the liabilities in that currency.

3.1.4 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from its customers.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The allowance is calculated based on individual balances analysis.

3. Financial risk management (continued)

3.1.5 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

3.2 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt. Net debt is calculated as total borrowings as shown in the balance sheet less cash and cash equivalents.

The Company is funded with minimal equity and mainly with internal borrowings and payables to related parties. The Company's parent confirmed to the Company that it is its current policy to ensure that the Company is in the position to meet its debts and capital investment expenditure commitments as they fall due.

The Company's parent also confirmed to the Company that they will provide support to the Company as to ensure that they will have adequate funds to meet their liabilities when they fall due.

The Company is not subject to externally imposed capital requirements.

4. Use of judgements, estimates and assumptions

Management has made a number of judgments, estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with IFRSs. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts disclosed in the financial statements is included in the following notes:

- Note 5 - Property, plant and equipments - impairment of PP&E;
- Note 8 - Trade and other receivables - Impairment of trade receivables;
- Note 24 - Commitments and contingencies.

GLOBAL PETROLEUM ALBANIA SHA.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2012
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5. Property, plant and equipments

	Land and buildings	Technical installation	Vehicles	Furniture, fittings and equipment	Computer hardware	In progress	Total
At 1 January 2011							
Cost	799.380	669.304	13.323	65.688	25.648	9.670	1.583.013
Accumulated depreciation	(251.405)	(283.008)	(10.486)	(48.702)	(22.702)	-	(616.303)
Accumulated impairment	(193.047)	(368.855)	-	(2.522)	(381)	-	(564.805)
Net book amount	354.928	17.441	2.837	14.464	2.565	9.670	401.905
Year ended 31 December 2011							
Opening net book amount	354.928	17.441	2.837	14.464	2.565	9.670	401.905
Additions	-	-	169	-	313	-	482
Transfers	6.093	1.347	-	(1.031)	811	(7.220)	-
Disposals (net book value)	-	-	-	-	-	-	-
Depreciation charge	(8.751)	(1.624)	(659)	(4.000)	(589)	-	(15.623)
Impairment charge	-	-	-	-	-	(2.240)	(2.240)
Closing net book amount	352.270	17.164	2.347	9.433	3.100	210	384.524
At 31 December 2011							
Cost	805.473	670.651	13.492	64.657	26.772	2.450	1.583.495
Accumulated depreciation	(260.156)	(284.632)	(11.145)	(52.702)	(23.291)	-	(631.926)
Accumulated impairment	(193.047)	(368.855)	-	(2.522)	(381)	(2.240)	(567.045)
Net book amount	352.270	17.164	2.347	9.433	3.100	210	384.524
Year ended 31 December 2012							
Opening net book amount	352.270	17.164	2.347	9.433	3.100	210	384.524
Additions	-	-	-	-	-	-	-
Transfers	-	279	(279)	-	-	-	-
Disposals (net book value)	(260.972)	(17.731)	(238)	(5.076)	(155)	-	(284.172)
Depreciation charge	(5.494)	(3.298)	(661)	(4.052)	(1.090)	-	(14.595)
Impairment charge	(27.508)	4.385	-	-	-	(210)	(23.333)
Closing net book amount	58.296	799	1.169	305	1.855	-	62.424
At 31 December 2012							
Cost	493.037	629.852	9.361	21.844	20.417	2.450	1.176.961
Accumulated depreciation	(214.465)	(264.583)	(7.914)	(18.490)	(18.707)	-	(524.159)
Accumulated impairment	(220.555)	(364.470)	-	(2.522)	(381)	(2.450)	(590.378)
Net book amount	58.017	799	1.447	832	1.329	-	62.424

Depreciation expense has been charged to administrative expense LEK 1.922 thousand (Lek 756 thousand is the amortization expense for non tangible assets) and sales and distribution costs LEK 13.429 thousand (31 December 2010: administrative expense LEK 2.457 thousand and sales and distribution costs LEK 13.313 thousand).

Impairment of PP&E

Due to vessels discharging prohibition at Durres, an impairment amount of LEK 564.805 thousand was recognized as at 31 December 2009. There are no changes to this impairment during year 2010 and 2011. For year 2012 from this impairment has been reversed an amount of LEK 4.385 thousand in relation to sold equipments and installments. An additional impairment charge has been recognized amounting LEK 27.718 thousand in relation to land and building in gas station of Permet and LEK 210 thousand for assets in progress.

