ANNUAL REPORT

AS EESTI VEDELKÜTUSEVARU AGENTUUR (ESTONIAN OIL STOCKPILING AGENCY)

Start of financial year:	01 January 2006
End of financial year:	31 December 2006
Registry code:	11124171
Address:	Pärnu mnt. 102C, 11312, Tallinn Republic of Estonia
Telephone:	+372 66 00 900
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Homepage:	www.ospa.ee
Principal activity:	- Establishment and maintenance of ninety (90) days' liquid fuel stocks of the Republic of Estonia and organising their replenishment pursuant to Liquid Fuel Stocks Act.

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MANAGEMENT REPORT

1. Company

AS Eesti Vedelkütusevaru Agentuur (Estonian Oil Stockpiling Agency, OSPA) is a company established by the Government of the Republic pursuant to Liquid Fuels Stock Act on 15 April 2005 and its main responsibility is establishment and maintenance of 90 days' liquid fuel stock of the Republic of Estonia. OSPA is a legal person in private law. All the company's shares are held by the state and their shareholder's rights are executed by the Ministry of Economic Affairs and Communication, which is represented by the Minister of Economic Affairs and Communication at the company's meeting of shareholders.

Upon the establishment and maintenance of liquid fuel stocks, OSPA is governed by the Liquid Fuel Stocks Act and the implementing provisions enacted pursuant to the Act.

2. Activities

During Year 2006 OSPA organized 27 public procurements for buying and maintaining of liquid fuels and purchasing stocks for delegating. 64 offers were received, 10 purchase contracts, 10 maintenance contracts and 4 contracts for delegation of stocks were signed. As a sum of the result of the above-mentioned contracts and the existing stocks, OSPA will have established 37,372 tons of petrol, 60,884 tons of diesel fuel; 5,900 tons of aviation kerosene and 672 tons of black oil stocks. To establish the liquid fuel stocks, OSPA's share capital was increased by EEK 840 mln.

In 2006 the fuel prices were very volatile in the world market. The daily average PLATTS price of the diesel fuel (10 ppm Diesel CIF Cargoes NWE) procured by OSPA varied between 715.25 USD/t (at 08.08.2006) and 543 USD/t (at 29.12.2006) and that of the petrol (Prem Unl 10 ppm CIF Cargoes NWE) varied between 831 USD/t (at 14.07.2006) and 503.75 USD/t (at 31.10.2006) over the year. The same averages for diesel fuel and petrol over the whole year of 2006 were 614.40 USD/t and 634.17 USD/t respectively.

To manage the fuel price risk, OSPA used a fuel swap financial instrument. The price of diesel fuel was fixed at 608.25 USD/t (32,000 t) and that of the petrol at 645 USD/t (16,300 t). As the prices of both fuel types were the year's low in December 2006, the comparison of swap price with the averages of December 2006 shows a substantial loss from swap transactions, which is recognized in OSPA's balance sheet 2006.

On OSPA's initiative, the Parliament adopted Act to Amend Liquid Fuel Stocks Act, pursuant to which, the obligation to pay stockpiling fee on the quantities of fuel placed on the market lies with excise warehouse keepers, instead of importers of liquid fuels since 01.12.2006.

Due to OSPA's economically efficient activities, the minimum stockpiling fee rates allowed by law could be established on 1 May 2006. The stockpiling fee rates established since 01.01.2007 are also all minimum rates, except for aviation kerosene, the rate of which remains in the lowest fifth of the allowed range.

On 23.12.2006 entered into force a bilateral intergovernmental contract between Estonia and Finland, which enables the countries to mutually store the strategic reserve of liquid fuels on each other's territory.

Member of the Management Board:

During 2006, OSPA changed the deposit contract principle with respect to insuring the liquid fuel stocks – for better risk management and because of economic feasibility, OSPA insures the stockpiled liquid stocks itself now (earlier it was the stockholder's responsibility).

