

ERDÖLBEVORRATUNGSVERBAND

KÖRPERSCHAFT DES ÖFFENTLICHEN RECHTS

**Business Report
2006 / 2007**

ERDÖLBEVORRATUNGSVERBAND

KÖRPERSCHAFT DES ÖFFENTLICHEN RECHTS

Report on the Financial Year 2006 / 2007

01. April 2006 - 31. March 2007

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List of Abbreviations

AAA-Rating	Long-term issuer rating of the rating agency, Standard & Poor's: 'A debtor with the rating 'AAA' has an outstanding ability to fulfil his financial obligations. 'AAA' is the highest issuer rating allocated by Standard & Poor's
ACOMES	Annual Coordination Meeting of Entities for Stockholding
BAFA	German Federal Authority for Economics and Export Control
CFPP	Cold Filter Plugging Point
DGMK	German Scientific Society for Mineral Oil, Natural Gas and Coal, e.V., Hamburg
DIN	German Industrial Norm
EBV	German National Petroleum Stockpiling Agency (Erdölbevorratungsverband)
EN	European Norm
ErdölBevG	Law on stockpiling of Mineral Oil and Mineral Oil products (Erdölbevorratungsgesetz)
EU	European Union
ECB	European Central Bank
HEL	Extra light heating oil
IEA	International Energy Agency
NWKG	Nord-West Kavernengesellschaft mbH, Wilhelmshaven (100 % subsidiary of the German National Petroleum Stockpiling Agency)
SolvV	Solvency Regulations

Report of the Board of Directors

Introduction

In addition to the exchange of approx. 4 million t HEL stocks on account of the lowering of the maximum sulphur content, biogenous fuels continued to be a focal issue in the year under review. This issue was discussed in great detail in various committees without any final recommendations resulting up to now. In addition, the exchange of stocks of a gasoline cavern 'RON 90' for an appropriate volume of crude oil was completed at the cavern plant in Sottorf.

During the entire year under review, the stockpiling obligation was fulfilled in all product groups. In product groups 1 and 2 EBV fulfilled their stockpiling obligation as per 31.03.2007 by 101% and 102% respectively. Due to the requirements posed by the system the stockpiling obligation for product group 3 was significantly surpassed reaching approx. 266%. This is because the crude oil stock held by EBV results in an allowable yield of heavy heating oil which itself clearly exceeds the stockpiling obligation.

As in previous years the warehouse and delegation contracts due for termination as of 31.03.2007 were ended in the financial year 2006 / 2007, and the tenders were invited for requirements calculated for 01.04.2007. The terminated volume amounted to approx. 2.8 million m³. New contracts were concluded for a volume of 2.3 million m³. The difference can mainly be explained by the use of existing capacities in warehouses and caverns and by product sales due to the declining stockpiling obligation.

In the year under review EBV mostly financed itself by means of call money, loans and loans against borrowers' notes. The instrument of registered debenture is especially popular on account of the long term periods. In the year under review, borrowing amounted to 230 million €, with 56 % of this being loans.

The financing of stockpiling was again mostly agreed via long-term interest binding. The average rate reduced from 5.22 % p.a. to 5.05 % p.a.

The loan liabilities and loans against borrowers' notes as at 31.03.2007 amounted to a total of 3.3 billion €.

The AAA rating of Standard & Poor's has also been confirmed in the year under review with a solid perspective for the future. Receivables of banks from the EBV are unchanged, estimated at a risk rate of 0 %.

In total the budget account closed with a contribution surplus of 57.5 million €. The compensation reserve which is provided for the case of a shortfall in stocks expenditure remained unchanged at 133.5 million €.

Traditionally good contacts to stockpiling organisations in other countries and the International Energy Agency, IEA, were continued and developed.

The EBV would like to thank all members, warehousing companies, banks, insurances and all other companies and organisations for the good cooperation which has contributed to the successful fulfilment of tasks. Our thanks also go to staff who have made an immense contribution on account of their commitment.

Membership, Bodies, Committees

In the year under review 13 companies left the association, 12 became new members or rejoined the association.

Membership and allocation of voting rights

			Voting right allocation	
			31.03.2006	31.03.2007
Number of members				
each with	1	vote	85	83
	2 - 5	votes	7	9
	6 - 10	votes	4	3
more than	10	votes	7	7
total members			<hr/>	<hr/>
with votes			103	102
			390	389

Annual Members' Meeting, 23.11.2006

At the 29. Members' Meeting on 23.11.2006, 28 members (26 % of the membership) took part with 292 votes (74 % of the total votes). After accepting the annual accounts, the Board of Directors and Supervisory Board were unanimously approved.

Supervisory Board convened three times

The Supervisory Board convened three times in the year under review. It discussed the financial and fee issues, the auditor's report, issues of stock-keeping (i.e. stockpiling obligation and coverage, conversion of HEL to 1000 ppm sulphur, the admixture of biogenous shares, the increase of the JET A-1 stocks of EBV, offers to tender), the improvement of the release process existing for provision of crises, the basic agreements, questions of financing and the establishing of the financial plan 2007 / 2008 including the reduction of contribution rates beginning 01.04.2007.

Resolutions of the Supervisory Board were normally prepared by recommendations from the respective committees.

Stockpiling and Warehouses

Development of Stockpiling Obligation

The stockpiling obligation for the financial year 2006 / 2007 which applied as of 01.04.2006 amounted to 21.1 million t and was therefore on the previous year's level. The change in stockpiling obligation is split across the product groups 1, 2 and 3 with minus 210,000 t, plus 233,000 t and minus 50,000 t respectively.

The calculation of stockpiling obligation on 01.04.2007 (90 days) was made pursuant to § 3 Par. 1 of ErdölBevG. The volumes to be stocked agreed with the BAFA result from fee reports from members. Pursuant to the legal regulation, the averages from the years 2004 - 2006 formed the basis for the product groups 1, 2 and 3. For Product Group 2, the stockpiling obligation is based on the figures for 2006, since these were higher than the average figures for the last three years.

Maintenance of Stockpile

The level of allowable stockpiling amounted to 21.9 million t at the beginning of the financial year under consideration of the crude oil yield code valid as of 01.04.2006. As a result, in the change of the financial year 2005 / 2006 to 2006 / 2007 the stockpiling obligation was over-fulfilled by 5.1 %.

Specifications for HEL in effect as of 01.01.2008 provided for a maximum sulphur content of 1000 ppm. In accordance with the respective regulations, and after consultation with the Stockpiling Committee and the resolutions of the Supervisory Board, the German National Petroleum Stockpiling Agency contracted its exchange of heating oil stockpiling in the year under review. A part of the volumes was redelivered in the new quality at the end of the year under review.

