

Annual Report

2009



ROMPETROL
energy for life

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Letter from the General Manager



Dear Partners and Shareholders,

2009 represented for the whole oil and gas industry a true test of strength. The effects of the global recession were being felt in all the activities of the company and projected plans had to be adapted in order to overcome the difficulties on both operational and financial sides. Even though perspective were narrow, I am very pleased to say that The Rompetrol Group handled the economic downturn well, managing to adapt to the new market demands and the complicated economic environment.

The Rompetrol Group has increased its number of employees from 9,000, at the end of 2008, to over 9,600, at the end of 2009. An increase of 5% during a period in which every other large company was making layoffs shows that The Rompetrol Group has evolved, by keeping its promises and by investing where we saw the need to invest, by seeing opportunities and taking advantages of them, by improving our activities and diversifying our business options.

With the entry of KazMunaiGaz on the European markets in 2007, through the acquisition of The Rompetrol Group, the company has reached a level of investment on all divisions of 700 million USD and an estimated amount of 240 million USD for 2010. With the current and further investments, I'm certain that The Rompetrol Group will become a bridge between KazMunaiGaz and the European markets, thus consolidating its position as

an important hub for the Kazakh crude. The Rompetrol Group focused in 2009 on its core businesses, which are refining, petrochemicals, trading and retail, developing major projects on all these entities. One of the most important plans is the accomplishment of the 2010-2011 Improvement Package, which aims at increasing the capacity of the Petromidia refinery by almost 1 million tons of processed raw materials, up to 5 million tons per year, through key improvements on processing, maintenance and energy efficiency.

The company also emphasized its efforts on the fuel distribution divisions, in Romania, represented by Rompetrol Downstream, and in other five other countries in Europe with retail activities, through its subsidiaries Rompetrol Bulgaria, Rompetrol Georgia, Rompetrol Moldova, Dyneff France and Dyneff Spain. As a result, it managed to enlarge its fueling station network up to approximately 1,100 units, an increase by 22% compared to 2008. Besides managing to increase its network considerably, the company launched in 2009 the new Litro gas station, an innovative premium concept, implemented only in Romania so far. At the time being, Rompetrol is operating 4 Litro petrol stations. Litro is also a door opener, a starting point for the evolution of the gas station concept in the whole retail division of The Rompetrol Group. We plan to take this concept outside the Romanian borders and adapt it to new and fast-changing needs of the costumers.

2009 was the year when The Rompetrol Group was acknowledged as Romania's largest exporter in 2008, with a total volume of sales on external markets of over 1.6 billion USD. The Group has managed to maintain the traded volumes in 2009 at approximately the same level of 2008, around 1.85 million tons of raw materials, while the value of the traded products decreased to 1 billion USD, following the international evolution of the product prices on the markets.

Apart from the operational results, one of the main achievements on the financial side was the full takeover of The Rompetrol Group, by the buyout of the remaining 25% of the shares. Even though this was the natural step in the business relation between The Rompetrol Group and KazMunaiGas, this also shows the

confidence the Kazakh company has in one of its most important assets. These results catalyzed the evolution of The Group, giving us the possibility to change to the new market and economic conditions and to achieve our major goals despite the unfavorable financial conditions. This shows strength and determination of The Rompetrol Group and its people.

Our world is evolving every day, becoming more complex and dealing with new challenges that we have to overcome in order to evolve into a better company. I'm sure that The Rompetrol Group has both the strength and the determination to surpass any difficulties, under any circumstances, while reaching all its goals. I thank our shareholders and our partners for the continuous support we received and I want to promise that The Rompetrol Group will carry on living to your expectations.

Saduokhas Meraliyev
General Manager





Refining and Petrochemicals

The Refining unit is made of three performance entities: the Petromidia Refinery, Petrochemicals and the Vega Refinery. Its main objective is to become one of the most productive and efficient refining sectors in Central and South-Eastern Europe.

The Petromidia Refinery is the only one situated at the Black Sea, thus having a competitive advantage due to its immediate access to the naval and river transportation routes. Vega, with an installed processing capacity of 450,000 tons a year, is a flexible refinery specialized in processing alternative raw materials and producing ecological solvents, bitumen with special destination, ecological heating fuels and other specialized products.

The business unit comprises two operational entities:

- Rompetrol Rafinare Constanța (the Petromidia refinery and the Ploiești Vega refinery)
- Rompetrol Petrochemicals

Rompetro Rafinare – Petromidia Refinery

2009 Key Achievements:

- production of biofuels in the class of gasoline by using biocomponents;
- high rate of use of its own facilities in the Midia harbor;
- alignment to the Euro 5 European fuel production norms.

The operational results of the year 2009 were mainly influenced by the low margins obtained from selling oil products, both the diesel refining margin (USD 200/to in 2008 as compared to USD 66/to in 2009), and the Brent – Urals differential (3 USD/bbl in 2008 as compared to 0.73 USD/bbl in 2009) decreasing significantly. The national currency depreciation during the year also caused significant losses due to the exchange rate differences.

In 2009, the rate of use of the refining capacity was of 80.66% despite the low margins obtained from selling oil products. The yield obtained on white products was 5.58% higher than the one reached in the year 2008, following the transfer to the production of Euro 5 gasoline. The technological performance achieved by Rompetrol Rafinare represents a new step towards increasing the operational performances and profitability of the refinery, in consistency with the norms imposed by the national legislation and the European directives. During 2009, the efforts to reduce power consumption continued and Rompetrol Rafinare recorded a 2.91% reduction in power consumption as compared to 2008.

In February 2009, the first oil tanker was unloaded by using the new shore terminal.

In June 2009, Rompetrol Rafinare celebrated 30 years since the putting into operation of the first installation on the Petromidia platform. During the three decades, Petromidia processed a total quantity of 80.7 million tons of raw material (77 million tons of crude oil), of which over 40% starting with 2001, the moment when the refinery was taken over by the Rompetrol Group.

Rompetro Rafinare Constanța (RRC) and Midia Marine Terminal (MMT) hosted and participated actively in the largest pollution exercise carried out in the Romanian territorial waters, named RoDelta 2009. The simulation has the role to train relevant organizations respond in case of a disaster at sea and to confirm their ability to intervene as soon as possible. Together with Rompetrol, the local and central authorities were also involved in carrying out this exercise, such as the Romanian Naval Authority (ANR), the Ministry of Transportation and Infrastructure (MTI), the Ministry of Administration and Interior (MAI), the Ministry of National Defense (MAPN) and the Ministry of Environment (MM).

The following add to the above:

Increase in the capacity of transit through Wharves 9

(entered into operation in January 2009), a project consisting in harbor works in the Midia Năvodari harbor, by building two new oil wharves with related facilities, which allow the delivery of oil products on sea vessels with a maximum capacity of 25,000 tdw (tone deadweight) – into the Wharf 9B, as well as of tank barges of maximum 3,000 tdw – into the Wharf 9C. Following these works, the capacity of finished product transit through the Midia harbor increased by 350%.

Petroleum coke briquetting plan

with the goal of implementing a briquetting plant with a capacity of 40 t/h (approximately 320,000 t/year); in the first phase, a capacity of 50,000 – 60,000 t/year, for entering and examining the petroleum coke selling market.