In 2006 OSPA joined ACOMES, an international organisation uniting liquid fuel stocks agencies, and participated in its meeting of Year 2006. Among other things, the organisation is aimed at mutual sharing of experience with maintenance of liquid fuel stocks.

COMPANY'S MAIN FIGURES:

	31.12.2006	**31.12.2005**	**+/-**
Sales revenue (in thous. of EEK)	29 791	9 430	316%
incl. stockpiling fees	100%	100%	
Net profit (in thous. EEK)	-602	5 733	
Owner's equity (in thous. EEK)	891 632	52 234	1707%
Net profit margin %	-2,02%	60,80%	

The average number of employees was 3 in 2006, the wages and salaries totalled EEK 108,648, the remuneration of the members of the Management Board totalled EEK 1,027,156 and the remuneration of the members of the Supervisory Board totalled EEK 232,000.

3. Objectives for Year 2007

OSPA's objectives for Year 2007 are

- purchasing the liquid fuel stocks meeting the country's 50 days' internal consumption
- providing the quality and quantity management of existing stocks
- designing operative systems to take the stocks into use in the case of a possible crisis
- broadening the network of cooperation partners

Member of the Management Board:

ANNUAL ACCOUNTS

MANAGEMENT DECLARATION

Hereby we acknowledge our liability for the preparation of the annual accounts of AS Eesti Vedelkütusevaru Agentuur (Estonian Oil Stockpiling Agency), presented on pages 4 to 19 and confirm that:

1. The policies applied in the preparation of the annual accounts comply with accounting principles generally accepted in Estonia;

2. The annual accounts give a true and fair view of the financial position, economic results and cash flows of the company;

3. The company is a going concern.

Urmas Vahur	Alan Vaht
Member of the Management Board	Member of the Management Board
.... 2007	 2007

INCOME STATEMENT

(In EEK)

	In 2006	In 2005	Notes
Sales revenue	29 790 813	9 429 983	2
Other operating revenue	835 092	0	3
Sundry operating expenses	-17 600 989	-2 621 764	3
Staff costs	-1 819 522	-1 094 858	
Depreciation and impairment of fixed assets	-29 508	-14 754	7
Other operating charges	-4 201	-28	3
Operating profit/loss	11 171 684	5 698 578	
Financial income and expenses	-11 773 900	34 632	4
Profit/loss before tax	-602 216	5 733 210	
Net profit/loss	-602 216	5 733 210	

Member of the Management Board:

BALANCE SHEET
(In EEK)

	In 2006	In 2005	Notes
Cash	718 159 745	4 764 861	
Receivables and prepayments	13 791 698	1 258 274	5
Inventories	190 062 607	46 501 000	6
Total current assets	**922 014 050**	**52 524 135**	
Tangible fixed assets	44 272	73 780	7
Total fixed assets	**44 272**	**73 780**	
TOTAL ASSETS	**922 058 322**	**52 597 915**	
Debts and prepayments	30 426 323	363 701	8
Total current liabilities	**30 426 323**	**363 701**	
Total liabilities	**30 426 323**	**363 701**	
Share capital	886 501 000	46 501 000	
Legal reserve	286 661	0	
Retained profit	4 844 338	5 733 215	
Total owner’s equity	**891 631 999**	**52 234 215**	9
Total liabilities and owner’s equity	**922 058 322**	**52 597 915**	

Member of the Management Board:

STATEMENT OF CHANGES IN OWNER'S EQUITY

(In EEK)

	Share capital	Reserves	Retained profit	Total owner's equity
15.04.2005	**46 501 000**		**0**	**46 501 000**
Net profit for the financial year			5 733 215	**5 733 215**
31.12.2005	**46 501 000**	**0**	**5 733 215**	**52 234 215**
Forming the legal reserve		286 661	-286 661	**0**
Increase in share capital	840 000 000			**840 000 000**
Net profit for the financial year			-602 216	**-602 216**
31.12.2006	**886 501 000**	**286 661**	**4 844 338**	**891 631 999**

Note 9 presents additional information on the movement of owner's equity.