In accordance with the Study 2010 advised by the Stockpiling Committee and passed by the Supervisory Board, it is intended to improve the statutory 60 / 40 % ratio of crude oil to product stockpiling by reducing stockpiling of underground stored product volumes of individual product groups, and to replace these with corresponding volumes of crude oil. In the financial year 2006 / 2007 redeliveries of 200,000 t of crude oil were made to the cavern plant in Sottorf against gasoline extractions 'RON 90' of the previous financial year. Further exchange in Sottorf was postponed on account of the over-ground heating oil exchange programme.

The exchange of stocks of a second cavern of gasoil for diesel fuel at the plant in Lesum was completed in the year under review, with a volume of 230,000 t. The redelivery of a residual amount of approx. 95,000 t will be made at the beginning of the current business year.

To adapt to the tank space situation and to reduce the surplus stocks in Product Group 1, approx. 700,000 m³ of gasoline and approx. 300,000 m³ of distillates were sold at market conditions in the year under review. In return, delegations of 360,000 m³ gasoline and 250,000 m³ distillates were acquired. It is planned to return the delegations in accordance with the development of stockpiling obligations.

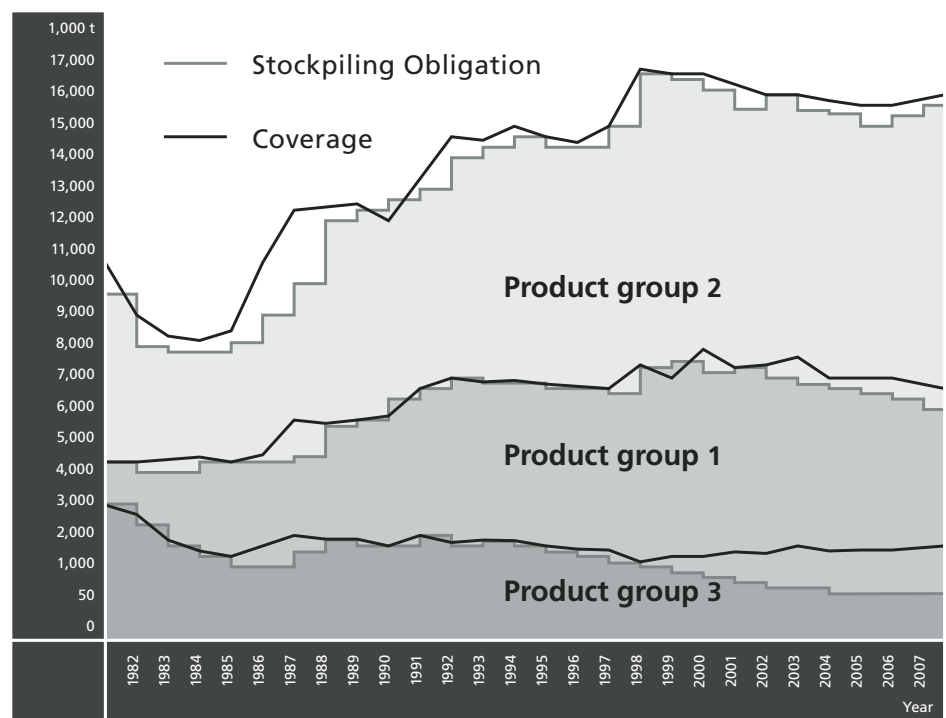
Pan-EU offer to tender of tank space and delegation

As a result of a Supervisory Board resolution to terminate all time-limited warehouse and delegation contracts to the end of the respective financial year and to conduct a competitive tender to offer, the contracts limited to 31.03.2007 were terminated in 2006, and a new tender to offer was issued.

The terminated volume totalled 2.8 million m³ warehouse space; 2.8 million m³ warehouse space and delegations were offered. A total of 2.3 million m³ warehouse space was re-contracted.

The development of the stockpiling obligation and coverage of the last 25 years of the German National Petroleum Stockpiling Agency is displayed in the following graph:

Stockpiling Obligation and Coverage



The following changes in stockpiling obligation and coverage resulted in the transition from the financial year 2006 / 2007 to the financial year 2007 / 2008.

Stockpiling Obligation and Coverage Status: 31.03.2007

	Product Group 1 t	Product Group 2 t	Product Group 3 t	Total t
EBV own volumes				
— products	2,636,842	7,796,419	58,194	10,491,455
— crude oil (14,080,587 t)	2,941,434	6,705,175	1,192,626	10,839,235
	5,578,276	14,501,594	1,250,820	21,330,690
delegated volumes				
— products	423,086	504,236	0	927,322
— crude oil (73,000 t)	15,250	34,762	6,183	56,195
	438,336	538,998	6,183	983,517
Total	6,016,612	15,040,592	1,257,003	22,314,207
legal stockpiling obligation (basis 100 %)	5,950,000	14,723,000	473,000	21,146,000
Surplus/Deficit	66,612	317,592	784,003	1,168,207
Coverage in %	1.12	2.16	165.75	5.52

Stockpiling Obligation and Coverage Status: 01.04.2007

	Product Group 1 t	Product Group 2 t	Product Group 3 t	Total t
EBV own volumes				
— products	2,636,842	7,796,419	58,194	10,491,455
— crude oil (14,080,587 t)	2,958,331	6,723,480	1,233,459	10,915,270
	5,595,173	14,519,899	1,291,653	21,406,725
delegated volumes				
— products	238,363	504,236	0	742,599
— crude oil (105,000 t)	22,060	50,138	9,198	81,396
	260,423	554,374	9,198	823,995
Total	5,855,596	15,074,273	1,300,851	22,230,720
legal stockpiling obligation (basis 100 %)	5,602,000	15,030,000	419,000	21,051,000
Surplus/Deficit	253,596	44,273	881,851	1,179,720
Coverage in %	4.53	0.29	210.47	5.60

Regional Distribution of EBV Stockpiling on 31.03.2007

	Product Group 1 1,000 t	Product Group 2 1,000 t	Product Group 3 1,000 t	Crude oil 1,000 t
Schleswig-Holstein	117	405	0	678
Hamburg	77	527	0	20
Lower Saxony	884	775	58	12,008
Bremen	30	1,155	0	0
North Rhine-Westfalia	579	1,273	0	1,044
Hesse	41	239	0	0
Rhineland-Palatinate	139	562	0	0
Saarland	0	0	0	0
Baden-Wuerttemberg	183	1,072	0	185
Bavaria	516	1,098	0	98
Mecklenburg-Western Pomerania	14	87	0	0
Saxony-Anhalt	15	3	0	0
Berlin	109	599	0	0
Brandenburg	84	130	0	103
Thuringia	182	189	0	0
Saxony	90	110	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
	3,060	8,224	58	14,136
Foreign stockpiling	0	77	0	18
Total	3,060	8,301	58	14,154

Stockpiling total: 25,573,000 t

(The stockpiling allocated to the actual warehouse locations, without considering logistic connections)

The association continues to place emphasis on a regionally balanced storage of the stocks.