The main raw material for the operation of the plant will be the petroleum coke produced by Rompetrol Rafinare, but without limitation, according to opportunities, the briquetting of other raw materials (coal, etc.) or of the coke coming from other sources may be taken into consideration.

In addition to the completed projects, during the examined year, the projects started in 2006 were continued, which are grouped into projects named "2010 Refinery Investment Package".

The main objectives of these projects are:

- Alignment to the European Union product specifications, which have been mandatory since 01.01.2009: production of fuels (gasoline and diesel) with sulfur content lower than 10 ppm, by processing 100% sour crude oil.
- Increase of the Refinery's refining capacity from 3.8 to 5 million tons/year, by eliminating the operational constraints that allow the operation of the refinery at a capacity of 5 million tons/year for obtaining EURO 5 fuels.
- Increase of the diesel yield in the Refinery's structure of products, following the increase in demand for Diesel in the global market.
- Alignment to the European Union environmental requirements, as regards the emissions into the air and the storage of hazardous waste.

The projects to achieve the above-mentioned objectives are:

- The Project "Mild Hydrogen Cracking"
- The Project "Hydrogen Plant"
- The Project "Modernization of Catalytic Cracking"
- The Project "Reconfiguration of the Existent HDV Plant into Diesel Hydrofining Plant"
- The Project "Modernization of Gas Sweetening Plant"
- The Project "Modernization of Sulfur Recovery Plant"
- The Project "New Sulfur Recovery Plant"
- The Project "Modernization of Carbon-Producing Plant"

The investment activity in 2009 at Rompetrol Rafinare – the VEGA Refinery work site was focused on increasing the energy efficiency and on works for improving the quality.

Quality

Products manufactured by Rompetrol Rafinare

All the motor fuels marketed in 2008 (Euro Plus Lead-Free Gasoline, Premium E4 Gasoline, Euro Super 98 Lead-Free Gasoline, Efix Gasoline, Super Euro 4 Diesel, Efix Diesel, Euro 5 Diesel, fuels for vehicles-LPG) were inspected by the RAR (Romanian Automobile Registry) representatives according to the supervision plan.

These products obtained the documents (Certificate of Compliance, License) required for their marketing.

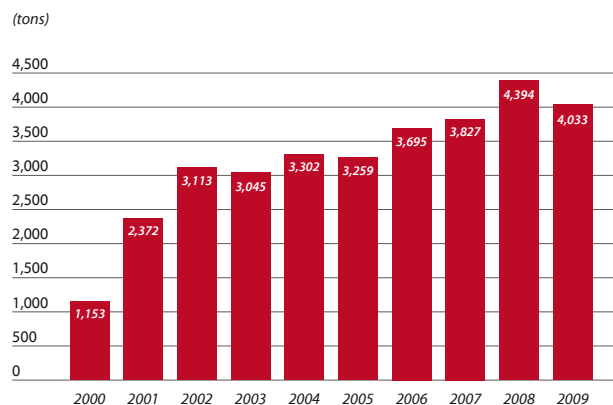
Product monitoring and RID/ADR inspections

The quality of products supplied has been permanently monitored upon acceptance, in the process flow and upon delivery in order to ensure compliance with the legal and the company's requirements.

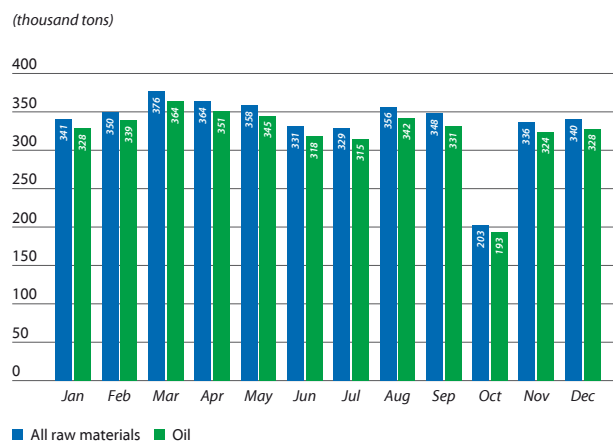
Representative Products and Production Results

Last year, Rompetrol Rafinare recorded a decrease of approximately 8.4% in the quantities of raw materials processed, from approximately 4.4 million tons in 2008 to approximately 4.03 million tons. In 2009, the rate of use of the refining capacity was of 80.66%, despite the low margins obtained from selling oil products. The yield obtained on white products was 5.58% higher than the one reached in the year 2008, following the transfer to the production of Euro 5 gasoline. The technological performance achieved by Rompetrol Rafinare represents a new step towards increasing the operational performances and profitability of the refinery, in consistency with the norms imposed by the national legislation and the European directives.

Quantity of raw materials processed annually



2009 Raw materials processed monthly

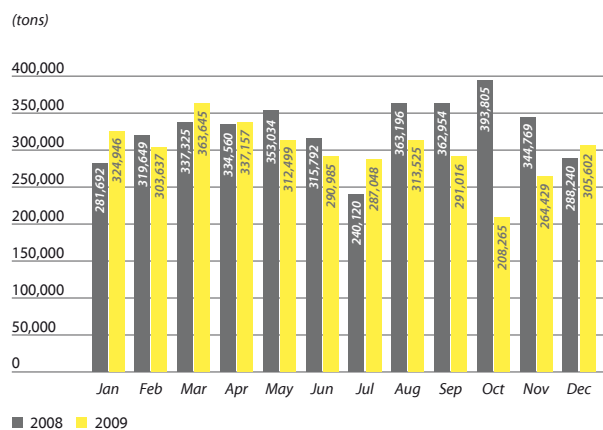


Total raw materials (tons)	Crude oil (tons)
4,033,045	3,877,994
Finished products	3,922,891
Gasoline	1,296,456
Diesel	1,571,384

The Market

In 2009, the efforts to optimize the trade flow of raw material purchases and finished product sales continued. The crude oil purchase transactions were carried out exclusively through the group's trading company, Vector Energy, which also took over most of the gasoline and diesel volumes marketed in foreign markets. The quality of the products sold by Rompetrol was consistent with the quality and environmental standards in force in the European Union countries, which consolidated the company's position and presence in the traditional benchmark oil markets. Starting with July 2009, gasoline with 4% volume of biofuel has been marketed according to the requirements of Directive 2003/30 of the European Union.

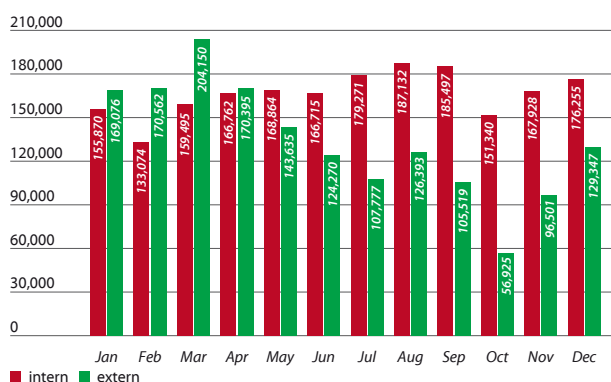
Total sales 2009 vs 2008



In 2009, the weight of internal market in total finished products sold was higher (55%) than the foreign one. The Rompetrol products were present in the Romanian market in all the geographic regions through its expanded national network of gas stations. The internal market absorbed more than half of the total volume of motor fuels marketed during the entire year.

