

**S.C. OMV ROMANIA MINERALOEL S.R.L.**  
**INDEPENDENT AUDITOR'S REPORT**  
**AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**  
**PREPARED IN ACCORDANCE WITH MOF**  
**ORDER NO. 1752/2005**  
**AMMENDED BY MOF ORDER NO. 2374/2007**

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To the Bord of Directors and Shareholders of  
S.C. OMV ROMANIA MINERALOEL S.R.L.  
Bucharest, Romania

### **Independent Auditor's Report**

- 1 We have audited the accompanying financial statements of S.C. OMV ROMANIA MINERALOEL S.R.L. ("the Company"), which comprise the balance sheet as at December 31, 2007, the income statement, statement of changes in shareholders' equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes presented from the page 3 to 26, presenting the following:

- Net assets/Total equity RON 284,727,497
- Net result for the year: RON 54,647,520 profit

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

- 2 Management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with the Order of the Ministry of Public Finance no. 1752/2005 amended by Order of the Ministry of Public Finance no. 2374/2007 and as described in the accounting policies presented in the notes to the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

- 3 Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Auditing Standards issued by the Romanian Chamber of Financial Auditors and the International Auditing Standards. 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 from material misstatement.
- 4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks 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 Company'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 expressing an opinion on the effectiveness of the Company's internal control. An audit also 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.

<sup>1</sup>TRANSLATOR'S EXPLANATORY NOTE: The above translation is provided as a free translation from Romanian which is the official and binding version

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

### **Opinion**

- 6 In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of S.C. OMV ROMANIA MINERALOEL S.R.L. as of December 31, 2007, and its financial performance and its cash flows for the year then ended, in accordance with the Order of the Ministry of Public Finance no. 1752/2005 amended by Order of the Ministry of Public Finance no. 2374/2007 with the related amendments and as described in the accounting policies presented in the notes to the financial statements.

### **Other Matters**

- 7 This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.
- 8 The accompanying financial statements are not intended to present the financial position, results of operations and a complete set of notes to the financial statements of the Company in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Romania. Accordingly, the accompanying financial statements are not designed for those who are not informed about Romanian legal and statutory requirements, respectively, the Order of the Ministry of Public Finance no. 1752/2005 amended by Order of the Ministry of Public Finance no. 2374/2007.

### **Report on conformity of the Administrators' Report with the Financial Statements**

In accordance with the the Order of the Ministry of Public Finance no. 1752/2005 amended by Order of the Ministry of Public Finance no. 2374/2007, we have read the Administrators' Report attached to the financial statements and presented from page 1 to 9. The Administrators' Report is not a part of the financial statements. In the Administrators' Report we have not identified any historic financial information which is not in accordance, in all material respects, with the information presented in the accompanying financial statements as at 31 December 2007.

Refer to the original signed Romanian version
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Deloitte Audit S.R.L.  
Bucharest, March 5 2008



**S.C. OMV ROMANIA MINERALOEL S.R.L.**  
**BALANCE SHEETS**  
**AS AT DECEMBER 31, 2007**  
(all amounts are expressed in RON, unless otherwise specified)

No.	Row no.	December 31, 2006	December 31, 2007
<b>A</b>	<b>FIXED ASSETS</b>		
<b>I</b>	<b>Intangible Assets</b>		
3	Concessions, patents, licenses, trademarks and other similar rights and assets	8,474,803	8,134,376
5	Advances for intangibles in progress	-	634,991
	<b>Total (row 01 to 05)</b>	<b>8,474,803</b>	<b>8,769,367</b>
<b>II</b>	<b>Tangible Assets</b>		
1	Land and buildings	173,993,853	173,839,907
2	Machinery and equipment	37,668,669	35,760,588
3	Other equipment and furniture	12,633,501	12,096,470
4	Advances and tangibles in progress	5,370,610	20,711,479
	<b>Total (row 07 to 10)</b>	<b>229,666,633</b>	<b>242,408,444</b>
<b>III</b>	<b>Financial Investments</b>		
	Investments held at affiliated companies	6,604,706	6,604,706
	<b>Total (row 12 to 18)</b>	<b>6,604,706</b>	<b>6,604,706</b>
	<b>TOTAL FIXED ASSETS (rows 06+11+19)</b>	<b>244,746,142</b>	<b>257,782,517</b>
<b>B</b>	<b>CURRENT ASSETS</b>		
<b>I</b>	<b>Inventories</b>		
1	Raw materials and consumables	1,336,624	1,675,481
3	Finished goods and merchandise	36,284,907	39,777,369
4	Advances for stocks	60,299,999	82,615,480
	<b>Total (row 20 to 23)</b>	<b>97,921,530</b>	<b>124,068,330</b>
<b>II</b>	<b>Receivables</b>		
1	Trade receivables	78,037,518	91,845,967
2	Amounts to be received from affiliated companies	3,538,894	5,589,610
4	Other receivables	679,976	2,580,151
	<b>Total (row 25 to 28)</b>	<b>82,256,388</b>	<b>100,015,728</b>
<b>IV</b>	<b>Cash and bank accounts</b>	<b>41,529,816</b>	<b>83,311,636</b>
	<b>TOTAL CURRENT ASSETS (rows 24+30+34)</b>	<b>221,707,734</b>	<b>307,395,694</b>
<b>C</b>	<b>PREPAYMENTS</b>	<b>322,679</b>	<b>507,718</b>

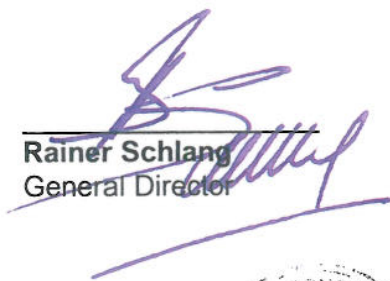
**S.C. OMV ROMANIA MINERALOEL S.R.L.**  
**BALANCE SHEETS**  
**AS AT DECEMBER 31, 2007**  
(all amounts are expressed in RON, unless otherwise specified)