Quality Assurance

In future, alterations to product specifications will be increasingly influenced by environmental requirements and tax benefits. This will have a great influence on the automotive fuels / heating fuels section, and is difficult to forecast in terms of precise development.

- Standardization work for the requirement of DIN 51603-1 for HEL, EN 228 for gasoline and EN 590 for diesel fuel
- The issue of biofuels (further tests 2006 / 2007 to ensure long-term storage)
- The Additivation of HEL (CFPP improvement)
- Exchange of product stockpiling in caverns for crude oil
- The development of a new test in microbiology (colony figure in mineral oil products)

provide new tasks for the EBV to ensure quality.

Ever greater significance is being attached to quality assurance, supported by our Quality Prediction System. By using ProQuality-System the association was able to extend the storage times. The EBV participates in DGMK specialist committees for fuels in the development of a new test process to improve the forecasting of thermal stability and warehouse consistency.

Control of Fulfilment of Contract

In the year under review the associations inspected all 149 contractual tank warehouses with regard to the fulfilment of contractual obligations. In the course of this work, 617 current and expired warehouse and delegation contracts were inspected. Complaints were raised in 8 cases, which led to warnings and, in some cases, to the call for a contractual penalty.

Inventory as per 31.12.2006

The processing of the inventory including evaluation and preparation of invoices and credit notes was completed without complication. We were able to clarify any differences in figures with our contractual partners.

Tank Warehouse Inquiry

The EBV conducted an updating inquiry of all tank warehouses, refineries and cavern capacities for BAFA as per 31.12.2006. A very slight reduction in tank volume was established.

Cavern Operations

The cavern plants owned by EBV in Bremen-Lesum, Heide, Sottorf near Hamburg and Wilhelmshaven-Rüstringen, in which approx. 10 million m³ stocks are stored are operated by NWKG in accordance with an operations contract. In the period under review priority was to ensure the readiness for service of the four plants and to improve them, and to carry out measures for the protection of the environment, where useful and necessary.

Handling Activities

In the period under review, extensive volumes of crude oil and product volumes in the caverns were handled on account of quality adjustments or conversions of storage to crude oil. In the caverns of Rüstringen, approx. 152,000 t of crude oil were stored, in Sottorf approx. 8,000 t of gasoline was discharged and approx. 200,000 t of crude oil were stored and in Lesum approx. 197,000 t high-sulphur HEL was discharged and approx. 230,000 t diesel fuel stored.

Financing

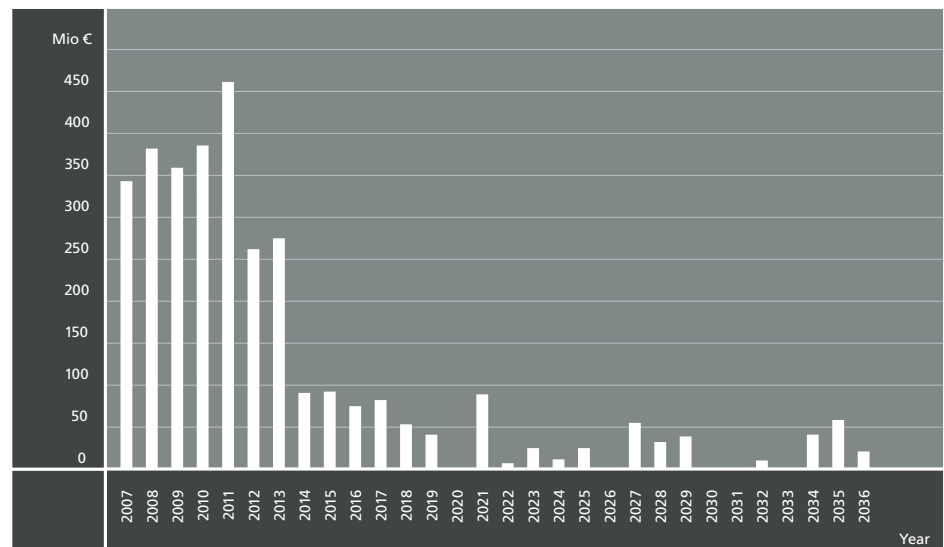
The long-term debt of the association resulting from the financing of stockpiling, warehouses and caverns was reduced in the year under review by approx. 135 million €, from 3.432 billion to 3.297 billion €. Further details are included in the Explanatory Notes on Proof of Assets and Liabilities.

This year, again, new loans have been taken out almost solely in long-term periods. The issuing of registered bonds totalling 130 million € and the acceptance of bonded loans amounting to 100 million € were countered by the repayment of loans amounting to approx. 365 million €.

The favourable interest situation led to a further reduction of average interest burden at the end of the year under review from 5.22 % to 5.05 %.

The following graph shows the interest binding periods of the EBV at the end of the year under review:

Interest binding periods



Financing Instruments	The credit portfolio of the association has a mainly long-term interest binding structure on account of long-term assets. Essentially the financing of the association was made via the instruments of loans against borrowers' notes, and loans. Up to 5 % of liabilities were maintained on the financial market during the period. This ensures good reaction potential to market opportunities in the long-term period segment.
Legal status	In their letter of 20. June 2007, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft again issued annual confirmation of the security negative pledge contained in the loan agreements for the financing of petroleum stockpiling, and confirmation on continuation of the legal form of the association.
Solvency coefficient	Risk assets which the German National Petroleum Stockpiling Agency has to meet are estimated with a weighted risk of zero pursuant to SolV. The same applies for large credit regulations.
AAA-Rating confirmed	The AAA-rating from Standard & Poor's has again been confirmed with a stable forecast. Loans issued by EBV still have the opportunity in future of being given an explicit rating.