Intern vs Extern in 2009

(tons)



The foreign market sales had as destination both the European Union region and the region outside the EU. Approximately 25% of the total finished products sold in the foreign market represented intra-Community deliveries and the difference represented export sales to non-Community markets. Approximately 80% of the total sales of motor fuels in the foreign market had as destination the non-Community area. Most of the external sales were directed especially to regional European markets.

Development Forecasts and Trends for 2010

For the year 2010, an increase in the volume of oil product sales is forecasted both in the internal market, following an expansion of the national network of gas stations, and in the foreign markets, by maintaining the already existent markets, as well as by entering new markets.

2010 Key Objectives:

Occupational Health and Safety Objectives

- zero accidents on the territory of the Rompetrol Rafinare company;
- 100% personnel training on occupational health and safety through the safety on-line program.

Environmental Protection Objectives

- to continue to improve the environmental performance by a 5% reduction in the number of exceedances as compared to 2009;
- to carry out half-yearly training sessions with all the employees as a result of non-compliances identified by means of audits and inspections for the purpose of obtaining an eco-friendly attitude of each employee.

Quality Objectives

- a 10% reduction in non-quality costs for finished and supplied products;
- solving customer complaints within maximum five days.

Romp petrol Rafinare Vega Ploiești Refinery

In 2009, Rompetrol Rafinare, through the Ploiești Vega Refinery, launched a new range of waterproofing products – Euroizolir, continuing to increase the degree of raw material utilization by developing products designed for the retail market. The Vega Refinery's expertise in bitumen production enabled the development of a full range of solutions for protecting foundations and roofs against water infiltrations: bitumen membranes, bitumen primers, asphaltic cardboard and bitumen weatherboards. The refinery also launched the production of components used in the production of premium gasoline and diesel.

2009 Key Achievements:

- processing of the largest quantity of raw materials in the past years, appreciatively 320,000 tons;
- expansion to the markets in the region, which resulted in a 34% increase in export as compared to 2008;
- taking into consideration the planned objective for the Vega refinery to become a strong player in the retail market, in 2009, the program "100 Vega Products", started in 2008, continued successfully. 35 products were introduced in the market (the range of bitumen products – EUROIZOLIR, Ultrafoc gaz, etc);
- in the Bitumen plant, following the research program carried out, two more types of polymer modified bitumen resulted: Class 5 Eurobitum and Class 4 Eurobitum.

Representative Products and Production Results

The activity of the Vega Ploiești company focused in 2009, as well, on diversifying the product portfolio by launching the project "100 Vega Products", as well as on consolidating the activity of special products development (normal hexane, ecological solvents, road and special bitumen, "heating oil" type fuels etc.), thus continuing the strategy of transforming the refinery into a niche manufacturer for special products with high added value.

The quantity of raw material processed in 2009 by the Vega refinery increased by approximately 6% as compared to 2008, reaching a volume of approximately 320,000 tons – the largest in recent years.

The Vega Refinery production is structured by groups of special products:

- Solvents: ecological solvents – Rompetrol SE, light solvents and n-hexane
- White spirit and Petroleum
- Fuels
- Bitumen

The Vega Refinery is the only manufacturer of n-Hexane in Eastern Europe, which is used in the manufacture of polypropylene and the extraction of vegetal oils in the food industry.

Moreover, the Vega Refinery is the only manufacturer in Romania for the products:

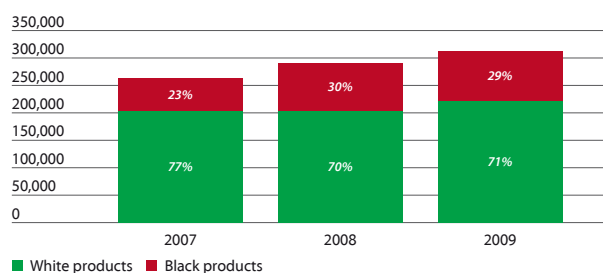
- Ecological solvents – Rompetrol SE – ensuring a low degree of toxicity by reducing the content of sulfur and aromatic hydrocarbons.
- Special bitumen, used in manufacturing asphalt mastics and for waterproofing works in constructions, protection against corrosion of metallic pipes.

The Vega Refinery also produces polymer modified road bitumen, largely used in the asphaltting of intensely circulated roads. The refinery also manufactures ecological heating fuels. The quality of such fuels meets the European standards, being equivalent to any product in the Heating Oil class, marketed in the countries of Western Europe.

In 2009, the refinery increased its white products yield in total production, which allowed the consolidation of its presence in the foreign market, in particular in the ecological solvents market, as well as the alignment to the market requirements.

Yields 2007-2009

(thousand tons)



The Market

The sales increased by approximately 11% as compared to the previous year, following the diversification of the range of products meeting the European quality and environmental standards in force. This measure resulted in the consolidation of the position and presence of Rompetrol Rafinare – the Vega Refinery, determining a 34% increase in the deliveries of oil products to the foreign market of reference.

2010 Key Objectives:

- to transform the Vega refinery into an active participant in the retail market;
- in 2010, the introduction into the market of 45 more products is planned;
- to expand the range of polymer;
- to purchase raw material for DV-Bitum from the Petromidia Refinery and to obtain high quality products;
- to implement new software with direct implications in optimizing production;
- to carry out a study for evaluating and investigating pollution in the area of acid waste pits and, implicitly, to provide methods for solving.

Rompetro Petrochemicals

2009 Key Achievements:

- Rompetro Petrochemicals significantly increased its EBITDA operational result, namely by approximately 72% as compared to 2008. This evolution shows the company's consolidation under the circumstances of an extremely difficult specialized market and indicates possibilities for growth upon the improvement of the international prices for petrochemical products;
- in 2009, the production of polymers was of 187.022 tons, as compared to 196.586 tons in 2008, taking into consideration that the HDPE plant functioned for only 8 months;
- as regards the finished products marketed, in 2009, a 2.56 % increase was recorded as compared to 2008, and 237.636 tons were sold in 2009, as compared to 231,708 tons in 2008;
- due to the very low market quotations in the first quarter of the year, the company's turnover decreased by 33 % as compared to 2008, from 358,678,456 USD in 2008, to 240,151,384 USD in 2009;
- we have to mention the resumption, in 2009, of the cooperation with the MITSUI licensor, for the HDPE plant, for increasing the plant capacity, modernizing the proportioning stabilization system, making extruders more reliable and implementing new varieties with specific application required by the market (varieties of pipes and blowing very large capacity containers).

Main Technological Achievements in 2009

In the LDPE plant, the implementation of DCS (Distributed Control System) was completed, which ensures the modern control of the operation process and will facilitate the increase in the operation efficiency.

For increasing the capacity of extruders (underwater cutting equipment for granules), in the PP plant, a matrix for increased flows was purchased and installed.