No.	Row no	December 31, 2006	December 31, 2007
<b>D</b>	<b>PAYABLES WITHIN ONE YEAR</b>		
3	Payments in advance	69,705	(6)
4	Trade payables - suppliers	22,929,141	28,152,036
6	Amounts due to related parties	163,419,217	237,435,094
8	Other payables, including tax and social securities	9,622,652	10,395,348
	<b>TOTAL (row 39 to 44)</b>	<b>196,040,715</b>	<b>275,982,472</b>
<b>E</b>	<b>NET CURRENT ASSETS / NET CURRENT LIABILITIES (rows 35+36-45-62)</b>	<b>25,975,558</b>	<b>31,773,079</b>
<b>F</b>	<b>TOTAL ASSETS LESS CURRENT LIABILITIES (row 19+46)</b>	<b>270,721,700</b>	<b>289,555,596</b>
<b>G</b>	<b>PAYABLES IN MORE THAN ONE YEAR</b>		
6	Amounts due to related parties	37,198,700	-
	<b>TOTAL (row 53 to 57)</b>	<b>37,198,700</b>	<b>-</b>
<b>H</b>	<b>PROVISIONS</b>		
2	Other provisions	3,443,025	4,828,099
	<b>TOTAL PROVISIONS</b>	<b>3,443,025</b>	<b>4,828,099</b>
<b>I</b>	<b>DEFERRED INCOME, out of which - income</b>		
		14,140	147,861
	<b>TOTAL (row 61 to 62)</b>	<b>14,140</b>	<b>147,861</b>
<b>J</b>	<b>CAPITAL AND RESERVES</b>		
<b>I</b>	<b>Capital:</b>		
1.	subscribed and paid in	204,780,300	204,780,300
	<b>TOTAL (row 64 to 66)</b>	<b>204,780,300</b>	<b>204,780,300</b>
<b>III</b>	<b>REVALUATION RESERVE</b>	<b>9,864,488</b>	<b>7,798,113</b>
<b>IV</b>	<b>Reserves</b>		
1	Legal reserves	5,044,462	8,208,627
3	Reserves, representing surplus from revaluation reserves	574,528	2,640,904
4	Other reserves	165	165
	<b>TOTAL (row 70 to 73)</b>	<b>5,619,155</b>	<b>10,849,696</b>

**S.C. OMV ROMANIA MINERALOEL S.R.L.**  
**BALANCE SHEETS**  
**AS AT DECEMBER 31, 2007**  
(all amounts are expressed in RON, unless otherwise specified)

No	Row no	December 31, 2006	December 31, 2007
<b>V</b>	<b>PROFIT OR LOSS CARRIED FORWARD</b>		
	– Cr balance	78	- 9,816,033
<b>VI</b>	<b>RESULT OF THE YEAR</b>		
	– Cr balance	80	23,780,557 54,647,520
	– Dr balance	81	- -
	Distribution of profit	82	<u>13,964,525</u> <u>3,164,165</u>
	<b>TOTAL SHAREHOLDERS' EQUITY</b> (row 67+69+74+78+80-81-82)	83	<u>230,079,975</u> <u>284,727,497</u>
	<b>TOTAL EQUITY (row 81+82)</b>	85	<u>230,079,975</u> <u>284,727,497</u>

These financial statements were approved on March 5, 2008.

  
**Rainer Schlang**  
General Director

  
**Lea Gertrude Fuchs**  
Financial Director





Free translation of the original document which is in Romanian  
Notes from page 10 to 26 are integral part of these financial statements.



**S.C. OMV ROMANIA MINERALOEL S.R.L.**  
**INCOME STATEMENTS**  
**AS AT DECEMBER 31, 2007**  
(all amounts are expressed in RON, unless otherwise specified)


No		Row no	Year ended December 31, 2006	Year ended December 31, 2007
1	Net turnover (row 02 to 04)	01	1,526,079,234	1,670,520,374
	Goods sold	02	1,080,526	1,858,875
	Revenues from sales	03	1,524,998,708	1,668,661,499
4	Other operating revenues	09	18,739,697	10,132,516
	<b>Total operating revenues (row 01+09)</b>	10	<b>1,544,818,931</b>	<b>1,680,652,890</b>
5	a) Raw materials and consumables expenses	11	6,060,620	4,300,734
	Other expenses with materials	12	982,064	610,010
	b) Other utilities expenses (water, energy)	13	7,316,416	7,489,072
	c) Purchases of goods for resale	14	1,359,807,896	1,478,289,285
6	<b>Personnel expenses (row 16+17)</b>	15	<b>9,402,183</b>	<b>9,741,035</b>
	a) Wages	16	7,682,768	7,917,870
	b) Social insurance and protection expenses	17	1,719,415	1,823,165
7	a) Adjusting the value of tangible and intangible assets (row 19)	18	40,288,535	19,933,380
	a, 1) Expenses	19	40,288,535	19,933,380
	b) Adjusting the value of current assets (row, 22-23)	21	4,630,779	38,942
	b, 1) Expenses	22	9,847,426	5,138,621
	b, 2) Revenues	23	5,216,647	5,099,679
8	<b>Other operational expenses (row 25 to 27)</b>	24	<b>93,327,377</b>	<b>94,722,256</b>
	8,1 Third party expenses	25	78,350,749	83,743,598
	8,2 Other taxes and duties	26	6,781,110	2,628,350
	8,3 Reimbursements and ceased assets	27	8,195,518	8,350,308
	Adjustments for provisions for risks and charges (rows 30 – 31)	29	(4,567,439)	1,385,075
	- Expenses	30	447,864	2,278,574
	- Revenues	31	5,015,303	893,499
	<b>Total operational expenses (row 11 to 15+18+21+24+29)</b>	32	<b>1,517,248,431</b>	<b>1,616,509,789</b>
	<b>Operational profit or loss - profit (row 10 - 32)</b>	33	<b>27,570,500</b>	<b>64,143,101</b>
11	Interest revenues	39	1,388,727	2,215,105
	Other financial revenues	41	7,591,160	10,562,137
	<b>Total financial revenues (row 35 + 37+39+41)</b>	42	<b>8,979,887</b>	<b>12,777,242</b>




**S.C. OMV ROMANIA MINERALOEL S.R.L.**  
**INCOME STATEMENTS**  
**AS AT DECEMBER 31, 2007**  
(all amounts are expressed in RON, unless otherwise specified)

No	Row no	Year ended December 31, 2006	Year ended December 31, 2007
13	Interest expenses, out of which		
	within the group		
	Other financial expenses		
	46	2,429,365	511,405
	47	2,429,291	511,232
	48	1,397,149	10,117,992
	<b>Total financial expenses (row 43+46+48)</b>	<b>3,826,514</b>	<b>10,629,397</b>
	<b>Financial profit or loss</b>		
	- profit (row 42-49)	5,153,373	2,147,845
	- loss (row 49-42)	-	-
14	<b>Current profit or loss</b>		
	- profit (row 10+42-32-49)	32,723,873	66,290,946
	- loss (row 32+49-10-42)	-	-
17	<b>PROFIT OR LOSS FROM EXTRAORDINARY ACTIVITY</b>		
	<b>Total revenues (row 10+42+54)</b>	<b>1,553,798,818</b>	<b>1,693,430,132</b>
	<b>Total expenses (row 32+49+55)</b>	<b>1,521,074,945</b>	<b>1,627,139,186</b>
	<b>GROSS PROFIT OR LOSS</b>		
	- profit (row 58-59)	32,723,873	66,290,946
18	<b>TAX ON PROFIT</b>	8,943,316	11,643,426
20	<b>Net profit or loss of the financial year</b>		
	- profit (rd, 60-62-63)	23,780,557	54,647,520

These financial statements were approved on March 5, 2008.