Fees

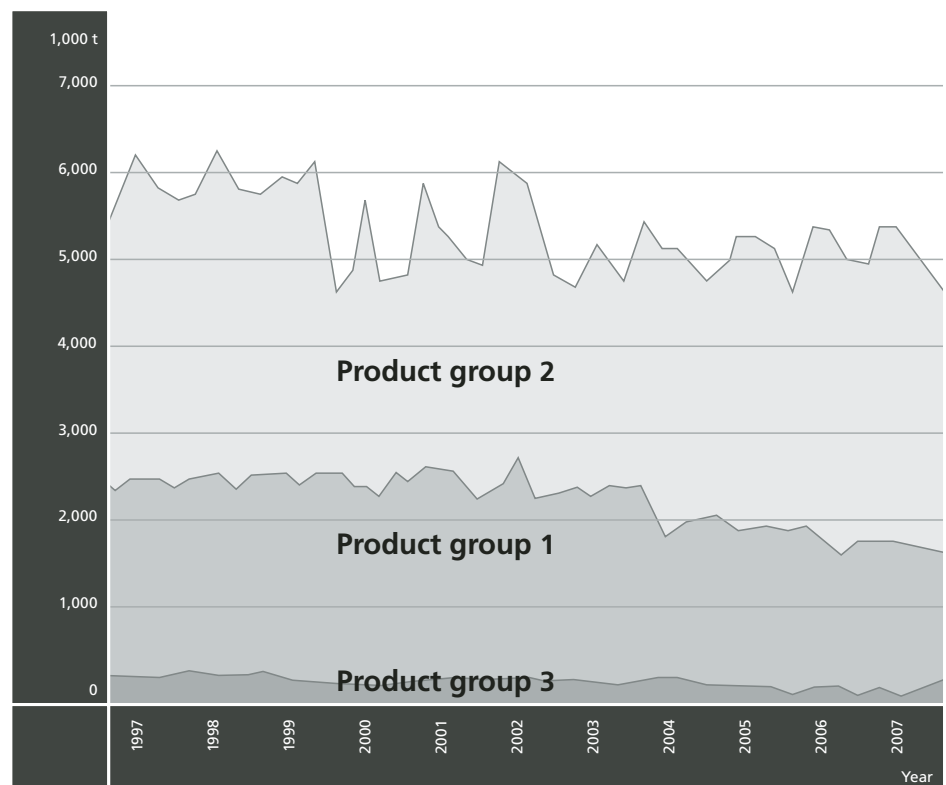
Fee rates unchanged

The fee rates for the financial year 2006 / 2007 have remained unchanged:

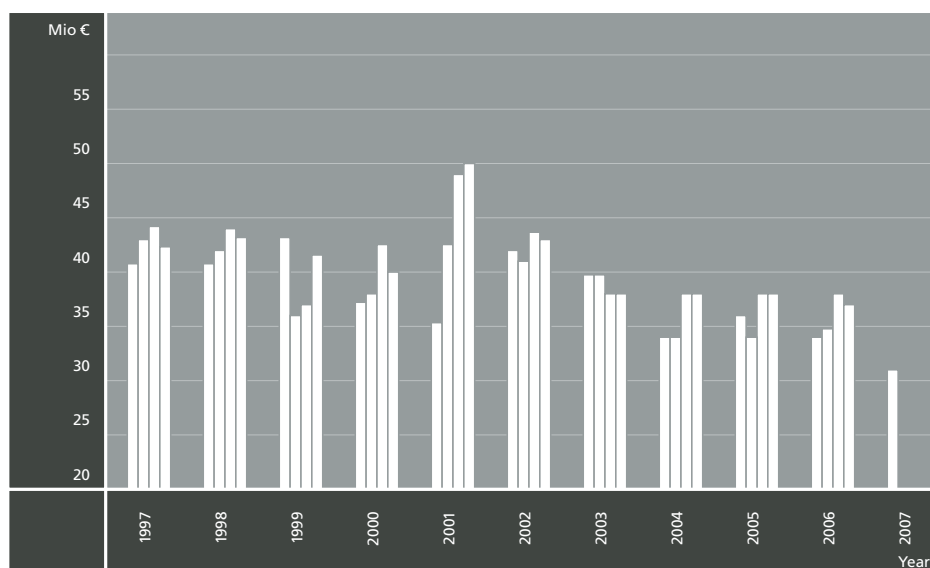
Product group 1	€ 6.13 / t
Product group 2	€ 4.62 / t
Product group 3	€ 4.10 / t

Income from fees amounted to 430 million €. As such, these were approx. 14 million € (3 %) over the budget plan.

Development of volumes requiring fees



Development of Fees



(not including VAT and considering reimbursement to non-members – the mean monthly fee per quarter is given)

Member companies mostly fulfilled their reporting and fee obligations. However, inspection of import volumes led to subsequent submissions in 59 cases totalling approx. 0.6 million € and reimbursements of approx. 0.4 million €. Inspections of manufacturing and reduction figures resulted in 99 cases to fees totalling approx. 0.2 million € (balance from approx 0.5 million € contribution subsequent payments and 0.3 million € fee reimbursements).

For the reimbursement of non-members totalling approx. 6 million € there were 56 inspections, as a result of which on balance 18 T€ have had to be paid back to the EBV.

For late payments the association took in interest totalling 43 T€. There were no failures of fee in the year under review.

Explanatory Notes on the Annual Accounts

Budget Account

The financial plan for the financial year 2006 / 2007 established by the Supervisory Board and approved by the Federal Ministry for Economics and Technology together with the Federal Ministry for Finance, provided income and expenditure respectively totalling 431,805,000 €.

The German National Petroleum Stockpiling Agency finances all acquisition of stockpiling and warehouse facilities as well as business equipment by taking out loans, in accordance with legal and statutory regulations. All other expenditure including interest for such loans is covered by membership fees. All income and expenditure flow into the budget account (appendix 3). Since this accounting schedule does not display which amounts can be allocated to which type of financing, we have enclosed a detailed schedule of the budget account displaying loan and fee financing with this report (appendix 4), as in previous years. The following pages contain explanations of each of the two budget sections. Finally, the development of fee surplus is shown in an overview.

Explanatory Notes on the Loan Section (Appendix 4)

Income

Other revenue (179.1 million €) essentially results from the volume alteration of stocks from the exchange and rolling processes on the balance sheet date, and from the sale of stocks in connection with the closure of a warehouse. The EBV has terminated the contract for the warehouse linked there by contract, and has sold the Product Group 1 and Product Group 2 stocks stored there.

Income from loans (0.9 million €) includes expenditure to be financed for additions to assets of 0.9 million €.

Income from surplus of the previous year was recorded with the deficit which pre-financed the expenditure for crude oil stockpiling from contributions, which in the previous financial year totalled 82.2 million €.

Expenditure

Expenditure for the procurement of compulsory stocks (3 T€) result from additions to stockpiling in the course of the inventory. In accordance with the regulations of the Mineral Oil Stockpiling Act, this expenditure was financed via loans.