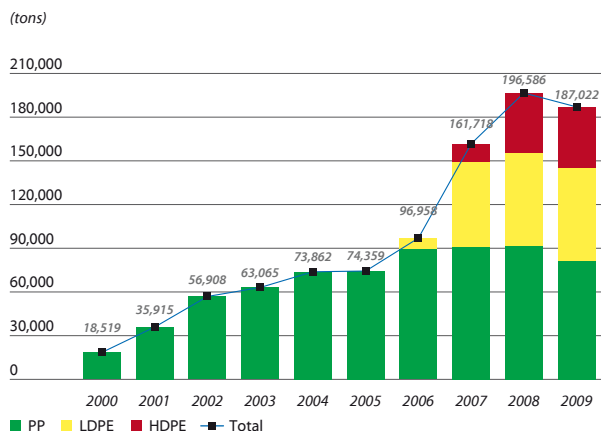
Also, for the company's future development strategy, the Basic Design project for the Pyrolysis plant, made by the Linde company, was completed. This project ensures the conditions for modernizing the pyrolysis plant for a new possible structure of raw materials, in full synergy with the raw materials available in the refinery.

Production

In 2009, the production of polymers, which is the company's main activity, was:

- production of propylene (PP) 81372 to/year;
- production of high-density polyethylene (LDPE) 63,211 tons;
- production of low-density polyethylene (HDPE) was of 42439 tons.

2000-2009 Polymers Production



Commercial

Rompetro Petrochemicals is the only PP manufacturer and, due to the conjuncture of suspension of the local competitors' production, in 2009, it actually was the only PE manufacturer in Romania, as well.

Thus, in 2009, the market share of Rompetro Petrochemicals for the internal market was 64.28% for PP, 27% for LDPE and 16.96% for HDPE (according to the data provided by the National Institute of Statistics for the year 2009).

The consolidation of LDPE and HDPE sales resulted in the increase of Rompetro Petrochemicals market share in the internal market and, at the same time, in the expansion to the neighboring markets through the company's distributors, thus ensuring the selling of important amounts of finished products. The company's development strategy, which promotes a culture based on customer satisfaction and the development of customer loyalty, ensures a competitive position for the company both in the internal market, and in the regional market – the Black Sea and the Mediterranean Sea region, Central and Eastern Europe – the market in which Rompetro Petrochemicals has become an important presence.

One of the competitive advantages of Rompetro Petrochemicals is its direct access to all the transport routes (road, maritime, railway), which has facilitated the addition of new destinations in Central, Western Europe, Asia and Middle East, as well as the consolidation of the company's position in the regional market.

The trading activity represents another important branch of the Rompetro Petrochemicals activity. In 2009, the PET trading led

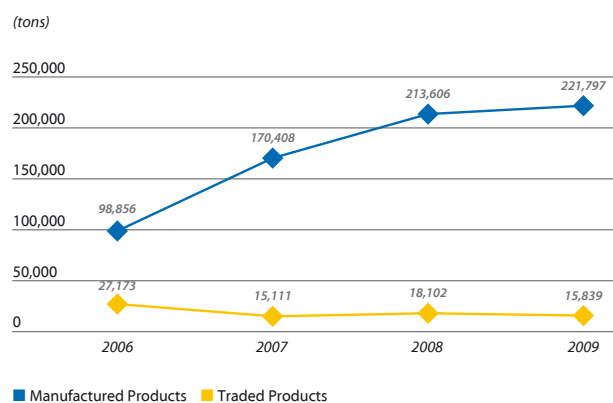
to a market share of 14.58%, in a market with an ever stronger competition.

The year 2009 also represented the development of a new business sector, namely the Retail sector, the introduction into the distribution market of plastic finished products.

During this year, contacts were established with the large international accounts present in the Romanian market and a competitive portfolio was developed under partnerships for exclusivity with Romanian and European processors on the selected segments.

As compared to the previous year, in 2009, the sales of own production increased by 3.8 %.

Sales Volumes



In addition to its own products, the company also carries out a sustained activity of selling a broad range of petrochemical products that are not currently in the production portfolio in the Rompetrol Petrochemicals complex, but for which there is a high demand in the Romanian market: special varieties of polypropylene, high-density polyethylenede (HDPE), low-density polyethylenede (LDPE) and PET.

Quality

The permanent connection between the producer and the final processor was optimized through the Technical Assistance Service, a department that made possible the integration of the processing feedback as part of the strategy of development and improvement of the range of products. The technical assistance available to the customer and provided implicitly by Rompetrol Petrochemicals is one of the factors that contributed to the consolidation of its role as an important player in Central and South-Eastern Europe in the polyolefin market. The producer-processor synergy achieved following visits and discussions, made possible the development of a restructuring process for the range of products, which managed to align our products to the level and requirements imposed by the final user.

For achieving the quality objectives, the Rompetrol Petrochemicals Laboratory, due to the professionalism of its employed personnel

and by applying the new laboratory techniques following the purchase of new equipment, the updating of standards and the enforcement of the legislation in force, successfully managed to cover the range of tests required by the licensor and the final customers. The permanent concern to increase the degree of customer satisfaction, as well as to align to the requirements of European directives, is in addition to the activity carried out by the Laboratory, the role of these directions of development being to confirm and consolidate the confidence and appreciation for the range of tests made in the Rompetrol Petrochemicals Laboratory.

Through the activity carried out in 2009, the QHSE team ensured the maintaining of an implemented and certified integrated management system. Thus:

- the documents related to the integrated management system were reviewed;
- the applicable instructions were implemented;
- the audit for the GLC recertification of quality management systems took place – ISO 9001:2008, environment – ISO 14001:2004, occupational health and safety - BS OHSAS 18001:2007 and new certificates with a 3-year validity period were obtained;
- the legal requirements and other requirements of the relevant bodies/authorities regarding reporting and the obtaining of the necessary authorizations/certificates were met and applied.