  
**Rainer Schlang**  
General Director



  
**Lea Gertrude Fuchs**  
Financial Director



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**S.C. OMV ROMANIA MINERALOEL S.R.L.**

**STATEMENTS OF CASH FLOW**

**AS AT DECEMBER 31, 2007**

**(all amounts are expressed in RON, unless otherwise specified)**

	<u>December 31, 2006</u>	<u>December 31, 2007</u>
<b>Cash flow from operating activities</b>		
Gross profit	32,723,872	66,290,946
<b>Adjustments for:</b>		
Expenses with amortisation	21,595,786	19,933,380
Expenses resulted from revaluation of fixed assets	18,692,749	-
Interest expense	2,429,365	511,405
Loss / (gain) on disposals of fixed assets	(1,155,952)	5,691,291
Provision for doubtful debts	2,378,826	(650,455)
Provisions for inventories	1,462,294	63,816
Other provisions	(4,567,439)	1,385,074
Revaluation of loans	(3,517,800)	8,123,300
Bad debts written off	-	625,582
Revenues from interests	(1,388,810)	(2,215,105)
<b>Cash generated from operations before working capital changes</b>	<u><b>68,652,891</b></u>	<u><b>99,759,234</b></u>
Increase in trade receivables	(11,535,048)	(17,716,799)
Increase / (decrease) in other assets	7,342,367	(185,039)
Increase in materials	(5,851,057)	(26,210,616)
Increase/ (decrease) in suppliers	(92,464,034)	7,386,467
Amounts due to companies within the group	135,689,018	74,015,877
Increase/ (decrease) in other payables	<u>4,662,899</u>	<u>-</u>
<b>Cash generated from operations</b>	<u><b>106,497,036</b></u>	<u><b>137,049,124</b></u>
Interest received	1,379,072	2,197,437
Interest paid	(2,429,365)	(511,405)
Tax on profit paid	<u>(5,537,448)</u>	<u>(12,970,290)</u>
<b>Net cash generated from operating activities</b>	<u><b>99,909,295</b></u>	<u><b>125,764,866</b></u>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets	(28,093,724)	(37,754,885)
Purchase of intangible assets	(257,329)	(1,013,399)
Purchase of financial assets	(6,604,706)	-
Proceeds from sales of fixed assets	<u>6,827,377</u>	<u>107,238</u>
<b>Net cash used in investing activities</b>	<u><b>(28,128,382)</b></u>	<u><b>(38,661,046)</b></u>
<b>Cash flow from financing activities</b>		
Increase in short term loans from shareholder	(18,646,800)	-
Increase in long term loans from shareholder	<u>(29,148,400)</u>	<u>(45,322,000)</u>
<b>Net cash used in investing activities</b>	<u><b>(47,795,200)</b></u>	<u><b>(45,322,000)</b></u>
Net increase/ (decrease) in cash and cash equivalents	<u>23,985,713</u>	<u>41,781,820</u>
<b>Cash at the beginning of the year</b>	<u><b>17,544,103</b></u>	<u><b>41,529,816</b></u>
<b>Cash at the end of the year</b>	<u><b>41,529,816</b></u>	<u><b>83,311,636</b></u>

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**S.C. OMV ROMANIA MINERALOEL S.R.L.**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**AS AT DECEMBER 31, 2007**

(all amounts are expressed in RON, unless otherwise specified)

<u>Shareholders' equity</u>	<u>Balance at 1.01.2006</u>	<u>Increase</u>		<u>Decrease</u>		<u>Balance at 31.12.2006</u>
		<u>Total, out of which</u>	<u>Transfer</u>	<u>Total, out of which</u>	<u>Transfer</u>	
Share capital	204,780,300	-	-	-	-	204,780,300
Revaluation reserves	-	22,469,454	-	12,604,966	574,528	9,864,488
Legal reserves	3,539,345	1,505,117	-	-	-	5,044,462
Reserves, representing surplus from revaluation reserves	-	574,528	574,528	-	-	574,528
Other reserves	165	-	-	-	-	165
Retained earnings	(13,257,065)	13,257,065	13,257,065	-	-	-
Retained earnings from first application of IAS except for IAS 29	1,047,063	-	-	1,047,063	1,047,063	-
Retained earnings from the application of the accounting regulations in conformity with 4 <sup>th</sup> Directive of European Economic Community	-	249,406	249,406	249,406	-	-
Result of the year	26,236,188	23,780,557	-	26,236,188	-	23,780,557
Profit distribution	(26,236,188)	(13,964,525)	(13,964,525)	26,236,188	-	(13,964,525)
<b>Total</b>	<b>196,109,808</b>	<b>47,871,601</b>	<b>1,621,591</b>	<b>13,901,435</b>	<b>1,621,591</b>	<b>230,079,974</b>
<u>Shareholders' equity</u>	<u>Balance at 1.01.2007</u>	<u>Increase</u>		<u>Decrease</u>		<u>Balance at 31.12.2007</u>
		<u>Total, out of which</u>	<u>Transfer</u>	<u>Total, out of which</u>	<u>Transfer</u>	
Share capital	204,780,300	-	-	-	-	204,780,300
Revaluation reserves	9,864,488	-	-	2,066,375	2,066,375	7,798,113
Legal reserves	5,044,462	3,164,165	3,164,165	-	-	8,208,627
Reserves, representing surplus from revaluation reserves	574,528	2,066,376	2,066,376	-	-	2,640,904
Other reserves	165	-	-	-	-	165
Retained earnings	-	22,026,034	-	12,210,001	-	9,816,033
Result of the year	23,780,557	54,647,520	-	23,780,557	-	54,647,520
Profit distribution	(13,964,525)	(3,164,165)	(3,164,165)	(13,964,525)	-	(3,164,165)
<b>Total</b>	<b>230,079,975</b>	<b>78,739,930</b>	<b>2,066,376</b>	<b>24,092,408</b>	<b>2,066,375</b>	<b>284,727,497</b>