Member of the Management Board:

CASH FLOW STATEMENT
(In EEK)

	In 2006	In 2005	Notes
Operating profit	11 171 684	5 698 579	
Adjustments of operating profit	2 005 248	14 258	12
Changes in assets related to operating activities	-145 708 086	-1 258 274	
Change in liabilities and prepayments related to operating activities	2 502 945	363 701	
Total cash flows from operating activities	**-130 028 209**	**4 818 264**	
Acquisition of fixed assets	0	-88 534	7
Interest received	3 423 814	35 132	4
Total cash flows from investing activities	**3 423 814**	**-53 402**	
Increase in share capital	840 000 000	0	9
Interest paid	-722	0	4
Total cash flows from financing activities	**839 999 278**	**0**	
Total cash flows	**713 394 884**	**4 764 862**	
Cash and cash equivalents at the beginning of the period	**4 764 862**	**0**	
Change in cash and cash equivalents	713 394 884	4 764 862	
Cash and cash equivalents at the end of the period	**718 159 745**	**4 764 862**	

Member of the Management Board:

NOTES ON ANNUAL ACCOUNTS

Note 1 Basic principles for preparation of annual accounts

The annual accounts of AS Eesti Vedelkütusevaru Agentuur (the company) have been prepared in accordance with accounting principles generally accepted in Estonia and using the acquisition cost principle, except for the cases when the accounting principles below describe otherwise. The accounting principles generally accepted in Estonia are the accounting principles based on internationally recognized accounting and reporting policies, the basic requirements of which have been prescribed in the Accounting Act of the Republic of Estonia and which are complemented by the guidelines issued by the Estonian Accounting Standards Board.

The annual accounts have been recorded in Estonian kroons, if not specified otherwise.

Below are highlighted the main accounting principles and measuring bases.

Foreign currency calculations

The transactions nominated in a foreign currency are translated into Estonian kroons according to the foreign exchange rates of the Bank of Estonia officially valid on the day of transaction. The monetary assets and liabilities nominated in a foreign currency are translated into Estonian kroons according to the foreign exchange rates of the Bank of Estonia officially valid on the balance sheet date.

The exchange rate profits and losses made as a result of revaluation are recognized in the accounting period's income statement, whereby the foreign exchange rate profits and losses related to suppliers and purchasers' accounts are recognized in the operating revenue and charges, the other differences arising from foreign exchange rates are recognized in the financial income and expenses.

Presenting of revenue

The company's revenue consists in liquid fuel stockpiling fees (fees paid by the importer to cover the costs for maintenance of stocks) that the fuel importer is obligated to pay pursuant to Liquid Fuel Stock Act. The fees are based on the volume of fuel that the importers place on the market in Estonia. Payment of stockpiling fee is made to the bank account of the stockholder without a prior request for payment no later than by the fifteenth day of each month in an amount corresponding to the volume released for consumption by the payer of stockpiling fee during the previous calendar month, and the current rate for stockpiling fee.

Revenue is presented at the fair value of the consideration received or receivable. If paying is carried out during a longer period than regular terms, the revenue is recognized at the current value of the consideration received.

Revenue from selling services is recognized upon offering the service.
Interest income is recognized on an accrual basis, based on the internal interest rate. Dividend income is recognized when the right of demand arises.

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Cash and cash equivalents

As cash equivalents are recognized in the cash flow statement short-term (acquired with a term of up to 3 months) investments with sound liquidity, which can be converted into a known amount of cash, and in the case of which there is no significant risk of the change of market value, i.e. the cash in hand and in bank, the call deposits with a term of within 3 months and the shares of interest market funds.

Financial assets

All financial assets are initially recognized at their acquisition cost, which is the fair value of the consideration given for them. The initial acquisition cost also comprises all expenditure directly related to the acquisition of the financial asset, including fees to agents and consultants, non-returnable taxes associated with the transaction and other similar expenditure, except for the expenditure related to the acquisition of such financial assets, which are recognized at their fair value with a change through the income statement.