Of the amount explained in the item 'Other income', 46.1 million € was allocated to reduce the contribution carried forward from the previous year for stock financing. The remaining 133.0 million € were used to repay *loans for financing stocks*.

Explanatory Notes on the Fee Section (Appendix 4)

Income

Administration income (0.4 million €) essentially includes income from contractual penalties (0.2 million €) and the discharge of change and rolling partners from their contractual duty to maintain spare provisions (0.1 million €). The EBV charged its partners with the cessation of their delegation obligations, and covered the fulfilling of legal stockpiling obligation from its own stockpiling.

The *other income* (2.3 million €) includes income from rent (1.4 million €) and interest income from the investment of cash bonds (0.9 million €).

Income from fees of members amounted to 133.7 million € for Product Group 1, 288.7 million € for Product Group 2, and 7.5 million € for Product Group 3.

Income from surplus of the previous year amounting to 35.4 million € was carried forward to a new account for the financing of expenditure from the financial year 2005 / 2006.

Expenditure

Expenditure for administration (4.2 million €) is made up of *personnel costs* totalling 3.1 million €, *administration expenditure* of 1.0 million € and *expenditure for investments* (mainly data processing units and software licenses) of 0.1 million €.

Of the positions specified in the approved staff scheme totalling 27.5 positions, 26.5 positions were occupied on 31.03.2007.

The EBV has arranged Insurance for *Stocks* as self-insurance with effect from 01.04.2006. The premium payments (70 T€) recorded in the budget account involve final accounts of expired insurance contracts for fire and freight transport insurance of petroleum not stored in caverns, and for the fire insurance of warehouses and caverns.

Expenditure for tank warehouses and caverns and for delegation payments for mineral oil products (226.8 million €) mainly comprised 148.5 million € for warehouse keeping payments, 57.8 million € for costs for re-storing and discharging and the quality maintenance of stockpiling, 10.8 million € for the maintenance of rented and own property with buildings, 8.5 million € for management of our own warehouses and caverns by NWKG, and 0.8 million € for delegation payments.

Interest and similar expenses amounted to 176.3 million €. Of this, 169.4 million € were for long term loans and loans against borrowers' notes. 6.5 million € were spent on interest on call money and current accounts and for cash bonds with interest. The interest expenditure from investments made with cash bonds received (0.9 million €) is balanced by the same amount of interest income. This expenditure also includes interest swap transactions (balanced with income) and the maintenance of the rating.

Repayment expenditure for loans for the financing of warehouse facilities (1.1 million €) was executed to the level of depreciation arising for loan-financed assets, to the burden of fees.

Repayment expenditure for loans for the financing of stockpiling (1.9 million €) are mainly based on stock losses in product groups 1 and 2 and on crude oil.

Summarized Report of Fee Surplus

Fee surplus and their application

In so far as fee income in previous years was not required to cover appropriate expenditure, its budget inclusion to accumulated budget surplus was provided. Additional resultant income surplus were carried forward to the following year as 'income from surplus of the previous year'.

The surplus of 46.1 million € was used to replace loans in accordance with the financial plan. This led to off-setting between the fee section and the loan section of the entire budget. In the case of an increase in surplus – as in the year under review – loans were repaid to an appropriate amount.

The following schedule shows the development of fee surplus and their application in the year under review.

Development of Fee Surplus

	Fee surplus (Fee section)	used for	
		Stockpiling Financing (Loan section)	Turnover tax Financing/ Liquid assets (Entire budget)
	Million €	Million €	Million €
Surplus of budget account on 31.03.2006	35.4	82.2	-46.8
Accumulated budget surplus on 31.03.2006	133.5	133.5	-
Status on 31.03.2006	168.9	215.7	-46.8
Changes in year under review	22.1	-46.1	68.2
Status on 31.03.2007	191.0	169.6	21.4
Recorded as			
Accumulated budget surplus	133.5	133.5	-
Amount <i>c/f</i> to 2007 / 2008	57.5	36.1	21.4
	191.0	169.6	21.4

The surplus of the fee section has increased by 22.1 million € from 35.4 million € to 57.5 million €. Of this, 36.1 million € was used provisionally for stocks financing. The part not used is recorded as a surplus of the entire budget (21.4 million €).

From the surplus of 21.4 million € amounting from the entire budget 2006 / 2007, the EBV intends to allocate an amount of 9.6 million € to future payment obligations. For further explanatory notes concerning this issue, we refer to the statements made concerning reserves in the evidence of assets and liabilities.

Proof of Assets and Liabilities

Assets

The value of *fixed assets and intangible assets* did not change significantly in the year under review. Additions of 1.1 million € were recorded, and depreciations of 1.3 million €. Fixed assets and intangible assets record 6.0 million € on 31.03.2007. This essentially comprises the value of our own properties.

Compulsory stocks of mineral oil and mineral oil products remain at acquisition costs in the proof of assets and liabilities. In agreement with reducing stockpiling obligation the supply existence decrease in particular in relation to previous year by under-year old adjustments of the provided with stock quantities of the consumption structure and the rise exerted by it of the crude oil portion on approx. 60 % at the compulsory stocks. The book value of stocks at approx. 3.7 billion € was approx. 115.4 million € under the year before. The market value of stocks on 31.03.2007 at 10.2 billion € was approx. 6.5 billion € above acquisition costs.

Liquid assets of 25.4 million € consist essentially of time deposit balances of cash bonds received (22.3 million €) which were made available within the scope of rolling agreements. Included US\$ funds were invested in the money market to avoid exchange rate risks till the funds will be reused.

Receivables from membership fees of 75.7 million € mostly involve fees at the end of the year under review not yet due, for the months of February and March 2007.

Trade accounts receivable of 363.7 million € involve receivables from accounts of counter-delivery agreements. The reason for the gross rise compared to the previous year is the large reduction in inventory of premium fuel, heating oil and diesel fuel at the end of the period.

Liabilities

Loans against borrowers' notes and loan liabilities from banks, insurances and assignment creditors include loans for financing stockpiling and non-depreciated sections of our own warehouses (properties), since these are not subject to value reduction.

The reduction of loan liabilities and loans against borrowers' notes in the financial year 2006 / 2007 by 135.1 million € is made up as follows:

Alterations to loan liabilities and loans against borrowers' notes compared to the previous year

	Million €	Million €
Borrowing		
for investments	0.9	0.9
Repayments		
due to depreciation of products	133.0	
due to volume loss	1.9	
due to depreciation on fixed assets	1.1	136.0
Reduction in loans		135.1

Liabilities from interest to be paid on loans amounted to 86.1 million € at the end of the year under review.

Liabilities from cash bonds (22.3 million €) relate to securities made in connection with rolling agreements, which are balanced to the same amount by time deposit balances at banks.