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6. Investments in subsidiaries

The investments in subsidiaries relates to 100% participation in the paid in capital of Eko Petroleum Albania Shpk., a retail fuel company. The investment amount carried at cost as at 31 December 2011 was LEK 617.473 thousand. During the year 2012 the company increased its investment through contribution in kind amounting LEK 193.412 thousand having a total cost of investment of LEK 810.855 thousand. On November 2012 the company decided to sell its full participation in subsidiary to A&M shpk. receiving an option price amounting EUR 190 thousand. According to option price agreement A&M shpk got the exclusive right fully acquire coompany's quotas in EKO Petroleum Albania shpk. for a total cash consideration of EURO 1.710 thousand, which right has been fulfilled on 20 November 2012. The loss realized from the sale of participation in subsidiary is LEK 545.646 thousand.

7. Inventories

	<u>2012</u>	<u>2011</u>
Lubricants	467	2.398
Consumable materials	4.487	4.487
Provisions for inventory's net realizable value	(4.721)	(5.715)
	<u>233</u>	<u>1.170</u>

8. Trade and other receivables

	<u>2012</u>	<u>2011</u>
Trade receivables	180.351	213.004
Trade receivables from related parties	-	-
Less provisions for impairment of trade receivables	(180.321)	(181.024)
Trade receivables – net	30	31.980
VAT receivable	949	-
Prepaid custom duties	-	1.594
Other receivables	4.726	4.755
Provisions for impairment of other receivables	(4.352)	(4.352)
Other receivables - net	1.323	1.998
	<u>1.353</u>	<u>33.978</u>

The movement in impairment of trade receivables during the period is as follows:

	<u>2012</u>	<u>2011</u>
At 1 January	185.376	319.939
Provision for trade receivables impairment	180	674
Reversal of provisions	-	(39.017)
Reversal of provisions for tax receivable impairment	-	(98.080)
Exchange differences	(883)	1.860
At 31 December	<u>184.673</u>	<u>185.376</u>

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9. Cash and cash equivalents

	2012	2011
Cash at banks - local currency	47.617	12.921
Cash at banks - foreign currency	246.319	3.688
Cash in hand	41	237
	293.977	16.846

The Company's exposure to market risks and sensitivity analysis are disclosed in note 22.

10. Share capital

	Number of shares	Ordinary shares	Share premium	Total
At January 2011	1.063.800	1.063.800	623.920	1.687.720
At 31 December 2011	1.063.800	1.063.800	623.920	1.687.720
At 31 December 2012	1.063.800	1.063.800	623.920	1.687.720

The share capital of the Company is fully paid in cash and owned by:

	Number of shares	Amount	% of total
Hellenic Petroleum S.A. - Greece	1.063.343	1.063.343	99,957%
Dimitrios Gavril	149	149	0,014%
Friden Kuqi	106	106	0,010%
Apostol Goci	106	106	0,010%
Besnik Sula	96	96	0,009%
	1.063.800	1.063.800	100,000%

11. Provision for other liabilities and charges

	2012	2011
At 1 January	-	125.842
Charged/(credited) to the income statement:	-	-
-Reversal of provisions for tax claims	-	(111.965)
-Reversal of provisions for litigations	-	(13.877)
At 31 December	-	-

12. Borrowings

The Company had a short term borrowing with National Bank of Greece with a credit limit of USD 1 million and variable interest rate of 3M LIBOR + 5,5% p.a. As of 31 December 2012 the used balance was USD 1 million (31 December 2011: USD 1 million). The Company's exposure to market risks and sensitivity analysis are disclosed in note 22.

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13. Trade accounts payable

	2012	2011
Trade payables - third parties	9.572	10.697
Trade payables - related parties	1.202.621	1.208.042
Due to social insurance and payroll tax	332	251
Due to employees	552	407
VAT payable	-	1.165
Prepayment – related parties	-	7.297
Other payables	279	-
	1.213.356	1.227.860

The Company's exposure to market risks and sensitivity analysis are disclosed in note 22.