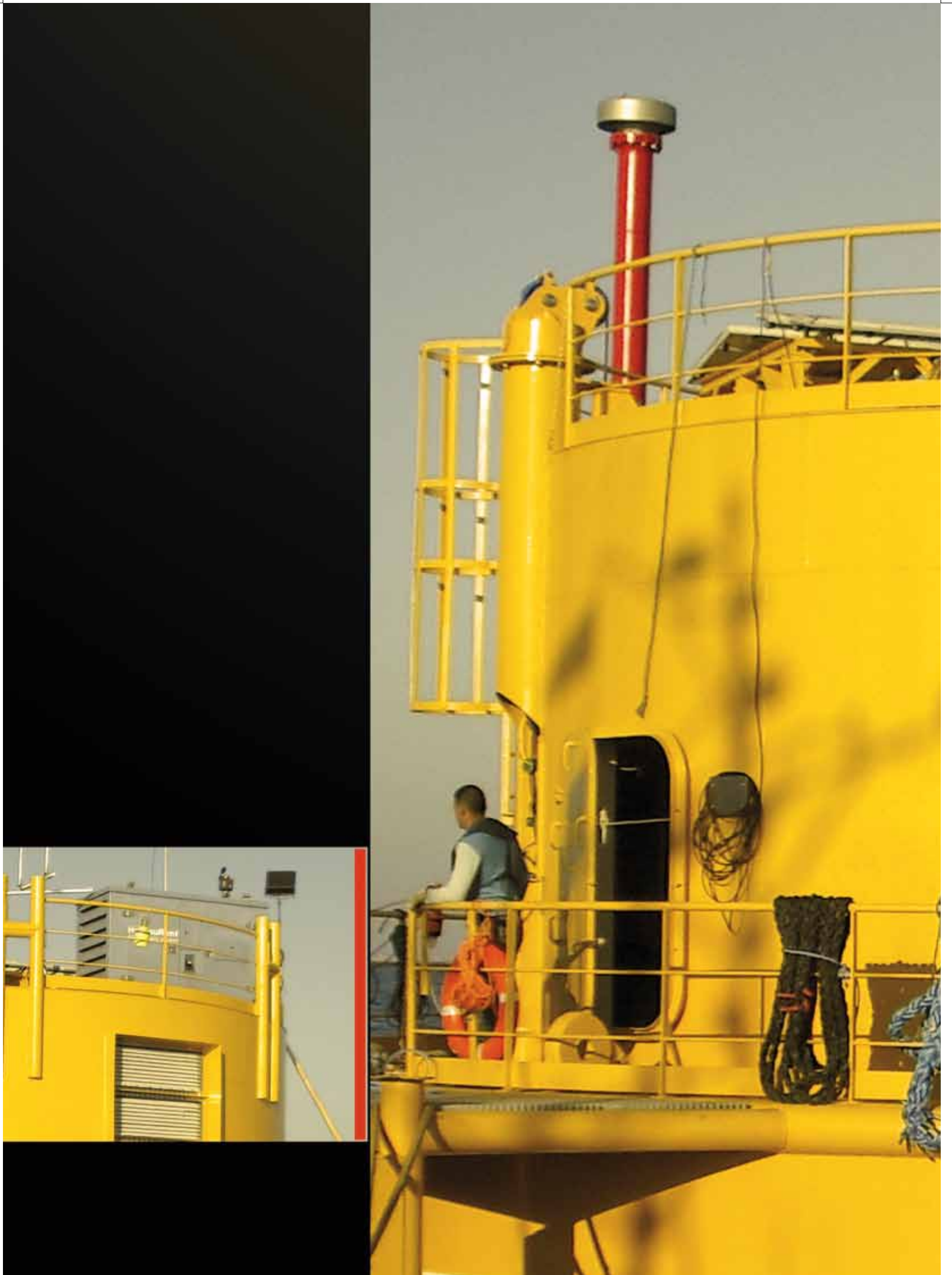
In 2009, the greenhouse gas emissions remained within the values allocated (the National Allocation Plan). In addition, the procedure of preregistration of hazardous substances on the territory of the European Union started, which is subject to the REACH Regulation, by which chemicals are registered, evaluated and authorized.

No environmental protection penalties/ sanctions were enforced.

2010 Key Objectives:

- operation of the PP and LDPE polymer plants at maximum capacity;
- optimization of production costs and, implicitly, of power consumption;
- modernization of the additive proportioning system at the LDPE plant (site extruder) to increase the quality of products;
- restarting the HDPE plant; preparing the HDPE plant for the increase in capacity;
- modernization of the steam boilers burners to reduce NOx emissions to the level of environmental requirements;
- transfer of DCS into CCR for the polymer plants;
- purchase of new laboratory equipment to improve the quality control for products;
- efficient implementation of a strategic safety increase program together with DuPont Safety Resources, by which the Petromidia and Vega platforms will become LEADERS in work safety and protection good practice.

From the commercial point of view, for 2009, the company intends to increase its market shares. For supporting this objective, the company will approach a new direction involving a continuous process of development of a customized offer, according to the customers' needs.





Trading

The Trading Business Unit manages the optimization of the entire supply chain across the Rompetrol Group from feedstock supply to final products' sale and is active from the Caspian Sea area to the Western Mediterranean Sea.

The Trading Business Unit includes the following operational entities:

- Vector Energy AG
- Rompetrol Ukraine
- Byron Shipping Ltd
- Midia Marine Terminal

The Trading Business Unit also coordinates Refining commercial operations.

Vector Energy AG

2009 Key Achievements:

- doubled volume of traded crude oil;
- increased by 33% product exports to third parties;
- increased by 25% volumes sold on the French & Spanish markets;
- enriched other feedstock basket by supplying ETBE and Biodiesel (required diesel blending material for EU countries).

Vector Energy AG is the supply and trading subsidiary of the Rompetrol Group, with its main office in Zug (Switzerland). The company reinforced its role in 2009 by optimizing the overall supply chain of the Group. Vector established new synergies with other companies within the KazMunayGas Group, namely KazMunaiGaz Trade House – the main crude oil supplier for Petromidia refinery.

In 2009, the company has registered an increase with approx. 33% of the volume of products sold to companies outside the Group as compared to 2008, when it registered a total of 0.7 million tonnes. In the same period, the company's export of products to the French & Spanish markets increased by 25%, from 0.8 million metric tonnes in 2008 to 1.05 million tonnes last year.

The responsibilities undertaken by the company in 2009 include the integration of operations of fuel sale towards the Group subsidiaries (Bulgaria, Georgia, Ukraine), effective product stock management in Midia and Constanta, as well as consolidation of the relationship with Dyneff France and Dyneff Spain, which allowed the company to obtain lucrative conditions for product supply. In addition, in depth market research has resulted into extending The Rompetrol Group business portfolio, by finding a constant outlet for our gasoline and diesel products, which do not comply with Euro standards.

In order to ensure the optimisation of raw material supply of the Group companies, and their sales of finished products, Vector Energy renewed the dedicated team in the company and worked closely with the Maritime Transportation department. The team continues to be responsible for developing/implementing new processes, such as selection of optimum oil mixes, establishing target stocks of raw material/end products.

The total oil volume delivered by the company in order to ensure the oil needs of Rompetrol Refinery was 3.85 million tonnes, with KazMunayGas barrels share increasing from 56.3% in 2008 to 59.1% in 2009.

The achieved operational result has improved by 15% from 15.7 million \$ last year to 18.1 million \$ in 2009.

For 2010, Vector Energy intends to continue the search of new sweet crude oil grades in order to better optimize the daily diet of the refinery. On the product side Vector will look for new outlets for our products outside the Black Sea region and work towards the increase of sales through the Rompetrol subsidiaries in Bulgaria, Georgia and Ukraine.

Byron Shipping Ltd.

Byron Shipping Ltd, transportation subsidiary of Vector Energy, signed at the end of 2006 contracts that led to rental of four modern double tank oil tankers by time charter, each for more than three years. The ships rented for a long period were part of the corporative strategy to control the volume shipped by the Rompetrol Group through Byron Shipping and implement the best practice in the field.

Byron has registered volumes shipped through the 4 oil tankers (2 oil, 2 products) of approx. 3.5 million tonnes.

Shipped volumes 2009

Vessel	Charterer 2009			
	Vector	Rompetrol	Third Parties	Total/ship
WO Emocean	-	-	-	-
WO Decocean	18,650	-	228,959	247,609
NS Clipper	315,776	-	1,313,840	1,629,616
NS Concord	327,225	-	1,235,307	1,562,532
TOTAL (mt)	661,651	-	2,778,106	3,439,757

In 2009, the oil tankers operated by Byron Shipping have continued to ensure the transfer of oil and products, on behalf of both Vector and other partners. The activity outside the Group represented approximately 60% of the total income registered by the company in 2009.