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**S.C. OMV ROMANIA MINERALOEL S.R.L.**  
**ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2007**  
(all amounts are expressed in RON, unless otherwise specified)

**1 FIXED ASSETS**

During 2007, movements of fixed assets were as follows:

**Tangible assets**

<b>COST</b>	<b>Balance at 01.01.2007</b>	<b>Additions</b>	<b>Disposal/ transfer</b>	<b>Balance at 31.12.2007</b>
			<b>Revaluation/ Decrease</b>	
Lands	50,999,558	1,451,461	48,476	52,402,543
Buildings	168,435,478	8,522,639	3,608,319	173,349,798
Machinery and equipment	90,622,859	8,553,375	4,203,314	94,972,920
Other equipment and furniture	19,693,349	3,886,541	3,173,103	20,406,787
Advances and tangibles in progress	5,370,610	27,115,849	11,774,980	20,711,479
<b>Total</b>	<b>335,121,854</b>	<b>49,529,865</b>	<b>22,808,192</b>	<b>361,843,527</b>

<b>DEPRECIATION</b>	<b>Balance at January 1, 2007</b>	<b>Depreciation charge for the year</b>	<b>Disposal/ transfer</b>	<b>Balance at December 31, 2007</b>
			<b>Revaluation/ Decrease</b>	
Land arrangements	2,400	-	-	2,400
Buildings	45,438,783	7,936,154	1,464,903	51,910,034
Machinery and equipment	52,954,190	9,230,788	2,972,646	59,212,332
Other equipment and furniture	7,059,848	2,073,807	823,338	8,310,317
<b>Total</b>	<b>105,455,221</b>	<b>19,240,749</b>	<b>5,260,887</b>	<b>119,435,083</b>
<b>Net book value</b>	<b>229,666,633</b>			<b>242,408,444</b>

**Intangible assets**

<b>COST</b>	<b>Balance at 01.01.2007</b>	<b>Increase</b>	<b>Decrease</b>	<b>Balance at 31.12.2007</b>
Other intangible assets	11,777,532	378,408	71,499	12,084,441
Advances and fixed assets in progress	-	636,667	1,676	634,991
<b>Total</b>	<b>11,777,532</b>	<b>1,015,075</b>	<b>73,175</b>	<b>12,719,432</b>

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**1. FIXED ASSETS (continued)**

<b>DEPRECIATION</b>	<b>Balance at 01.01.2007</b>	<b>Increase</b>	<b>Decrease</b>	<b>Balance at 31.12.2007</b>
Other intangible assets	3,302,729	692,631	45,295	3,950,065
<b>Total</b>	<b>3,302,729</b>	<b>692,631</b>	<b>45,295</b>	<b>3,950,065</b>
<b>Net book value</b>	<b>8,474,803</b>	<b>-</b>	<b>-</b>	<b>8,769,367</b>

**Financial assets**

<b>COST</b>	<b>Balance at January 1, 2007</b>	<b>Balance at December 31, 2007</b>
Titles as investments	6,604,706	6,604,706
<b>Total</b>	<b>6,604,706</b>	<b>6,604,706</b>

<b>Company</b>	<b>31.12.2006</b>	<b>%</b>	<b>31.12.2007</b>	<b>%</b>
Mp Petroleum Distributie S.R.L.	5,891,393	5%	5,891,393	5%
Aviation Petroleum S.R.L.	713,313	5%	713,313	5%
<b>Total</b>	<b>6,604,706</b>		<b>6,604,706</b>	

**2 PROVISIONS FOR RISKS AND CHARGES**

During 2007, the movement of the provisions for risks and charges was as follows:

	<b>Balance at January 1, 2007</b>	<b>Increase</b>	<b>Decrease</b>	<b>Balance at December 31, 2007</b>
Provisions for impairment of merchandise	1,463,689	1,527,505	1,463,689	1,527,505
Provisions for impairment of trade payables	6,968,059	2,985,534	3,635,989	6,317,604
Provisions for litigation	386,096	-	(386,096)	-
Provisions for environment	1,636,961	-	-	1,636,961
Other provisions for risks and charges	1,419,968	2,284,304	513,134	3,191,138
<b>Total</b>	<b>11,874,773</b>	<b>6,797,343</b>	<b>5,998,908</b>	<b>12,673,208</b>

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**3 PROFIT DISTRIBUTION**

	<u>December 31, 2006</u>	<u>December 31, 2006</u>
<b>Net profit to be distributed</b>	<b><u>23,780,557</u></b>	<b><u>54,647,520</u></b>
- legal reserve	1,505,117	3,164,165
- recovery of accounting loss	12,210,001	-
- recovery of accounting loss in accordance with OMF 1752/2005 and with 4 <sup>th</sup> Directive of European Union	<u>249,405</u>	<u>-</u>
<b>Undistributed profit</b>	<b><u>9,816,033</u></b>	<b><u>51,483,355</u></b>

At the date of these financial statements, the scope of the undistributed profit in amount of RON 51.483.355 for the year ended at December 31, 2006, is not known.

**4 ANALYSIS OF OPERATIONAL PROFIT/LOSS**

	<u>December 31, 2006</u>	<u>December 31, 2007</u>
1. Net turnover	1,526,079,234	1,670,520,374
2. Cost of goods sold and rendered services (3+4+5)	1,503,440,356	1,594,795,446
3. Operational expenses	1,359,957,282	1,478,342,786
4. Auxiliary expenses	7,007,199	5,502,092
5. Indirect production expenses	136,475,875	110,950,568
6. Gross result due to net turnover (1-2)	22,638,878	75,724,928
7. Marketing expenses	9,038,943	12,360,638
8. Administrative expenses	15,001,083	15,346,884
9. Other operating revenue	<u>28,971,648</u>	<u>15,125,695</u>
<b>Operational result - profit</b>	<b><u>27,570,500</u></b>	<b><u>64,143,101</u></b>

**5 STATEMENT OF RECEIVABLE AND PAYABLES**

	<u>December 31, 2006</u>	<u>December 31, 2007</u>
<b>Receivables</b>		
Advances to suppliers of services	713,475	835,445
Trade receivables	84,161,949	97,193,948
Receivables- affiliated parties	3,538,894	5,589,610
Provisions for customers and assimilated accounts	(6,947,585)	(6,297,130)
Guarantees	109,679	1 13,704
Treasury advances	133,414	232,014
Operations in process of clarification	304,627	37,564
Sundry debtors and other receivables	251,633	2,302,603
Provisions sundry debtors	(20,474)	(20,474)
Interests to be received	<u>10,776</u>	<u>28,444</u>
<b>TOTAL</b>	<b><u>256,388</u></b>	<b><u>100,015,728</u></b>