14. Revenue from sales

	2012	2011
Sales of refined products with tax	24.170	650.077
Sales of lubricants	1.520	3.894
Agent's commissions	(1.897)	(57.205)
	23.793	596.766

During 2008 there was a change in the tax law in relation to VAT collection procedures. The new law requires the importer of refined fuel products to invoice the goods at full consumer price, therefore the retailer margin is charged back to the importer via a commission invoice. This commission that in tax returns is presented as an expense, for the purpose of this financial statements is deducted from revenues rather than included as expense.

Revenues from sales as reported in tax returns:

	2012	2011
Sales of products subject to VAT (note 14)	25.690	653.971
Other sales subject to VAT (note 16)	7.202	-
Sales of PP&E (note 19)	455	-
Contribution in kind in EKO (intangible assets)	14.690	-
Sales reported due to reverse-charge VAT	31.933	15.024
Total revenues from sales subject to VAT	79.970	668.994
Sales of product exempt from VAT (note 14)	-	-
Export of non-current assets (note 19)	8.405	176
Contribution in kind in EKO (tangible assets)	178.722	-
Financial option	26.535	-
Export of other material (note 16)	-	1.237
Rent income exempt from VAT (note 16)	920	1.764
Total revenues from sales exempt from VAT	214.582	3.177
Total revenues from sales as per tax returns	294.552	672.172

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15. Cost of sales

	2012	2011
Cost of products	(23.681)	(577.858)
Provisions for inventory's net realizable value	995	1.686
Other costs	-	(956)
	(22.686)	(577.128)

16. Other income

	2012	2011
Rent incomes	920	1.764
Other income	7.202	1.237
	8.122	3.001

17. Sales and distribution costs

	2012	2011
Rent	(4.757)	(6.425)
Services	(3.560)	(5.045)
Insurance expenses	(2.735)	(1.285)
Transportation expenses	(164)	(6.320)
Depreciation charge and amortization	(13.429)	(13.313)
Staff expenses	(2.418)	(3.631)
Repairs and maintenance	(659)	(303)
Local taxes	(636)	(624)
Supplies	(372)	(1.368)
Other	(414)	(714)
	(29.144)	(39.028)

18. Administrative expenses

	2012	2011
Rent	(4.266)	(3.577)
Consultancy fees	(46.964)	(27.910)
Depreciation charge and amortization	(1.922)	(2.457)
Staff expenses	(13.632)	(9.864)
Travel and per diems	(1.325)	(2.103)
Communication expenses	(1.667)	(1.334)
Bank charges	(546)	(1.213)
Supplies	(420)	423
Repairs and maintenance	(1.555)	(1.016)
Local taxes	(31)	(117)
Real estate transfer tax	(3.955)	-
Other	(3.693)	(7.283)
	(79.976)	(56.451)

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19. Other (losses)/gains - net

	2012	2011
Loss from revaluation of contribution in kind in EKO	(55.238)	-
Loss from expropriation of land in Mezez	(28.589)	-
Loss from the sale of quotas in EKO (note 6)	(545.646)	-
Gains from forgiveness of borrowings from EKO	50.020	-
Gain/(loss) from sale of PP&E	4.130	176
Reversal of impairment of PP&E	4.385	-
Impairment of PP&E	(27.717)	(2.240)
Reversal/(charge) on provision for receivables impairment	704	38.343
Provisions for tax penalties	-	111.965
Write-off receivables for tax claims	-	(98.081)
Provisions for legal expenses	-	13.877
Write-off creditors	-	1.080
Provisions for miscellaneous inventory	-	(4.487)
Other	-	635
	(597.952)	61.268

Loss from revaluation of contribution in kind in EKO relates to the differences between the carrying amount (net book value) and valuation made by independent appraisers for for PP&E of 3 gas stations in Xhafzotaj 1, Xhafzotaj 2, and Gjirokastra 2 which increased the company's participation in the subsidiary EKO Petromeum Albania shpk.

	2012
Cost of PP&E	(325.906)
Accumulated depreciation	77.256
Valuation	193.412
Loss from valuation	(55.238)

Loss from expropriation of land in Mezez

	2012
Cost	(30.918)
Compensation received from government treasury	2.329
Loss from expropriation	(28.589)

Loss from the sale of quotas in EKO

	2012
Cost of participation	(810.885)
Revenues from financial option	26.535
Revenues from the sale of quotas	238.703
Loss from the sale of quotas in EKO	(545.646)

Gains from forgiveness of borrowing from subsidiary EKO relates to the agreement for the forgiveness of borrowings received during year 2012.