Due to the evolution of freight market leading to very low levels compared to 2008, charter contracts were subject to renegotiation of terms. Thus, Byron focussed mainly on spot market, which led to savings of approx 1,5 million USD for the company.

In 2010, Byron Shipping will continue to optimize the maritime transport activities, one of the ways for achieving this objective being the increase of the usage level of the oil tankers on spot market.

Midia Marine Terminal

Midia Marine Terminal - was established to consolidate the link between Eastern oil resources and Western markets, the presence of KazMunayGaz and Rompetrol within the geographical arch linking the Caspian Sea area (Kazakhstan, Georgia), Black Sea area (Ukraine, Moldova, Romania, Bulgaria) to Western Europe (France and Spain).

In December 2008 the company completed the construction of a new off-shore oil terminal in the Black Sea, and started its activity in January 2009. The new terminal allows the decrease of commercial and technological losses and also leads to a reduction of oil supply cost of approx. \$ 5/tonne, by eliminating the handling/storage/transfer costs through Constanta Port. In this regard, in 2009, the off-shore oil terminal received 30 tankers, the total savings recorded by Midia Marine Terminal were about 10 million USD, while commercial losses reduced to 0.06%, from 0.35% in 2008. Moreover, the terminal offers the necessary framework for developing the Rompetrol Group trading activities in the region.

The company is operating the Crude Oil Tank Farm with a design capacity of 418,000 cbm, net storage capacity 391,499 cbm, and a total pumping volume of 342,575 cbm, receiving crude mainly from the off-shore oil terminal, but also from Oil Terminal Constanta via CONPET and delivering to refinery. The whole volume handled by crude oil tank farm in 2009 was 7,753 kt in terms of receiving and delivery.

In January 2009 the new oil terminals Berths 9 A, B and C for refinery's products export were also opened for business.

In 2009 the entire product export activity went through berths 9 A, B and C, compared to 2008 when around 200 kt of products were loaded using Oil Terminal facilities. Thus, Berth 9 received 349 tankers and the total savings recorded by using Midia port terminals were about 2 million USD.

In 2009, the entire product export activity was managed through berths 9 A, B and C.

For 2010, we will develop third party business through the off-shore oil terminal facilities, in addition to refinery supply.

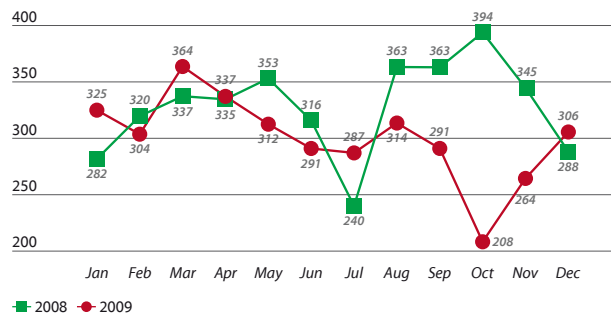
Trading Romania operations division

2009 Key Achievements:

- in 2009 the Trading Division continued the optimisation of commercial flows of raw material supply and finished products' sales. The purchase of crude oil was handled entirely by the Group trading company, Vector Energy, together with selling a significant part of gasolines and diesel for external markets. Quality specifications of Rompetrol products are in accordance with the EU environmental regulations and starting July 2009, the company delivered gasolines with 4% content of biofuels as per EU Directive 2003/30.

Total sales 2009 vs 2008

(thousand tons)

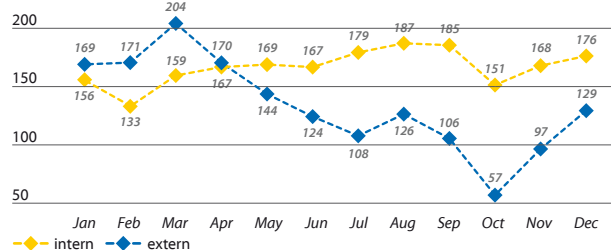


In 2009, the split between sales on the domestic and respectively export markets grew to 55% in favor of the former. Rompetrol products were sold country-wide using our retail station network, and the internal markets absorbed more than half of the total car fuel volume sold.

In 2009 sales on the domestic market reached 55%. Rompetrol products were sold country-wide using our retail station network, and more than half of the total volume of car fuel was sold on the internal market.

Domestic vs Export in 2009

(thousand tons)

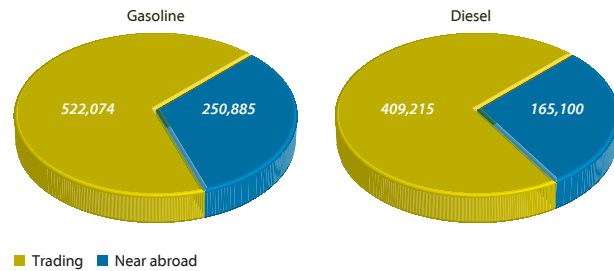


External sales targeted both countries inside and outside the European Union, out of which, around 25% of the total export sales went to countries in the EU.

A share of around 31% of total export sales went to Rompetrol subsidiaries in Bulgaria, Georgia, Ukraine and Moldova.

Near abroad vs Trading

(tons)



The fuel sale on the two distribution channels, the internal and external ones, were relatively balanced, the Romanian market used approx. 53 percent of the total volumes of sold end products. The Rompetrol products sales on the internal market were higher as compared to 2007, due to the increase of fuel demand, as a result of significant growth in the number of vehicles in 2008, which led to an important increase of fuel sales sold in gas stations.

On the external market, sales were designated both for community space and for non-community space. The sales inside the community space represented approx. 29 percent of the total sales on the external market. Most fuels sales were designated for non-community space.

Fuel sale on the external markets were higher as compared to 2007, most of the volumes were sent to countries such as Turkey, Georgia, Ukraine, Moldova, Bulgaria, Greece and Serbia.

2010 Forecasts and Development Tendencies

For 2010, the Group's Trading Operation Division aims at developing the sale of oil products, both by consolidation of actual markets, and by extending on new ones. The division also estimated that, for this year, the percentage of sales on the internal market will be larger than the percentage for external market.

Rompetrol Ukraine

Market context in 2009

2009 was marked by a general decrease in fuel consumption (-18% diesel; -40% low-octane gasoline; -9% RON 95) and by a reduction of quantity of imported fuel (the share of imported fuel decreased from 50% to 41%).

2009 Key Achievements:

- *increasing the operating margin in wholesales by 15%;*
- *becoming the third largest importer of RON 95 on the Ukrainian market.*

Rompetrol Ukraine has continued its trading operations, importing and selling Rompetrol Rafinare product – Euro Plus Gasoline RON 95 (50 ppm). Rompetrol Rafinare is the biggest Romanian exporter to Ukraine of RON 95 representing approximately 10% of the total volumes.

Rompetrol Ukraine registered a 4.65 mil. USD EBITDA in 2009.

The trading activity has been carried out through three terminals: Ilichiovsk, Odessa and Zaporozje, through the railway deliveries.

Although the development of the retail channel is not a primary activity for Rompetrol Ukraine, a second gas station was launched in April 2009 (a DOCO station located on the most important Ukrainian highway Odessa-Kiev).