Liabilities to NWKG (9.2 million €) result from financial means not yet called for, in addition to the management of the cavern plants.

Liabilities for turnover tax account (0.3 million €) result from turnover tax burden figures for the months of February and March 2007.

Liabilities from membership fees to be repaid (3.1 million €) are fee reimbursement obligations due to reduction facts pursuant to § 3 par. 4 numbers 1-4 ErdölBevG, mostly for the months of February and March 2007.

Adjustment items from open exchange and rolling contracts Return delivery claims and counter-delivery obligations from exchange and rolling agreements not yet completed on 31.03.2007 amounted to 187.7 million €.

Reserves

The EBV records obligations for pension commitments of 4.2 million € in *Reserves for old-age provision*. This involves four current pensions, two expectancies of board members officiating on 31.03.2007, and an expectancy of a board member who retired in 2001.

Reserves for closure of caverns (17.0 million €) involve the annual risk provision of 8.5 million € in order to be able to fulfil existing obligations from the closure of caverns pursuant to federal law, after an operating period of 30 years.

Reserves for equivalent payments pursuant to § 23 VBLS amounting to 5.9 million € essentially reflects the discounted value of the provision claims to be fulfilled by EBV in the case of leaving the VBL.

Reserves for insurance of compulsory stocks of mineral oil and mineral oil products was allocated at the level which corresponds to the possible risk of a loss in value in a medium size tank terminal (190.0 million €).

Reserves due to sales of stocks and sales of warehouse facilities were mainly contributed to in the year under review, pursuant to § 7 ErdölBevG, on account of the sale of diesel fuels and gasoline totalling 160.9 million €. On the key date this amounted to 203.1 million €.

Transition of Surplus The *surplus from proof of assets and liabilities* is made up as follows:

Composition of Surplus from Proof of Assets and Liabilities

	Million €	Million €
Surplus from budget account		21.4
<i>Plus</i>		
Fee surplus used for temporary stockpiling financing including accumulated budget surplus	169.6	
Proceeds which have not yet led to income (mostly membership fees receivable)	61.6	
	<hr/>	
<i>Less</i>		
Expenses which have not yet led to expenditure (mostly interest payables)	109.3	121.9
	<hr/>	
Surplus from proof of assets and liabilities		143.3
		<hr/> <hr/>

Outlook

Stockpiling obligation reduced slightly on 01.04.2007 by 95,000 t to 21 million t. This is a reduction of 0.45 % compared to the previous year.

In the financial year 2007 / 2008 the EBV will continue the exchange action of heating oil EL stocks on account of the sulphur reduction. We also expect redeliveries of the remaining diesel fuel from the exchange for gasoil of higher sulphur content in the cavern plant in Lesum.

Issues concerning biogenous mixing in fuels – especially with regard to quality concerns – will continue to be discussed at committee meetings.

The reduction of stockpiling obligation and the resultant necessity of stockpiling adjustment will be further monitored and maintained by the EBV. In some cases, product stocks are to be sold. On completion of the heating oil EL exchange within the course of sulphur reduction, it is planned to restart the exchange of underground product stocks for crude oil. Existing surplus stockpiling will be decreased and the objective of 60 % share of crude oil in total stockpiling for reasons of increased flexibility will be further improved.

Fee rates reduced on 01.04.2007 in all product groups.

Hamburg, 21. September 2007

Stephan Bockmühl

Eberhard Pott

Report of the Supervisory Board

and statement of the Supervisory Board on the audited accounts of the German National Petroleum Stockpiling Agency – corporation under public law – Hamburg, for the financial year 2006 / 2007 (01.04.2006 to 31.03.2007)

During the year under review the Supervisory Board has been regularly informed orally and in writing on the activities of the German National Petroleum Stockpiling Agency and has monitored activities of the Board of Directors. In addition to this, the Chairman of the Supervisory Board was informed of essential business issues in between meetings.

The auditors appointed by the Annual Members' Meeting on 23. November 2006,

**Pricewaterhouse Coopers
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have audited the annual accounts of the financial year 2006 / 2007 of the German National Petroleum Stockpiling Agency. According to the prescribed audit, the budget account and the proof of assets and liabilities comply with § 21 par. 1 of the Law on Stockpiling of Mineral Oil and Mineral Oil Products, § 109 of the Federal Budget regulations and supplementary regulations of the statutes.

The Board of Directors presented the accounts to the Supervisory Board for comment. After inspection, the Supervisory Board approves the results established by the auditors.

The Supervisory Board would like to thank the Board of Directors and all staff for their work and commitment, and proposes to the Annual Members' Meeting that the Board of Directors be approved.

Hamburg, 21. September 2007

The Supervisory Board

Dr. Peter Seifried
- Chairman -

Supervisory Board

elected

Dr. Peter Seifried, Hamburg, Chairman
Dr. Alois Virag, Burghausen, representative

Hellmuth Weisser, Hamburg, deputy Chairman
Bernd Karstedt, Bremen, representative

Gerd Deisenhofer, Kempten
Dieter Roth, Gießen, representative

Rüdiger Hanss, Zug (CH)
Jürgen Kollmann, Hamburg, representative

Heinerich Schäfer, Hamburg
Petra Breitzkreuz, Berlin, representative

Dr. Rainer Abbenseth, Hamburg
Rüdiger Dikty, Hamburg, representative

appointed

- by the Federal Ministry of Economics and Technology

Ministerial governor, Hartmut Schneider, Berlin
Government director, Frank Bonaldo, Berlin, representative

- by the Federal Ministry of Finance

Ministerial director, Dr. Gabriel Kühne, Berlin
Ministerial councillor, Hans-Borchard Kahmann, Berlin, representative

- by the Federal Council (Upper House)

Ministerial councillor, Albert Wolf, Munich
Government director, Uwe Glatz, Hamburg, representative
(up to 31.03.2007)
Government director, Markus Pitz, Hamburg, representative
(as of 08.06.2007)