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**5. STATEMENT OF RECEIVABLE AND PAYABLES (continued)**

Liabilities	Balance as at December 31, 2007	Liquidity	
		within 1 year	over 1 year
Domestic suppliers	21,793,894	21,793,894	-
External suppliers	5,027,877	5,027,877	-
Suppliers - group	237,435,094	237,435,094	-
Suppliers – invoices to be received	1,330,265	1,330,265	-
Debts to employees	2,286,079	2,286,079	-
Other debts to State budget	831,584	831,584	-
Tax on profit	1,985,919	1,985,919	-
Tax on salaries	75,917	75,917	-
VAT payable	1,332,369	1,332,369	-
Customers - creditors	(6)	(6)	-
Guarantees	991,186	991,186	-
Sundry creditors and other payables	2,892,294	2,892,294	-
<b>Total</b>	<b>275,982,472</b>	<b>275,982,472</b>	<b>-</b>

Liabilities	Balance as at December 31, 2006	Liquidity	
		within 1 year	over 1 year
Domestic suppliers	20,454,466	20,454,466	-
External suppliers	824,214	824,214	-
Suppliers - group	163,419,217	163,419,217	-
Loans from affiliated parties	37,198,700	-	37,198,700
Suppliers – invoices to be received	1,650,461	1,650,461	-
Debts to employees	2,001,354	2,001,354	-
Other debts to State budget	640,514	640,514	-
Tax on profit	3,312,783	3,312,783	-
Tax on salaries	79,543	79,543	-
VAT payable	1,233,234	1,233,234	-
Customers - creditors	69,705	69,705	-
Guarantees	726,098	726,098	-
Sundry creditors and other payables	1,629,126	1,629,126	-
<b>Total</b>	<b>233,239,415</b>	<b>196,040,715</b>	<b>37,198,700</b>

As at December 31, 2007 the Company did not have any more loans contracted from Petrom SA. The outstanding amount of EUR 11,000,000 out of the total loan amount of EUR 15,000,000 granted on May 20, 2003, for investments financing, initially granted by OMV AG and subsequently transferred to Petrom SA, was paid in two installments.

- the amount of EUR 5,000,000 and the related interest of EUR 28,334.72 were paid in February 2007

- the amount of EUR 6,000,000 and the related interest of EUR 124,303.2 were paid in June 2007.

The balance of the loan is of RON as at December 31, 2007.

(2) Based on a frame agreement signed with HVB Bank Romania as at December 4, 2000, the Company received on October 31, 2006 a loan facility in RON, equivalent of USD 5,000,000. The interest rate was RBOR overnight on 1 month plus 0.875% p.a. for withdrawals in EURO or, respectively, USD. The contract was valid until October 31, 2007. The company did not extend the valability of the loan.

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**6 ACCOUNTING PRINCIPLES AND METHODS**

**Basis of preparation**

These financial statements are the responsibility of the management of the Company and are prepared in accordance with the Romanian Accounting Standards, namely Accounting Law no.82/1991, as revised and Ministry of Finance Order ("MOF") no. 1752/2005 amended by Ministry of Finance Order no 2374/2007.

**Currency of presentation**

These financial statements are stated in lei (RON).

**MINISTRY OF FINANCE ORDER NO. 1752/2005 ("ACCOUNTING REGULATIONS IN ACCORDANCE WITH THE EUROPEAN DIRECTIVES") AMENDED BY MINISTRY OF FINANCE ORDER NO 2374/ 2007**

Order no. 1752/2005 amended by Ministry of Finance Order no 2374/ 2007 is applicable starting with the financial statements of 2006 by the companies that meet the criteria established by this normative act. Order no.1752 amended by Ministry of Finance Order no 2374/ 2007 provides for the preparation of the annual financial statements of legal entities.

These financial statements are the responsibility of the Company and are prepared in accordance with Ministry of Finance Order no. 1752/2005 ("MOF no.1752/2005"), amended by Ministry of Finance Order no 2374/ 2007.

**This Order includes the Accounting Regulations conformant with the European Directives, namely:**

- a) EEC Directive IV 78/660/EEC, dated July 25, 1978 regarding the annual financial statements, as revised and as included in MOF no.1752/2005;
- b) EEC Directive VII 83/349/EEC dated June 13, 1983 regarding the consolidated financial statements, with subsequent changes, as included in MOF no. 1752/2005.

MOF no.1752/2005, amended by Ministry of Public Finance no 2374/ 2007, is harmonized with the European Directives IV and VII and differs from the International Financial Reporting Standards. As a result, these financial statements are not in accordance with the International Financial Reporting Standards.

**Continuity of activity**

The financial statements were prepared based on the going on principle, assuming that the Company will continue its activity in a foreseeable future without encountering the impossibility of continuing its activity or without the significant decrease of its activity.

**Use of estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual result can differ from these estimates. Although these individual estimates present a certain degree of uncertainty, the overall impact over the financial statements is considered to be immaterial.



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**6. ACCOUNTING PRINCIPLES AND METHODS (continued)**

The following specific accounting policies were applied by the Company:

**Fixed assets**

**(i) Cost**

Tangible assets are recorded at purchasing cost, less accumulated depreciation. Significant improvement expenses are capitalised only if they extend the length of life of fixed asset or significantly increase its capacity in order to generate revenues. Maintenance, repairs and minor improvement expenses are recognised as expenditure when they occur.

Tangible assets that are written off or put out of order are removed from the balance sheet together with corresponding accumulated depreciation. Any gain or loss resulted from such operation is included into profit and loss account.

**(ii) Depreciation**

Tangible and intangible assets are depreciated on a straight-line basis, according to estimated useful life, from the moment they are put into function, so that the cost to be decreased to the residual value estimated on the considered functioning period.

Main life periods used for different categories of tangible assets are:

	<u>Years</u>
Buildings	10 - 50
Machinery and equipment	3 - 15
Vehicles	4 - 6
Office equipment	3 - 20

**(iii) Intangible assets**

Expenses related to informational licenses acquisition are capitalised and depreciated on a straight line basis during the whole useful life, generally in 3 years. Concessions have been depreciated on the contract validity, between 25-49 years. Provision is made for impairment of value periodically if required.

**(iv) Impairment of assets**

The carrying amount of the Company's assets is analyzed in order to make provisions if the carrying value of an asset exceeds its recoverable amount. Recoverable amount of an asset is the higher of its net selling price and value in use. Value in use of an asset is the present value of estimated future cash flows expected from the continuing use of an asset and from its disposal.