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Gain from sale of PP&E

	2012
Cost	(49.710)
Accumulated depreciation	44.980
Net book value	(4.730)
Proceeds from the sale	8.860
Gains from sale of PP&E	4.130

20. Finance income and costs

	2012	2011
Interest income from trade receivables	2.300	13.955
Interest income on short-term bank deposits	-	92
Finance income	2.300	14.047
Interest expense for bank borrowings	(5.643)	(4.484)
Net foreign exchange losses on financing activities	20.620	(42.295)
Finance costs	14.977	(46.779)
Net finance costs	17.277	(32.732)
Foreign exchange losses on financing activities		
Foreign exchange gains	29.682	31.889
Foreign exchange losses	(9.062)	(74.185)
Net foreign exchange losses on financing activities	20.620	(42.296)

21. Income tax

Reconciliation of effective tax rate:

	2012	2011
Loss before tax	(680.567)	(44.304)
Tax refund calculated at income tax rate of 10%	68.057	4.430
Tax effect of:		
- Income not subject to tax (reversal of provision for PP&E)	439	-
Income not subject to tax (reversal of provision for inventory)	100	-
-Income not subject to tax (reversal of provision for litigation claims)	-	1.388
Income not subject to tax (reversal of provision for trade receivables)	70	3.834
- Income not subject to tax (reversal of provisions for income tax)	-	1.388
- Expenses not deductible for tax purposes	(10.099)	(2.001)
Tax refund	58.566	9.040

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The corporate income tax rate for 2012 in Albania is 10% (2011: 10%). Tax refund has not been recognized as deferred tax assets in financial statements.

Expenses not deductible for tax purposes:

	2012	2011
Penalties and fines	457	96
Gifts and entertainment	-	17
Travel and per diems	1.325	2.250
Representation expenses	314	391
Rent	1.490	1.500
Expenses without tax invoice	1.599	2.637
Depreciation expenses non deductible	7.205	3.595
Interest expenses not deductible – thin capitalization	5.643	4.484
Impairment of PP&E	27.717	2.240
	55.238	-
Provisions for inventory's net realizable value	-	2.801
	100.989	20.012
Tax effect of expenses not deductible for tax purpose	10.099	2.001

22. Financial instruments

Credit risks

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2012	2011
Trade and other receivables	1.353	33.978
Cash and cash equivalents	293.977	16.846
	295.330	50.824

The ageing analysis of these trade receivables is as follows:

	2012	2011
Up to 30 days	30	5
From 30 to 60 days	-	-
From 60 to 90 days	-	8
More than 90 days	180.321	212.991
	180.351	213.004

Trade receivables and impairment were as follows:

2012	Not past due and not impaired	Past due, but not impaired	Impaired receivables	Total
Trade and other receivables	30	-	180.321	180.351
Impairment	-	-	(180.321)	(180.321)
Total – net	30	-	-	30

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2011	Not past due and not impaired	Past due, but not impaired	Impaired receivables	Total
Trade and other receivables	5	8	121.991	213.004
Impairment	-	-	(181.024)	(181.024)
Total – net	5	8	59.033	59.020

Changes in these estimates could effect the impairment losses provision. For example, to the extent that the net present value of the estimated cash flows differs by one percent, the impairment losses provision as at 31 December 2012 would be null (31 December 2011 LEK 590 thousand).

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

2012	Average interest rate		0-6 months	6-12 months	Total
	Contractual	Effective			
Non-derivative financial liabilities					
Bank borrowings	6,34%	5,29%	105.845	-	105.845
Trade and other payables			1.213.356	-	1.213.356
			1.319.201	-	1.319.201
2011					
Non-derivative financial liabilities					
Bank borrowings	4,26%	4,17%	107.535	-	107.535
Trade and other payables			1.227.859	-	1.227.859
			1.335.394	-	1.335.394

Currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts:

2012	EUR denominated	USD denominated
Current assets		
Cash and cash equivalent	246.080	238
Trade and other receivables	4.571	55.725
Current liabilities		
Bank borrowings		(105.845)
Trade and other payables	(6.153)	(1.202.621)
	244.498	(1.252.503)

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2011	EUR denominated	USD denominated
Current assets		
Cash and cash equivalent	2.931	802
Trade and other receivables	4.619	56.703
Current liabilities		
Bank borrowings	-	(107.535)
Trade and other payables	(5.378)	(1.208.042)
	<u>2.172</u>	<u>(1.258.072)</u>

The following significant exchange rates applied during the year.