All purchases and sales of financial assets occurring in regular market conditions are recognized on the transaction day of these transactions, i.e. on the day the company commits itself (e.g. enters into a contract) to buy or sell a certain financial asset. As occurring in regular market conditions are considered purchases and sales, in the case of which the transfer from the seller to the purchaser of the bought or sold financial asset is realized during the period set on the market or required by relevant market regulations.

<u>Financial assets recognized at the acquisition cost</u>
Financial assets recognized at the acquisition cost must be written down to their hedged value, in case the latter is lower than the balance sheet cost of the financial asset. The hedged value of the financial assets recognized at the acquisition cost is the cash flows presumably gained from the financial asset in the future, discounted by the market's average yield rate for similar financial assets. The write-down of the financial asset is recognized as financial expenses in the income statement. The write-down of the financial assets recognized at the acquisition cost will not be cancelled later.

Recognizing a financial asset ends, when the company loses its right for the cash flows from the financial asset or it transfers the cash flows from the asset and the majority of the risks and benefits related to the asset to a third party.

Inventories

Because of the company's main activity, which is the establishment and maintenance of liquid fuel stocks of the Republic of Estonia and organising their replenishment, the company presents as inventories the above-mentioned fuel stocks, which are recorded at the acquisition cost comprising the purchase price of the stocks, the customs duty related to purchasing, other non-refundable taxes and the transportation costs related to purchasing, discounts deducted. The inventories have been presented in the balance sheet at the lower of acquisition cost and net realizing value.

To determine the acquisition cost of inventories, FIFO method is used.

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Tangible fixed assets

Tangible assets mean the assets with a priceof EEK 20,000 or more and with a useful life over one year. The assets whose useful life is over 1 year, but the acquisition cost of which is less than EEK 20,000 are presented as inventory of little value (within inventories) up to being taken into use and at the moment of being taken into use, are 100% recorded as expense. An inventory of little value, which is recorded as expense, is kept under the accounting off-balance sheet.

Intangible assets are initially recorded at their acquisition cost, comprising the purchase price and the expenses directly related to acquisition.

Hereafter the tangible fixed assets are presented in the balance sheet at acquisition cost, by deducting the accumulated depreciation and possible write-downs due to a decrease in value.

In case a tangible fixed asset consists of essential components, which are distinguishable from each other and have different useful lives, the components are recorded as separate assets in the accounting, by assigning them separate depreciation rates according to their useful lives.

The later expenditure related to the recorded tangible fixed assets (e.g. the replacement of certain parts of an asset) is added to the balance sheet value of the assets when the following criteria are met: (a) the company is likely to gain economic benefits from the asset in the future, and (b) its acquisition cost is reliably measurable. The replaced parts are written off the balance sheet. All other expenditure is recognized as expenses in the period the respective expenditure was made.

The company uses a straight-line method for depreciating the tangible fixed assets. The depreciation rate is determined individually for each fixed asset, depending on its useful life. The annual depreciation rates for the groups of fixed assets are:

- Other inventory, tools and fittings 33.3 %

The depreciation of an asset is ended when the asset's final value, which is the amount that the company would receive upon disposing the asset today, in case the asset were as old and in the same condition as it will presumably be at the end of its useful life, exceeds its balance sheet residual cost.

The depreciation methods, rates and final values are reviewed at least at the end of each financial year and when the new estimates differ from the previous ones, the changes are presented as the changes of accounting judgements, i.e. prospectively.

The possible decrease in the balance-sheet value of tangible fixed assets is checked in cases any events or a change of circumstances show that the hedged value of an asset may have fallen below its balance-sheet value. If such circumstances exist, the company performs measuring the hedged value of the asset. If the measured hedged value is smaller than the balance sheet value, the asset or the assets forming a cash-generating entity are written down to the hedged value, which is either the current value of the cash flows gained from the asset in the future (or the service cost) or the fair value of the asset, selling expenditure deducted, whichever is higher. Upon measuring the asset's fair value, external experts are used, when appropriate. The write-down is recognized within the expenses of the reporting period on the line "depreciation and impairment of fixed assets".