Board of Directors

Stephan Bockmühl, Hamburg
Eberhard Pott, Hamburg

Committees

Stockpiling Committee

Sven Thiessen (Chairman)
Rotterdam

Hans Sperling (deputy Chairman)
Hamburg

Roland Christophel
München

Gerhard Fischer
Ingolstadt

Jörg Knaak
Hamburg

Karl-Heinz Kopischke
Berlin

Hans-Bernhard Kruse
Gelsenkirchen

Peter Wallny
Bremen

Budget and Fee Committee

Norbert Krupp (Chairman)
Hamburg

Peter Garrn (deputy Chairman)
Hamburg

Sven Bürkner
Osnabrück

Klaus-Dieter Fröse
Hamburg

Gerd Hamer
Henstedt-Ulzburg

Ben Lampertz
Berlin

Norbert Mikulla
Bremen

Michael Tiel
Bochum

Loan Committee

Dr. Claus-Georg Nette (Chairman)
Hamburg

Christian von Steinkeller (deputy Chairman)
Hamburg

Gudrun Backhaus
Berlin

Gerd Hamer
Henstedt-Ulzburg

Michael Radeloff
Bochum

Reiner Sütterlin
Bremen

Legal Committee

Dr. Dagmar Müller-Collin (Chairwoman)
Hamburg

Elmar Kühn (deputy Chairman)
Hamburg

Kurt Anding
Hamburg

Dr. Christoph Buchholz
Hamburg

Dr. Annette Flormann-Pfaff
Hamburg

Werner Hollstein
Berlin

Hanno Krause
Burghausen

Nicole Laute
Hamburg

**Budget Account
for the period from
01. April 2006 to 31. March 2007**

	Title	Estimate	Actual	Actual vs. estimate More (+) Less (-)
		€	€	€
1. Income (chapter 01)				
a. Administration income	113 01 - 121 01	33,000.00	359,743.43	+326,743.43
b. Other income	124 01 - 162 02	2,513,000.00	181,414,475.68	+178,901,475.68
c. Membership fees				
Product group 1	218 01	130,569,000.00	133,731,296.77	+3,162,296.77
Product group 2	218 02	277,200,000.00	288,663,747.40	+11,463,747.40
Product group 3	218 03	7,790,000.00	7,474,258.44	-315,741.56
		415,559,000.00	429,869,302.61	+14,310,302.61
d. Income from loans	325 01	13,700,000.00	867,769.68	-12,832,230.32
e. Income from surplus of previous year	360 01	0.00	-46,848,317.77	-46,848,317.77
		431,805,000.00	565,662,973.63	+133,857,973.63
2. Expenditure				
a. Expenditure for administration (chapter 02)				
Personnel expenditure	425 01 - 452 01	3,190,000.00	3,104,069.16	-85,930.84
Real administrative costs	511 01 - 539 99	1,265,000.00	984,341.50	-280,658.50
Investment expenditure	811 01 - 812 02	360,000.00	154,781.37	-205,218.63
		4,815,000.00	4,243,192.03	-571,807.97
b. Expenditure for mineral oil stockpiling (chapter 03)				
Procurement of compulsory stocks	551 01	9,000,000.00	3,131.64	-8,996,868.36
Insurance of stocks of goods	556 01	350,000.00	70,065.29	-279,934.71
Expenditure for tank warehouses and caverns, and delegation payments for mineral oil products	557 01 - 558 71	218,240,000.00	226,800,382.23	+8,560,382.23
Interests and similar expenditure	572 01 - 577 01	185,000,000.00	176,281,295.67	-8,718,704.33
Repayments for loans for financing warehouse facilities	591 01	4,700,000.00	1,093,875.89	-3,606,124.11
Repayments for loans for financing stocks	591 04	5,000,000.00	134,930,790.34	+129,930,790.34
Expenditure for investments for oil stockpiling	820 01	4,700,000.00	864,638.04	-3,835,361.96
		426,990,000.00	540,044,179.10	+113,054,179.10
		431,805,000.00	544,287,371.13	+112,482,371.13
3. Surplus				
Surplus of financial year 2006 / 2007		0.00	21,375,602.50	+21,375,602.50

Hamburg, 15. June 2007

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KÖRPERSCHAFT DES ÖFFENTLICHEN RECHTS

S. Bockmühl

E. Pott

Brakedown of Income and Expenditure in the Budget Account 2006 / 2007 into Loan and Fee Financing

	Title	Loan section		Fee section		Total
		Estimate	Actual	Estimate	Actual	Actual
		€	€	€	€	€
I. Income (chapter 01)						
a. Administration income	113 01 - 121 01	0.00	0.00	33,000.00	359,743.43	359,743.43
b. Other income	124 01 - 162 02	1,000,000.00	179,120,766.22	1,513,000.00	2,293,709.46	181,414,475.68
c. Membership fees	218 01 - 218 03	0.00	0.00	415,559,000.00	429,869,302.61	429,869,302.61
d. Income from loans	325 01	13,700,000.00	867,769.68	0.00	0.00	867,769.68
e. Income from accumulated budget surplus	351 01	0.00	0.00	0.00	0.00	0.00
f. Income from surplus of previous year	360 01	0.00	-82,225,289.58	0.00	35,376,971.81	-46,848,317.77
		14,700,000.00	97,763,246.32	417,105,000.00	467,899,727.31	565,662,973.63
II. Expenditure						
a. Expenditure for administration (chapter 02)						
Personnel expenditure	425 01 - 452 01	0.00	0.00	3,190,000.00	3,104,069.16	3,104,069.16
Real administration costs	511 01 - 539 99	0.00	0.00	1,265,000.00	984,341.50	984,341.50
Investment expenditure	811 01 - 812 02	0.00	0.00	360,000.00	154,781.37	154,781.37
		0.00	0.00	4,815,000.00	4,243,192.03	4,243,192.03
b. Expenditure for mineral oil stockpiling (chapter 03)						
Procurement of compulsory stocks	551 01	9,000,000.00	3,131.64	0.00	0.00	3,131.64
Insurance of stocks of goods	556 01	0.00	0.00	350,000.00	70,065.29	70,065.29
Expenditure for tank warehouses and caverns, and delegation payments for mineral oil products	557 01 - 558 71	0.00	0.00	218,240,000.00	226,800,382.23	226,800,382.23
Interests and similar expenditure	572 01 - 577 01	0.00	0.00	185,000,000.00	176,281,295.67	176,281,295.67
Repayments for loans for financing warehouse facilities	591 01	0.00	0.00	4,700,000.00	1,093,875.89	1,093,875.89
Repayments for loans for financing stocks	591 04	1,000,000.00	132,992,964.69	4,000,000.00	1,937,825.65	134,930,790.34
Expenditure for investments for oil stockpiling	820 01	4,700,000.00	864,638.04	0.00	0.00	864,638.04
		14,700,000.00	133,860,734.37	412,290,000.00	406,183,444.73	540,044,179.10
Surplus before surplus allocation		0.00	-36,097,488.05	0.00	57,473,090.55	21,375,602.50
c. Supply at reserves (chapter 04)						
Supply at accumulazed budget surplus	911 01	0.00	0.00	0.00	0.00	0.00
Supply at reserves for equivalent payments pursuant to § 23 VBLS	911 02	0.00	0.00	0.00	1,121,300.00	1,121,300.00
Supply at reserves for closure of caverns	911 03	0.00	0.00	0.00	8,500,000.00	8,500,000.00
		0.00	0.00	0.00	9,621,300.00	9,621,300.00
III. Surplus after surplus allocation		0.00	-36,097,488.05	0.00	47,851,790.55	11,754,302.50
IV. Accumulated budget surplus¹⁾		0.00	-133,477,365.39	0.00	133,477,365.39	0.00
V. Surplus including accumulated budget surplus		0.00	-169,574,853.44	0.00	181,329,155.94	11,754,302.50