The impaired values are restored subsequently for the portion of carrying values if the impairment conditions cease to exist.

**Financial assets**

Financial assets represent long term investments and they are recorded at historical cost, less the provisions for the decrease in the value, if the case.



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**6. ACCOUNTING PRINCIPLES AND METHODS (continued)**

**Inventories**

Inventories are recorded at the lower of cost and net realisable value. Cost is determined by average cost method for all types of stocks. Net realisable value is estimated on selling price in the normal course of activity less necessary expenses for completion and selling expenses.

Based on the estimates of the Company's management, provisions are recorded for obsolete or slow moving inventories

**Receivables**

Receivables are evaluated at the estimated value that is going to be received, after the provisions for doubtful debtors were established. For doubtful clients, the estimation was performed based on the analysis of all outstanding amounts from the balance at the balance sheet date. Unrecoverable receivables are recorded as expenses when they are identified

**Cash and cash equivalents**

Cash and cash equivalent include liquid assets and other equivalent values, which comprise petty cash, short-term deposits with maturities up to three months, petty cash.

**Liabilities**

Liabilities to suppliers are recorded at historical cost in RON. The exchange rate used to translate the liabilities into currency is that one indicated for imports by the custom authorities or the exchange rate valid on the date of invoicing the services.

At each year end, all liabilities in currency are revaluated using the exchange rate valid at the year end. All gains or losses are recorded in the profit and loss account.

**Contributions for employees**

The Company pays contributions to the State Budget for social insurance, social pension and unemployment fund according to levels established by current legislation during the year, computed against gross wages. The value of these contributions is recorded into the profit and loss account in the same period with corresponding salary expenses.

The Company does not have other obligations according to present Romanian legislation regarding the future pensions, health insurance and other labour expenses.

**Tax on profit**

Tax on profit is computed based on the accounting result of the year adjusted for non deductible expenses and for nontaxable revenues in accordance with legislation in force. The tax rate used as at January 1, 2005 was of 16%.

Deferred tax is computed using "liabilities method" for those temporary differences between assets and liabilities tax basis and values presented for financial reporting. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Temporary differences assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to pay its net fiscal assets and liabilities.

**6. ACCOUNTING PRINCIPLES AND METHODS (continued)**

**Provisions**

Provisions are recorded when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the value can be reliably estimated. When the impact in time of the obligation's impairment is significant, the size of the provision represents the current value of the expenses which will be necessary to discount the obligation.

**Legal reserves**

According to the Romanian legislation, the Company records a legal reserve of 5% of the gross profit of the year. In accordance with the legislation in force, the reserve is established till it reaches the value of 20% of the share capital.

**Revenue recognition**

Revenues are recorded on accrual basis and VAT exclusive representing the amounts invoiced to the third parties for the goods delivered or for the services performed, net of commercial rebates.

Revenues from sale of goods are recognized when the goods are delivered and a significant part of the risks and benefits are transferred to the client.

Revenues from the performed services are recognized in relation to the percent of realization when it can be reliably estimated.

Interest revenues are recognized periodically based on the efficiency of the respective asset.

**Operational expenses**

Operational costs are recorded as expenses within the period they were occurred.

**Foreign currency transactions**

Foreign currency transactions are recorded in accounting records at the exchange rate from the date of transaction. Monetary assets and liabilities expressed in foreign currency are converted into RON at the exchange rate from the balance sheet date. At December 31, 2007 the exchange rate was of RON 2.4564 for 1 USD (2006: 2.5676 RON for 1 USD) and 3.6102 RON for 1 EUR (2006: 3.3817 RON for 1 EUR).

All differences resulting from foreign currency amounts settlements are recognised in profit and loss account in the year they occurred. Unrealised foreign exchange expenses, including those for loans, are included in profit and loss account for the year.



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**6. ACCOUNTING PRINCIPLES AND METHODS (continued)**

**Assets and contingent liabilities**

Contingent assets are not recorded in the financial statements, but they are disclosed whenever an inflow of economic benefits is probable.

Contingent liabilities are not recorded in the attached financial statements. They are disclosed except for the case when an outflow of resources implying economic benefits is low.

**Subsequent events to the balance sheet**

The events subsequent to the balance sheet which give additional information on the Company's position as at the balance sheet date (events which lead to the adjustment of the financial statements) are presented in the financial statements. Events subsequent to the balance sheet date which do not lead to the adjustment of the financial statements are disclosed in notes only if they are significant.

**Fair value of financial instruments**

Financial assets and financial debts recorded in the attached balance sheet include cash and cash equivalents, customers and other assimilated accounts, suppliers and other assimilated accounts, debts and loans. The accounting policies used for recognition and measure of these elements are presented in the accounting policies included in this Note. Management considers that the fair value of these instruments approximates their accounting value.

**7. BONDS AND SHARES**

**Share capital**

Share capital is in total amount of RON 204,780,300 (2006: 204,780,300 RON), representing 2,047,803 shares (2006 2,047,803 shares) with a nominal value of RON 100 per share (2006: RON 100). Share capital is fully paid in.

	<u>2007</u>
	<b>No of shares</b>
January 1	2,047,803
Increasing / Decreasing	<u>-</u>
<b>December 31</b>	<b><u>2,047,803</u></b>

The shares are owed by Petrom SA in percent of 99.9% amounting RON 204,575,600 and by OMV Refining & Marketing GmbH in percent of 0.1% amounting RON 204,700.

**8. INFORMATION REGARDING EMPLOYEES, ADMINISTRATORS AND MANAGERS**

	<u>2006</u>	<u>2007</u>
Average number of employees	<u>83</u>	<u>85</u>



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**8. INFORMATION REGARDING EMPLOYEES, ADMINISTRATORS AND MANAGERS (continued)**

The remuneration paid to the employees during 2007 (gross salaries and taxes paid by employer) was of RON 9,741,035 (2006: 9,402,183 RON) out of which;

	<b>2006</b>		<b>2007</b>	
	<b>No of employees</b>	<b>Salaries</b>	<b>No of employees</b>	<b>Salaries</b>
Management	13	1,862,895	13	2,315,041
Administrative personnel	70	7,539,288	72	7,425,994
<b>Total</b>	<b>83</b>	<b>9,402,183</b>	<b>85</b>	<b>9,741,035</b>

During 2007 the Company gave meal tickets in amount of RON 43,993.32.