2010 Key Objectives:

- *identifying and providing the logistic infrastructure needed to secure the nationally and regionally traded fuel deliveries;*
- *increasing the efficiency of the logistic chain and implementing delivery methods;*
- *capitalizing on new market opportunities, both in trading and retail.*

In 2010, Rompetrol Ukraine aims to further consolidate its position on the Ukrainian market of quality fuel distribution, especially in the Southern and South-Eastern areas of the country, an important commercial area for the company's development.





Retail

Romp petrol Downstream

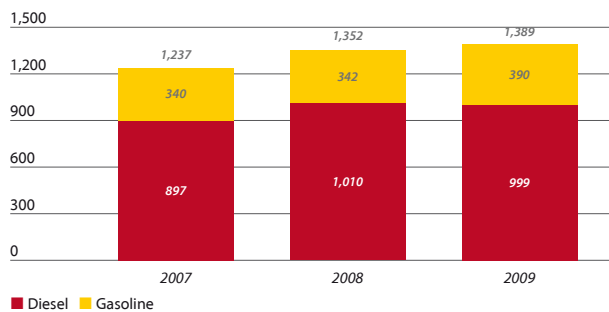
2009 Key Achievements:

- the launch of the premium filling stations, Litro, on the A2 highway between Bucharest and Constanta;
- a total of 17 million USD was invested in the development of the filling station network of Rompetrol Downstream;
- the launch of the Rompetrol Operations Center (ROC), the first control and monitoring center for gas stations in Romania, the total value of the investment reaching over USD 16.3 million;
- the launch of the first program that guarantees the quality of the Rompetrol fuels, QProTek-t;
- the launch of the high performance ALTO fuels.

In 2009, with the global economic crisis, the total fuel consumption in Romania has increased by only 1.5% compared to 2008. Out of the nearly 6 million tons of fuel consumed in 2009, 72.5% were consumed in the retail segment, while the wholesale to consumer segment represented 27.5% of the total consumption. A similar split was observed when analyzing the products: diesel represented 72.6% of the fuel consumed in 2009, while gasoline 27.4%. Rompetrol's market share in the total fuel market reached 23.4% in 2009, a 0.3 percentage points increased compared to 2008.

Sales by product type

(thousand tons)



Romp petrol Downstream continued to comply with all the European Union's health and safety regulations, thus making all the efforts to align with all the European legal requirements. As an EU member state, Romania has to follow all the EU environmental standards. As a market leader in compliance with the local and international current emission regulations, Rompetrol Downstream's distribution network is respecting all the necessary laws to that effect. Future changes in legislation (which reference to dangerous products – including oil) will require additional investments in order to update procedures related to prevention of accidents and keep the environment as safe as possible.

From the start of 2009, Rompetrol had to include 4% of bio-components in its diesel products, in attune with a change in the legislation. A similar measure was enforced for gasoline products, in the middle of 2009.

Romp petrol Downstream continued to expand its distribution network in 2009 as well, reaching by the end of 2009 approximately 460 filling stations, which included 129 Rompetrol stations, 169 Partener stations (franchised) and another 161 Expres stations, located in rural areas.

In 2009, Rompetrol Downstream launched the new and innovative gas station brand, named Litro. Located on the A2 highway, between

Bucharest and Constanta, the premium station provides services and high quality products in a distinctive architectural environment, characterized by advanced technologies and useful solutions.

Another important asset to the Rompetrol Downstream filling station network is the Fill&Go Fixed Unit product, with the capacity of 9 cubic meters. Launched in 2008, the project has spread rapidly in 2009: from 38 in 2008, it reached 181 units at the end of 2009.

Network evolution

(no. of stations)



In 2009, The Rompetrol Group focused on "value added", which became one of the keywords in Rompetrol's development strategy over the past years. Thus, the company emphasized on delivering better services and a better customers experience to its clients.

One of the projects which had a very high success rate amongst our costumers was Q-ProTekT, a program that guarantees the quality of the Rompetrol fuels, launched in March 2009. The results came quick: in less than a year, Q-ProTekT managed to gather over 16.000 clients. Also launched in 2009 (January), ALTO fuels (ALTO 101 Gasoline and ALTO 55 Diesel) have generated opportunity for Rompetrol to create differentiated perspective of own premium product vs. competitors similar range of products.

Differentiation became hard to achieve but also hard to conserve considering the highly dynamic competitive environment. All the direct competitors on retail segment have increased the promotional activity during previous year. In 2009, Rompetrol had 22 weeks of promotions, an increase of 37% vs. 2008.

One of the medium to long term objectives for Rompetrol Downstream was the optimization of its internal processes and the increase in operational efficiency, at the level of corporate center and the filling stations as well. This objective was materialized into the Operational Excellence Program, with the following main achievements in 2009:

- Completion of the first phase of the Customer Relationship Management program implementation, leading to a better control and improvement of the sales process, essential aspect for achieving the management of critical customer data, thus reducing time and effort for processing new costumers and agreements.
- Finalization of the supply chain optimization projects in the Partener (CoCo) stations both for wet and dry products, resulting in the integration of the station operating system within the company's Enterprise Resource Planning.

2010 Key Objectives:

- to continue to expand the Rompetrol Downstream gas station network, in order to reach areas of the country where we don't have an optimal coverage;
- the alignment to Group procedures for Capital Investment approval and Procurement;
- the market share increase, aiming for 2010 a +3% intensive growth in retail sites, and +2% on overall wholesale type channels, while concentrating on cost optimization on all business processes.

Dyneff

2009 Key Achievements:

- Dyneff increased its wholesale sales with 5% over 2009;
- the trading activities managed to keep their strong position, while making efforts on the prices side;
- detail activity (distribution through a network of agencies) increased its market share and margins by 6%;
- the geographical coverage of Key Accounts activity was enlarged by a commercial development on the area of Strasbourg and the Ile de France (new rental storage capacity in the municipalities of Mity-Mory, Grigny and Nanterre). This development led to an increase volume of 57,000 cubic meters;
- from April 2009, the new fuel SP95-E10 was implemented on Port La Nouvelle warehouse and was tested on four stations (two road and two highways);
- the B30 (containing up to 30% bio-diesel) was also commercialized starting from October 2009 in the Bordeaux area and from December 2009 in Port La Nouvelle area;
- wholesale activity began to commercialize a new product starting from May 2009, the DML (DML (Diesel Marine Light));
- an additional contribution in turnover Year-over-Year of 7% in the stations network was possible due to strengthening of promotions and events. Also, a new pricing posting policy was made in order to be closer to the market;
- in this context of tough market conditions, 2009 Dyneff Spain still managed to increase its sales volumes by 17%. It also purchased two news gas stations: La Jonquera & ARASUR.

Market conditions

In a context of global economic instability during 2009, the French domestic fuel market faced a slight decline.