If the asset's hedged value has increased over the balance-sheet value of the asset, the writing off is cancelled and the asset's balance-sheet value is increased, but not to a bigger amount than the

Member of the Management Board:

balance-sheet value that the asset would have if no write-down had been done. Cancelling the asset's write-down is recognized on the same line of the income statement, where the previous write-down was recognized.

Recognizing a tangible fixed asset is ended at disposing the asset or when the company presumes no more economic benefits from using or sale of the asset. The profits and losses arising from ending the recognition of a tangible fixed asset are recognized in the income statement of the period when the recognition was ended, on the line 'other operating revenue' or 'other operating charges'.

The tangible and intangible assets that are most probably sold during the next 12 months are reclassified as fixed assets waiting to be sold, which are recognized in a separate group of current assets in the balance sheet. Depreciation of fixed assets waiting to be sold is ended and they are recognized either at balance sheet residual cost or at fair value (selling expenses deducted), whichever is lower.

Financial liabilities

Financial liabilities are initially recognized at their acquisition cost, which is the fair value of the consideration received for them. Herafter the financial liabilities are recognized at their adjusted acquisition cost, using the effective interest rate. Transaction costs are taken into account at calculating the effective interest rate and recorded as expenses during the useful life of the financial liability. Financial liabilities purchased for resale are recognized at their fair value and the changes of the fair value are recognized in the income statement.

The interest expenditure related to financial liabilities are recognized on an accrual basis as the period's expenses on the line 'financial income and expenses' of the income statement.

Recognizing a financial liability is ended when it has been paid, cancelled or is expired.

Provisions and contingent liabilities

A provision is recognized in the balance sheet in case the company has a legal or activity-caused obligation arising from a binding event occurred before the balance-sheet day, the realizing of the obligation is likely and the amount of the obligation is reliably measurable. Upon measuring provisions, the Management Board's evaluations, experience and if necessary, also the assessments of independent experts have been relied on and the provisions are recognized in the balance sheet in the amount that is necessary to meet the obligation related to the provision as at the balance sheet day.

Promises, guarantees and other obligations that may turn into obligations in the future under certain conditions, but the realizing of which is less likely than not realizing, by the Management Board's evaluation, have been disclosed as contingent liabilities in notes to the annual accounts.

Taxing the corporate income

Pursuant to Income Tax Act, not company's income but dividend distributed is taxed in Estonia. In the case of the dividend distributed up to 31 December 2006 the tax rate was 23/77 and since 1 January 2007 the tax rate is 22/78 on the net dividend. Pursuant to the valid Income Tax Act, the income tax rate will also further decrease until it has reached 20/80 on the dividend distributed in 2009. As the object of income tax is dividend distributed, not corporate income, there are no

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differences between the residual tax-calculation related values and book values of assets and liabilities, from which the deferred income tax liability or receivable would arise.

The potential income tax liability in relation to the available owner's equity, which would arise from distributing the owner's equity as dividend is not presented in the balance sheet. The maximum possible income tax liability that could arise on the distribution of dividend has been disclosed in Note 9.

The income tax arising from distributing dividend is recognized as expenses in the income statement at the moment the dividend was distributed.

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Legal reserve

Pursuant to Commercial Code of the Republic of Estonia and the company's statutes, the company transfers annually at least 5% of net profit to the legal reserve, until the legal reserve forms at least 10% of the share capital. Legal reserve must not be distributed as dividend, but it may be used to over the loss, if losses cannot be covered from the available owner's equity. Also, legal reserve may be used to increase the share capital.

Leases

As financial lease are recognized lease transactions, in the case of which all the major risks and benefits related to the ownership of an asset are transferred to the lessee. All the other lease transactions are recognized as operating lease.