**9. COMPUTATION AND ANALYSIS FOR MAJOR FINANCIAL INDICATORS**

	<b>2006</b>	<b>2007</b>
<b>Liquidity ratios</b>		
Current assets	1,13	1,12
Immediate liquidity ratio	0,63	0,67
<b>Risk ratios</b>		
Gearing ratio	0,139	-
Interest cover	14,47	130,63
<b>Operational ratios</b>		
Stock turnover - days	12,94	9,39
Days in receivables - days	20,30	20,81
Days in payables – days	26,43	6,31
Total assets turnover	3,27	2,95
<b>Profitability ratios</b>		
Return on capital employed	0,15	0,23
Gross margin from sales	10.82 %	11.40

**10. OTHER INFORMATION**

**Nature of activity**

OMV Romania Mineraloel SRL was incorporated and registered in Romania, in November 1998, as a limited joint stock company through participation of OMV AG.

During 2006, Petrom SA acquired the Company's major no of shares.

The principal operations of the Company include domestic trade of liquid fuels (gas and diesel oil ), as well as retail of food products through its shops from gas stations.

The Company's principal place of business is located in Bucharest, 85 Capitan Aviator Alexandru Serbanescu Street, 715231, Romania and the Company owns 73 gas station within the country. Also, the Company concluded 17 concession contracts with the local authorities from some districts, as described in Note 10.6.

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**10. OTHER INFORMATION (continued)**

**10.2 Cash and bank accounts**

	<u>December 31, 2006</u>	<u>December 31, 2007</u>
Bank accounts - RON	7,677,093	41,623,664
Bank accounts in foreign currency	2,218,052	6,355,137
Petty cash	11,159,360	8,671,832
Amounts to be settled	<u>20,475,311</u>	<u>26,661,003</u>
<b>Total</b>	<b><u>41,529,816</u></b>	<b><u>83,311,636</u></b>

**10.3 Inventories**

	<u>December 31, 2006</u>	<u>December 31, 2007</u>
Small tools	446,280	479,432
Raw materials and consumables	1,447,650	1,708,554
Packaging	20,302	20,851
Merchandise	37,170,988	40,771,518
Provisions for inventories' impairment	(1,463,689)	(1,527,505)
Advances for stocks	<u>60,299,999</u>	<u>82,615,480</u>
<b>Total</b>	<b><u>97,921,530</u></b>	<b><u>124,068,330</u></b>

	<u>Balance at 1.01.2007</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at 31.12.2007</u>
Provisions for inventories' impairment	<u>1,463,689</u>	<u>1,527,505</u>	<u>1,463,689</u>	<u>1,527,505</u>
<b>Total</b>	<b><u>1,463,689</u></b>	<b><u>1,527,505</u></b>	<b><u>1,463,689</u></b>	<b><u>1,527,505</u></b>

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**10. OTHER INFORMATION (continued)**

**10.5 Tax on profit**

	<u>December 31, 2006</u>	<u>December 31, 2007</u>
Total revenues	1,564,030,767	1,699,423,310
Total expenses	1,537,204,180	1,644,775,790
Gross profit	<u>26,826,587</u>	<u>54,647,520</u>
Non-taxable revenues	(32,530,172)	(26,157,524)
Non-deductible expenses	67,755,447	51,631,338
Fiscal loss from previous years	<u>-</u>	<u>-</u>
<b>Fiscal profit / (loss)</b>	<b><u>62,051,862</u></b>	<b><u>80,121,334</u></b>
Distribution of legal reserve	-	3,164,165
Tax on profit related to prior year but recorded during the current year	95,219	12,339
Amounts representing sponsorship within the legal established levels	<u>1,080,201</u>	<u>682,060</u>
<b>Final tax on profit to be paid</b>	<b><u>8,943,316</u></b>	<b><u>11,643,426</u></b>

**10.6 Commitments**

As at December 31, 2007 the Company had the following concession agreements related to land:

- with Cluj Napoca City hall, for 49 years	USD 0,5 per sold tone;
- with Satu Mare City hall, for 30 years	USD 0,5 per sold tone;
- with Constanta Local Council – Aurel Vlaicu bv, for 25 years	EUR 2 Euro per sold tone, but not less that EUR 6,329 Euro per year;
- with Alba Iulia City hall, for 30 years	USD 0,5 per sold tone, but not less than 3,500 USD per year;
- with Drobeta Turnu Severin City hall, for 49 years	USD 1 per sold tone, but not less than 3,700 USD per year;
- with Deva City hall, for 30 years	USD 0,5 per sold tone;
- with Cluj Napoca City hall, for 25 years	USD 0,5 per sold tone;
- with Buzău City hall, for 25 years	USD 0,6 per sold tone;
- with Bistrița City hall, for 30 years	USD 1,30 per sold tone, but not less than 5,000 USD per year;
- with Ploiesti City hall, for 25 years	USD 0,5 per sold tone;
- with Sighet City hall, for 30 years	USD 0,5 per sold tone, but not less than 3,000 USD per year;
- with Buzau City hall, for 30 years	USD 0,6 per sold tone;



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**10. OTHER INFORMATION (continued)**

**10.6 Commitments (continued)**

-with Lugoj local Council for 25 years	0.45% of sales but not less than EUR 7,000 per year
- with Constanta Local Council –Tomis bv, For 25 years	EUR 2 Euro per sold tone, butt not less than EUR 8,000 per year
- with Satu Mare City hall, for 30 years	EUR 0.55 per sold tone
- with Sighisoara City hall, for 49 years	USD 1,326.5 per year
- with Slatina City hall, for 49 years	USD 2,245 per year

**10.7 Audit fees**

The fee for the audit of the financial statements for the year ended at December 31, 2007 is of RON 68,594 (2006: RON 64,252).