	1 USD equals 2012	1 Euro equals 2012	1 USD equals 2011	1 Euro equals 2011
ALL	105,84	139,59	107,54	138,93

Sensitivity analysis

A 10% strengthening of the ALL against the Euro and USD at 31 December 2012 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2011.

	Equity	Profit or loss
2012		
EUR	24.450	24.450
USD	(125.250)	(125.250)
2011		
EUR	217	217
USD	125.807	125.807

A 10% weakening of the ALL against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant

Interest rate risk

Profile

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

Variable rate instruments	2012	2011
Financial assets	-	-
Financial liabilities	(105.845)	(107.535)
	<u>(105.845)</u>	<u>(107.535)</u>

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not make use of derivatives. Therefore a change in interest rates at the reporting date would not affect profit or loss:

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23. Fair value

Management believes that the fair value of the Company's financial assets and liabilities approximates their carrying amounts.

24. Commitment and contingencies

Operating environment of the Company

The tax, currency and customs legislation within the Republic of Albania is subject to varying interpretations and frequent changes, and other legal and fiscal impediments contribute to the challenges faced by entities currently operating in the Republic of Albania. The future economic direction of the Republic of Albania is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government, together with tax, legal, regulatory, and political developments.

Management is unable to predict all developments in the economic environment which could have an impact on the Company's operations and consequently what effect, if any, they could have on the financial position of the Company. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

Legal proceedings

From time to time and in the normal course of business, claims against the Company may be received. On the basis of its own estimates, management is of the opinion that no material losses will be incurred in respect of claims in excess of provisions that has been made in these financial statements.

Taxation contingencies

The taxation system in Albania is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the five subsequent calendar years; however, under certain circumstances a tax year may remain open longer. Recent events within Albania suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

These circumstances may create tax risks in Albania that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Albanian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these financial statements, if the authorities were successful in enforcing their interpretations, could be significant

The Company had several ongoing legal proceedings with regards to tax audits of previous periods. The total amount of these tax liabilities and related penalties as at 31 December 2011 is zero (31 December 2010: ALL 371.277 thousand).

Operating leases

Where the Company is the lessee, the future minimum lease payments under non-cancellable operating leases are as follows:

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	<u>2012</u>	<u>2011</u>
No later than 1 year	6.785	8.160
Later than 1 year and no later than 5 year	17.091	19.803
Later than 5 years	7.121	11.895
	<u>30.997</u>	<u>39.858</u>

25. Related party transactions

The Company's parent company is Hellenic Petroleum SA. Greece. The party with ultimate control over the Company is Hellenic Petroleum SA.

Publicly available financial statements are produced by Hellenic Petroleum SA., which is the ultimate controlling party of the Company.

Transactions with related parties

The Company's related party transactions are disclosed below:

	<u>2012</u>	<u>2011</u>
Sales of goods and services:		
Associates		
Sales of goods	19.088	418.382
Agent's commissions	(1.562)	(39.821)
Rent	860	1.200
Entities controlled by immediate parent		
Sales of goods	8.405	-
	<u>26.790</u>	<u>379.761</u>
Purchase of good and services:		
Associates		
Purchase of goods	960	1.125
The immediate parent		
Purchase of goods	13.665	370.077
Purchase of services	-	140
Entities controlled by immediate parent		
Purchase of goods	-	-
Purchase of services	13.950	14.050
	<u>28.575</u>	<u>385.392</u>

All outstanding balances with related parties are to be settled in cash within twelve months of the balance sheet date. None of the balances is secured.

	<u>2012</u>	<u>2011</u>
Receivables from related parties		
Associates	-	-
Payables to related parties		
Associates	-	7.297
The immediate parent	1.202.621	1.208.042
Entities controlled by immediate parent	-	-

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26. Subsequent events

On 17 January 2013 the company has fully repaid the loan amount from National Bank of Greece amounting EUR USD 1 million (note 12), which does not require any adjustment to these financial statements.

There are no other significant subsequent events after the balance sheet date which requires adjustment or disclosure to these financial statements.