The assets purchased under finance lease are recorded at the lower of the acquisition cost and the current value of the minimum lease payments in the balance sheet of the lessee. The depreciation period of an asset purchased under finance lease is the asset's useful life or the lease period, whichever is shorter. The assets sold under finance lease are recognised in the balance sheet of the lessor under receivables in the sum of the net investment made in the finance lease. Lease payments are divided into financial expenses/financial income and the settlement of lease liabilities in the way that the interest rate would be the same each moment.

In the case of operating lease, the leased asset is recognized in the balance sheet by the lessor. The operating lease payments are recognized straight-line as income by the lessor and as expenses by the lessee during the lease period.

Subsequent events

The annual accounts reflect all significant events affecting the valuation of assets and liabilities that became evident between the balance sheet date and the date on which the accounts were compiled, but are related to the transactions of the reporting or prior periods.

The subsequent events that have not been reckoned with at valuation of assets and liabilities, but which significantly affect the result of the next financial year, have been disclosed in the notes on the annual accounts.

Member of the Management Board:

Note 2 Sales revenue

The sales revenue of AS Eesti Vedelkütusevaru Agentuur divides between geographical areas and fields of activity as follows:

Geographical areas	**01.01.-31.12.2006.**	**15.04.-31.12.2005.**
Estonia	29 790 813	9 429 983
Total	**29 790 813**	**9 429 983**
Field of activity		
Liquid fuel stockpiling fees	29 790 813	9 429 983
Total	**29 790 813**	**9 429 983**

Note 3 Operating charges and other operating revenue

	In 2006	**In 2005**
Sundry operating expenses		
Warehousing expenses	15 135 435	1 850 207
Fuel analysis and pumping expenses	317 408	157 123
Legal expenses	124 960	121 420
Other expenses	2 023 186	493 014
Total sundry operating expenses	**17 600 989**	**2 621 764**
Other operating revenue		
Profit from foreign exchange rate differences	686 987	0
Fines for delay	127 869	0
Other revenue	20 236	0
Total operating revenue	**835 092**	**0**
Other operating charges		
Loss from foreign exchange rate differences	-1 023	-28
Other expenses	-3 178	0
Total operating charges	**-4 201**	**-28**

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Note 4 Financial income and expenses

	In 2006	In 2005
Interest income	13 810 037	35 132
Profit (loss) on foreign exchange rate differences	1 975 740	-496
Other financial expenses (loss from swap transactions)	-27 559 677	0
Total financial income and expenses	**-11 773 900**	**34 636**

Note 5 Receivables and prepayments

	In 2006	In 2005
Trade receivables	1 830 160	1 244 094
Other current receivables	83	25
Accrued income	10 386 945	0
Prepaid expenses	1 574 510	14 155
Total receivables and prepayments	**13 791 698**	**1 258 274**

The company's clients are fuel importers, who commit to pay stockpiling fees on the imported fuel pursuant to Liquid Fuel Stock Act.

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Note 6 Inventories

	31.12.2006	31.12.2005
Inventories (liquid fuel stock)	190 062 607	46 501 000
Total inventories	**190 062 607**	**46 501 000**

- The liquid fuel stocks in the company's balance sheet as at 31.12.2005 was recorded upon the establishment of the company, when a non-monetary payment in the share capital was made. Also see Note 9.

All inventories are kept under safe custody.

OSPA's inventories at 31.12.2006

Fuel	Storing company	Quantities in tons	Price EEK	Location	Location
Petrol	Tartu Terminaal AS	4 147,110	32 821 981,45	Estonia	Tartu
Diesel fuel	Baltic Tank AS	5 295,602	42 541 830,64	Estonia	Kunda
Diesel fuel	Viljandi Naftabaas OÜ	2 552,971	20 179 361,11	Estonia	Viljandi
Total in Estonia		**11 995,683**	**95 543 173,20**		
Petrol	Svenska Shell AB	3 987,190	21 561 000,00	Sweden	Södertälje
Diesel fuel	STS	4 263,353	24 940 000,00	Sweden	Karlshamn
Diesel fuel	STS	6 066,510	48 018 433,48	Sweden	Karlshamn
Total abroad		**14 317,053**	**94 519 433,48**		
TOTAL		**26 312,736**	**190 062 606,68**		