**10.8 Transactions with related parties**

Trade balances outstanding with related parties were as follows:

	<u>December 31, 2006</u>	<u>December 31, 2007</u>
<b>Suppliers</b>		
- OMV AG	-	-
- OMV International	5,822,107	18,526,999
- OMV Bulgaria	34,129	51,622
- OMV Solutions Gmbh	284,924	303,263
- OMV R&M Gmbh	2,080,352	2,270,720
- OMV Yugoslavia	-	37,732
- OMV Hungaria Kft	-	-
- OMV Ceska Republica	-	-
- Petrom S,A,	100,610,380	150,691,041
- MP Petroleum Distribution	7,790	84,389
Loans from OMV AG (Note 5)	-	-
Loans from Petrom (Note 5)	<u>37,198,700</u>	<u>-</u>
<b>Total</b>	<u>146,038,382</u>	<u>171,965,766</u>

**Customers**

	<u>December 31, 2006</u>	<u>December 31, 2007</u>
- OMV AG	-	-
- OMVSerbia	-	11,209
- OMV Bulgaria	141,206	252,664
- OMV International Services	1,523,418	4,047,979
-OMV Exploration & Production Gmbh	-	-
-OMV R&M Gmbh	549,855	400,343

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**10. OTHER INFORMATION (continued)**

**10.8 Transactions with related parties (continued)**

**Customers**

	<u>December 31, 2006</u>	<u>December 31, 2007</u>
- OMV Solution	-	-
- OMV Hrvatska Doo	-	312,553
- OMV BH Doo	-	25,226
- Petrom S.A,	1,324,416	539,637
- Petrom S.A, – excise duties paid in advance	<u>7,524,610</u>	<u>20,083,870</u>
<b>Total</b>	<u><b>11,063,505</b></u>	<u><b>25,673,481</b></u>

In addition to information disclosed in other parts of these financial statements the Company has entered into following related party transactions:

	<u>December 31, 2006</u>	<u>December 31, 2007</u>
<b><u>Purchase transactions</u></b>		
<b>OMV AG</b>		
Merchandise	-	-
Services	<u>1,236,683</u>	<u>-</u>

	<u>December 31, 2006</u>	<u>December 31, 2007</u>
<b><u>Purchase transactions</u></b>		
<b>OMV Internațional</b>		
Services	80,218,458	92,043,013
<b>OMV Bulgaria</b>		
Merchandise	-	-
Services	240,894	212,387
Fixed assets	-	-
<b>OMV Solutions Gmbh</b>		
Services	1,955,918	2,452,701
Fixed assets	-	-
<b>OMV R&amp;M Gmbh</b>		
Services	3,679,695	2,643,519
Merchandise	77,797,300	24,670,681
<b>OMV Serbia</b>		
Services	-	46,269
<b>OMV Hungaria Kft</b>		
Services	-	17,659
Merchandise	-	5,573,755

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**10. OTHER INFORMATION (continued)**

**10.8 Transactions with related parties (continued)**

	<u>December 31, 2006</u>	<u>December 31, 2007</u>
<b><u>Purchase transactions</u></b>		
<b>OMV Ceska Republica</b>		
Services	-	7,651
<b>MP Petroleum Distributie</b>		
Services	9,635	652,374
Merchandise	153,788	-
<b>Petrom S.A,</b>		
Services	1,985,397	529
Merchandise	<u>1,095,349,298</u>	<u>1,300,000,262</u>
<b>Total</b>	<u><b>1,262,627,066</b></u>	<u><b>1,428,321,329</b></u>
 <b><u>Sale transactions</u></b>		
<b>Customers</b>	<u>December 31, 2006</u>	<u>December 31, 2007</u>
<b>OMV AG</b>		
Services	151,881	30,877
<b>OMV Serbia</b>		
Services	20,709	67,100
<b>OMV Bulgaria</b>		
Services	869,617	541,922
<b>OMV International</b>		
Services	15,971,720	19,260,845
<b>OMV R&amp;M Gmbh</b>		
Services	1,571,083	694,463
<b>OMV Exploration &amp; Production Gmbh</b>		
Services	8,195	-
<b>OMV Solution</b>		
Services	-	-
<b>OMV Gas</b>		
Services	-	-
<b>OMV Hrvatska Doo</b>		
Services	-	345,847
<b>OMV BH Doo</b>		
Services	-	288,152



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**10. OTHER INFORMATION (continued)**

**10.8 Transactions with related parties (continued)**

**Sale transactions**

	<b>December 31, 2006</b>	<b>December 31, 2007</b>
<b>Customers</b>		
<b>Petrom S.A,</b>		
Services	474,615	202,558
Merchandise	<u>7,988,826</u>	<u>5,967,107</u>
<b>Total</b>	<u><b>27,056,646</b></u>	<u><b>28,981,406</b></u>

**10.9 Taxation**

The Romanian Government has a number of agencies that are authorized to conduct audits (controls) of Romanian companies as well as of foreign companies doing business in Romania. These controls are similar in nature to tax audits performed by tax authorities in many countries, but may extend not only to tax matters but to other legal and regulatory matters in which the applicable agency may be interested. In addition, the agencies conducting these controls appears to be subject to significantly less regulation and the company under review appears to have significantly less safeguard than is customary in many countries. It is likely that the Company will continue to be subject to controls from time to time for violations and alleged violations of existing and new laws and regulations. Although, the Company can contest the allegations of violations and resulting penalties when management believe there is cause to do so, the adoption or implementation of laws or regulations in Romania could have a material effect on the Company.

The implementation of the Fiscal Code starting with January 1, 2004 brought new regulations related to the adjustment of the expenses and revenues resulted from transactions between related parties, stipulating the methods that can be used for the adjustments of revenues and expenses.

**10.10 Market risk**

Market risk consists of in instability of economic environment which can affect the decisions of the Company's management. In order to avoid the unfavorable effects of the market risk, the Company plans its activity based on fundamental economic premises.

During the year, the Company concluded significant transactions with related parties. The Company's management is confident that the nature and the volume of these transactions do not expose the Company to significant risks.

As Romanian economy passes through a transition period, there is a lot of insecurity over possible orientation of future politics and economical development. Management cannot foresee neither the changes into Romania, nor those effects on company's operational results and cash flows.

**10. OTHER INFORMATION (continued)**

**10.11 Foreign exchange and inflation risk**

The Company undertakes transactions denominated in other currencies, including US Dollars and EUROS. The Company's activities and results are exposed to exchange rate fluctuations in these currencies. Subject to overseas sales being denominated in non-Romanian currencies, the Company does not hedge its foreign currency risks.

**10.12 Liquidity risk**

The Company monitors its liquidity on a regular basis in order to manage its obligations when they fall due. An important portion of the liquidities is provided by the major shareholder. Management is confident that the liquidity risk is manageable in the foreseeable future.

**10.13 Interest rate risk**

Management monitors its interest rate risk exposure on a continuous basis.

Interest rate risk has 2 components: interest rate risk and cash flow risk. Interest rate risk consists in the risk that the value of a financial instrument would fluctuate as a result of the fluctuation of the market interest rate. Cash flow risk consists in the fluctuation in time of the costs with interest. The Company has long term and short term financial debts carrying variable and non variable interests which expose the Company to the market risk, as well as to the fluctuations of the cash flows.

**10.14 Credit risk**

In the normal course of its business, the Company incurs credit risk from trade debtors and on funds deposited with financial institutions. There are no significant concentrations of credit risk. Management closely monitors its exposure to credit risk on a regular basis.