¹⁾ Development of accumulated budget surplus	€
Accumulated budget surplus allocated in 1985 / 86	39,587,285.19
Accumulated budget surplus allocated in 1991 / 92	61,137,215.40
Accumulated budget surplus allocated in 1992 / 93	28,778,063.53
Accumulated budget surplus allocated in 1993 / 94	23,125,220.49
Accumulated budget surplus allocated in 1997 / 98	44,404,677.30
Accumulated budget surplus allocated in 1998 / 99	68,502,886.24
Total additions	265,535,348.15
Withdrawals 1994 / 95	18,662,153.66
Withdrawals 1995 / 96	72,603,447.13
Withdrawals 2003 / 04	28,917,672.03
Withdrawals 2004 / 05	11,874,709.94
Total withdrawals	132,057,982.76
Status on 31.03.2007	133,477,365.39

Proof of Assets and Liabilities on 31. March 2007

Assets

	Status on 31.03.2007	Status on 31.03.2006	Change
	€	T€	T€
Fixed assets and intangible assets			
Real property and equivalent rights with business, operating and other buildings	6,008,473.70	6,008	0
Business equipment	1.00	(€ 1.00)	0
Plants in fee	18,016.24	210	-192
	6,026,490.94	6,218	-192
Financial assets			
Participations	25,564.59	26	0
	6,052,055.53	6,244	-192
Compulsory stocks of mineral oil and mineral oil products (assessment at acquisition costs)			
Product group 1	643,397,866.98	772,539	-129,141
Product group 2	1,327,376,573.82	1,397,426	-70,049
Product group 3	5,746,230.35	5,746	0
Crude oil	1,734,000,430.01	1,650,181	83,818
	3,710,521,101.16	3,825,892	-115,372
Liquid assets			
Cash in hand	3,171.42	3	0
Bank balances	25,371,919.17	17,350	8,022
	25,375,090.59	17,353	8,022
Receivables			
From membership fees	75,654,777.34	82,246	-6,591
Trade receivables	363,719,049.41	233,606	130,113
	33,962.75	12	22
Others	439,407,789.50	315,864	123,544
	4,181,356,036.78	4,165,353	16,002

¹⁾ Statutes of the Versorgungsanstalt des Bundes und der Länder (Pensions office of the federal and local governments)

Liabilities

	Status on 31.03.2007	Status on 31.03.2006	Change
	€	T€	T€
Loans against borrowers' notes			
Bearer debentures	635,000,000.00	635,000	0
Registered debentures	320,000,000.00	190,000	130,000
Loan obligations to banks, insurance companies and assignment creditors	2,342,722,098.97	2,607,879	-265,157
	3,297,722,098.97	3,432,879	-135,157
Other liabilities			
From interest to be paid	86,103,839.39	88,177	-2,073
From cash bonds	22,300,000.00	16,700	5,600
To the Nord-West Kavernengesellschaft mbH	9,208,307.24	8,947	261
Trade accounts payable	11,362,066.37	925	10,437
From turnover tax account	346,102.92	21,001	-20,655
From fees payable to members	3,123,790.94	3,289	-165
	132,444,106.86	139,039	-6,595
Pension reserves			
Adjustment items from incomplete change and rolling contracts	187,728,255.46	208,837	-21,109
Reserves			
For old-age provision	4,210,726.00	3,963	248
For closure of caverns	17,000,000.00	8,500	8,500
For counter-value payments purs. to § 23 VBLS ¹⁾	5,855,000.00	4,734	1,121
For insurance of compulsory stocks of mineral oil and mineral oil products	190,000,000.00	190,000	0
Due to inventory sales and sales of warehouse facilities	203,075,773.66	42,149	160,927
	420,141,499.66	249,346	170,796
Net assets of the association	1.00	(€ 1.00)	0
Surplus from proof of assets and liabilities			
Deficit from budget account for period from 01. April 2006 to 31. March 2007	21,375,602.50	-46,848	68,224
Adjustment items from adjustment of budget account to proof of assets and liabilities	121,944,472.33	182,101	-60,157
	143,320,074.83	135,253	8,067
	4,181,356,036.78	4,165,353	16,002

Hamburg, 15. June 2007

ERDÖLBEVORRATUNGSVERBAND
KÖRPERSCHAFT DES ÖFFENTLICHEN RECHTS

S. Bockmühl

E. Pott

Note	€	€	
Liabilities from a release from liability to the Nord-West Kavernengesellschaft mbH	1.00	1.00	

Certification

'Certificate of the Auditors'

We have audited the budget account and the proof of assets and liabilities including respective accounting of the German National Petroleum Stockpiling Agency, corporation under public law, Hamburg for the financial year from 1. April 2006 to 31. March 2007. Accounting and scheduling of the budget account as well as the proof of assets and liabilities pursuant to § 21 par. 1 of the Law on Stockpiling of Mineral Oil and Mineral Oil products, § 109 of the Federal Budget regulations and supplementary regulations is the responsibility of the Board of Directors of the German National Petroleum Stockpiling Agency. It is our task to provide an assessment of the budget account and the proof of assets and liabilities based on our audit.

We have conducted our audit of the budget account in accordance with the German principles of accounting established by the Institute of Accountants and Auditors (IDW). According to such principles, the audit is to be planned and executed so that inaccuracies and violations can be recognized with substantial security, which affect the display of the budget account and the proof of assets and liabilities in accordance with the German Principles of Accounting. On defining auditing practice, knowledge on the business activities and the economic and legal environment of the German National Petroleum Stockpiling Agency and the expectation of possible errors is considered. Within the scope of the audit, the effectiveness of the internal control system related to invoices and evidence of bookkeeping, budget account and proof of assets and liabilities is mostly assessed on the basis of random samples. The audit comprises the assessment of the balance sheet principles applied and the essential estimates of the Board of Directors, and appreciation of the overall standard of the budget account and proof of assets and liabilities. We are of the opinion that our audit provides a secure basis for our assessment.

Our audit did not result in any objections.

Hamburg, 11. July 2007

PricewaterCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

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