OSPA's delegated inventories at 31.12.2006

	Purchased from	Quantities in tons	Location	Location
Aviation kerosene	Mazeikiu OÜ	1 900,000	Estonia	Muuga
Total in Estonia		**1 900,000**		
Diesel fuel	Nordic Storage AB	10 000,000	Sweden	Piteä
Petrol	Svenska Shell AB	12 000,000	Sweden	Gothenburg
Total abroad		**22 000,000**		
TOTAL		**23 900,000**		

Member of the Management Board:

Note 7 Tangible fixed assets

	Inventory	Total tangible fixed assets
Residual value at 31.12.2005	**73 780**	**73 780**
Purchases and improvements	0	0
Depreciation of the financial year	-29 508	-29 508
Residual value at 31.12.2006	**44 272**	**44 272**

Acquisition cost at 31.12.2005	88 534	88 534
Accumulated depreciation at 31.12.2005	-14 754	-14 754
Residual value at 31.12.2005	**73 780**	**73 780**
Purchases	0	0
Depreciation of the financial year	-29 508	-29 508
Acquisition cost at 31.12.2006	88 534	88 534
Accumulated depreciation at 31.12.2006	-44 262	-44 262
Residual value at 31.12.2006	**44 272**	**44 272**

Member of the Management Board:

Note 8 Debts and prepayments

	2006	2005
Current liabilities to the bank (swap) [1]	27 559 677	0
Prepayments	713	0
Trade creditors	2 330 497	99 644
Employee-related liabilities	84 416	29 433
Taxes payable [2]	443 352	230 108
Other payables	7 668	4 516
Total payables and prepayments	**30 426 323**	**363 701**

[2] Taxes payable divide into the following tax types:

	2006	2005
Value added tax	329 644	171 606
Corporate income tax	949	1 391
Social security tax	65 924	33 647
Personal income tax	42 721	21 389
Funded pension premium	3 943	1 870
Unemployment insurance premium	171	120
Tax interest	0	85
Total taxes payable	**443 352**	**230 108**

[1] To hedge the fuel price risk, OSPA used a fuel swap instrument (the relevant contracts were concluded with banks Hansapank and Nordea). The price of diesel fuel was fixed at 608.25 USD/t (32,000 t) and that of the petrol at 645 USD/t (16,300 t). As the prices of both fuel types were the year's low in December 2006, in the comparison of swap price with the averages of December 2006, a substantial loss from swap transactions is recognized in OSPA's balance sheet 2006 (the total loss from swap transactions amounted to EEK 27,559,677 and this has been recognized in the income statement's line 'financial income and expenses', see Note 4.

Member of the Management Board:

Note 9 Owner's equity

At 31.12.2006 the company's share capital amounted to EEK 886,501,000, whereas the company's minimum share capital is EEK 500,000,000 and according to the statutes, the maximum share capital without changing the statutes may be EEK 2,000,000,000.

In 2006, the share capital was increased by 840,000 shares. The a par value of the issued shares is EEK 840,000,000. 840,000 shares were paid for in cash.

Company's potential income tax liability

The company's retained profit at 31.12.2006 amounted to EEK 4,844,338 (EEK 5,733,214 in 2005). The maximum possible amount of income tax liability, which could arise from distributing all company's retained profit as dividend (considering the liability to transfer 1/20 of the net profit into legal reserve, pursuant to Commercial Code) is EEK 1,366,352 (In 2005: 1,252,707). Thus EEK 3,477,986 may be distributed as dividend, which would give rise to income tax liability amounting to EEK 980,970.

The maximum possible income tax liability has been calculated on the assumption that the sum of net dividend to be distributed and the income tax expenses recognized may not exceed the distributable profit at 31.12.2006.

Note 10 Operating lease

Operating lease

In 2006 the lease expenses arising from the operating lease contracts for the premises totalled EEK 105,686 (In 2005: EEK 43 600).

Note 11 Transactions with related parties

In 2006, the remuneration to the members of the Management Board totalled EEK 1,027,156 (In 2005: EEK 624,910) and the remuneration to the members of the Supervisory Board totalled EEK 232,000 (In 2005: EEK 163,725).

Note 12 Note on the cash flow statement

Adjustments of the operating profit comprise the following non-monetary profits and losses related to operating activities:

	In 2006	In 2005
Depreciation of tangible fixed assets (Note 7).	29 508	14 754
Profit (loss) on foreign exchange rate differences	1 975 740	-496
Total adjustments of operating profit	**2 005 248**	**14 258**

Member of the Management Board:

AUDITOR'S REPORT

ERNST & YOUNG [Addresses]

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of AS Eesti Vedelkütusevaru Agentuur

We have audited the annual accounts of AS Eesti Vedelkütusevaru Agentuur containing the balance sheet as of 1 December 2006 and the income statement, statement of changes in the owners equity and cash flow statement of the financial year that ended on the above-mentioned date, the account of the main accounting policies used for preparing the accounts and other explanatory notes. The audited annual accounts, identified by us, have been annexed to this report.

The management board's duty concerning the annual accounts

The management board's duty is preparing and giving a true and fair view of the annual accounts in compliance with the accounting principles generally accepted in Estonia. Its duty includes establishing and keeping a proper internal control system guaranteeing the appropriate preparation and presentation of the annual accounts without serious misrepresentations arising from fraud or faults, the choice and use of appropriate accounting policies and making reasonable accounting judgements under the given conditions.

The auditor's duty

Our duty is to express an opinion on the annual accounts, which bases on the audit. We performed the audit in compliance with international auditing standards. These standards require us to be in compliance with moral imperatives and to plan and conduct the audit to acquire the justified conviction that the annual accounts include no serious misrepresentations.

The audit involves conducting of the procedures necessary for collecting the evidence on the figures presented and information disclosed in the annual accounts. The quantity and content of the procedures depend on the auditor's decisions, including the evaluation of the risk that the annual accounts might include serious misrepresentations arising from fraud or faults. To plan the appropriate audit procedures, the auditor takes into account the internal control system established for preparation and presentation of true and fair annual accounts, but not to express an opinion on the performance of internal control. The audit also includes evaluating of the appropriacy of accounting policies used, the justification of the accounting judgements made by the management board and the general presentation mode of the annual accounts.

We believe that the collected audit evidence is sufficient and appropriate to have our say.

Opinion

We think that the annexed annual accounts give in the significant part a true and fair view of the financial standing of AS Eesti Vedelkütusevaru Agentuur at 31 December 2006 and the financial results and cash flows of the financial year ending on that date, in compliance with accounting principles generally accepted in Estonia.

Tallinn, 18 April 2007

[Signature]

Hanno Lindpere
Ernst & Young Baltic AS

A Member of Ernst & Young Global

PROFIT DISTRIBUTION PROPOSAL

The Management Board proposes the general meeting of AS Eesti Vedelkütusevaru Agentuur that the profit be distributed as follows:

Retained profit at 31.12.2006	EEK 4,844 338
Retained profit after the decision to distribute profit	EEK 4,844 338

Urmas Vahur	Alan Vaht
Member of the Management Board	Member of the Management Board
.... 2007	 2007

Signatures

Signing the Annual Report 2006 of AS Eesti Vedelkütusevaru Agentuur on ………. March 2007.
We hereby confirm the correctness of the data presented in the Annual Report 2006 of

______________ Urmas Vahur Member of the Management Board	______________ Alan Vaht Member of the Management Board

____
Einari Kisel
Member of the Supervisory Board

____
Meelis Atonen
Member of the Supervisory Board

____
Urmas Koidu
Member of the Supervisory Board

____
Rain Talmar
Member of the Supervisory Board

____
Jüri Võrk
Member of the Supervisory Board

____
Tõnu Ääro
Member of the Supervisory Board