Market size evolution, 2009 versus 2008, by product type, (unit of measure in thousands of tons) is as follows:

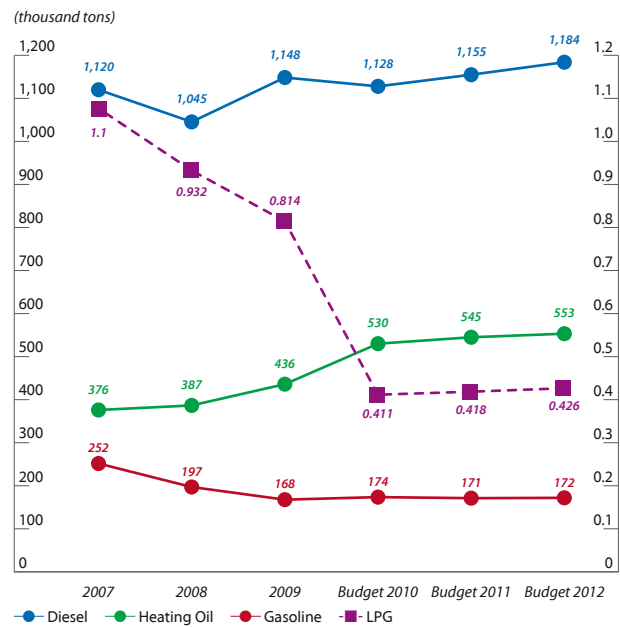
(thousand tons)	2008	2009	%
Gasoline	9,051	8,756	-3,3%
Diesel	32,497	32,881	1,2%
Heating Oil	14,090	13,638	-3,2%
TOTAL MARKET	55,638	55,275	-0,7%

Regulatory constraints

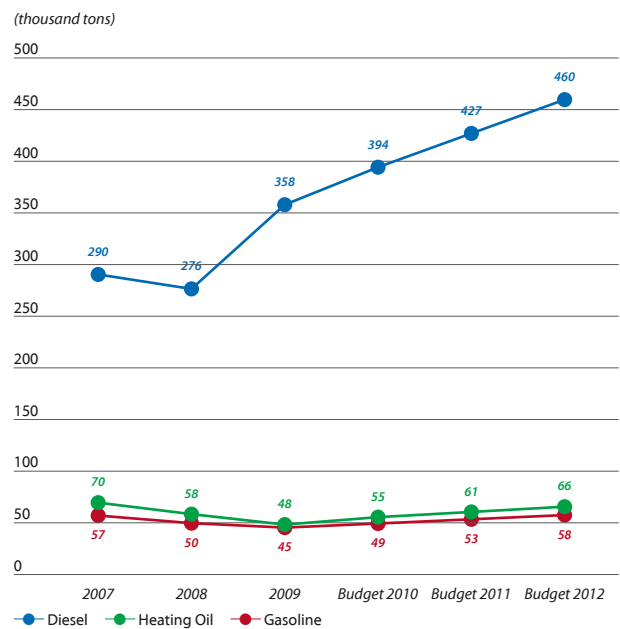
France was subject to new laws and regulations, which had a certain effect on the activities of the company. Amongst these regulatory constraints, we can count the Bachelot Law, which banned the sale of alcohol between 6 pm and 8 am at points where fuel was sold. 2009 was also the year when the Bio-fuels regulations were introduced in Spain, obligating the oil companies to mix regular fuel with Bio-components.

The above, including other regional, local and global decision and financial aspects were all factors that managed to influence heavily the activities of Dyneff, both Spain and France. Another aspect we have to take into consideration when speaking about the performances of the company is the competition behavior, which came very strong, especially from the biggest players on the French market.

Dyneff France - sales by product type



Dyneff Spain - sales by product type



Top priorities 2010-2012:

- on wholesale activity, Dyneff will continue during 2010-2012 extending its area of activity, in the North in particular. This expansion will be sustained by renting new warehouses;
- detail activity will be strengthened through the launch of new products and services, continuing an aggressive marketing policy and strengthening of existing partnerships;
- the optimization of the network of service stations will be undertaken in 2010 to increase the profitability of the business;
- for the wholesale business, the goal is to maintain a growth in sales of 2% Year-over-Year;
- the launch of a fuel suitable for heating oil use for the engines will be set on place on the wholesale division;
- the company will expand its highway network by opening the motorway service station Rouille-Pamproux (eastern France), in early 2011.

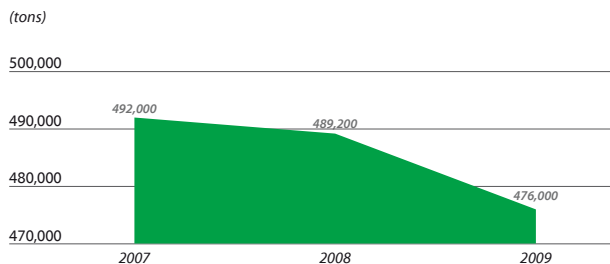
Rompetrol Gas

2009 Key Achievements:

- during 2009, Rompetrol Gas managed to increase their presence in the market up to a total of 250 skids, meaning 12 new locations compared to the end 2008;
- Rompetrol Gas participated to the increase of Rompetrol Group's presence into the regional markets, achieving during 2009 an estimated 25% of LPG Bulgarian market share. Also, it diversified its sources of supply, starting to import raw material from Kazakhstan and Russia.

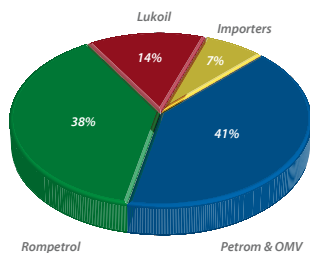
Rompetrol Gas managed to consolidate its position as one of the most preminent players on the Romanian market, managing to increase its market share substantially in 2009, compared to 2008. Even though the total consumption of LPG products decreased by 4%, from 489.200 mt in 2008, to 476.000 mt in 2009, the company registered a positive evolution and kept investing and optimizing the business activities, in accordance with the current financial conditions.

Market size



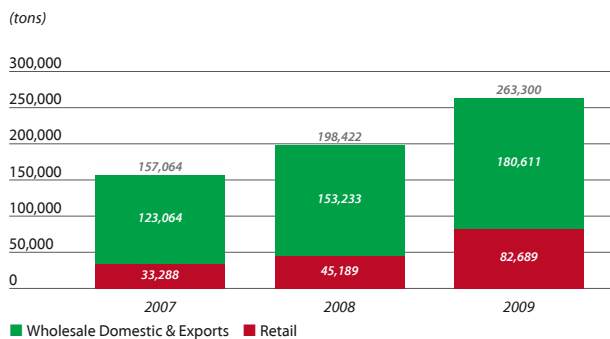
Rompetrol Gas market share is about 40% of wholesale and export channels.

Market share



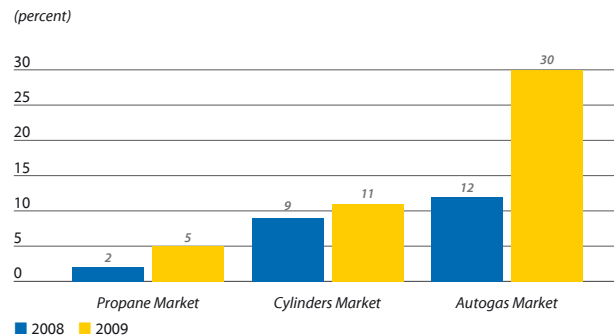
Despite the market decrease, Rompetrol Gas total volumes increased in 2009 versus 2008 by 33%. On the retail channel the growth was of 83% and 18% increase on Wholesale & Exports channels.

Total sales



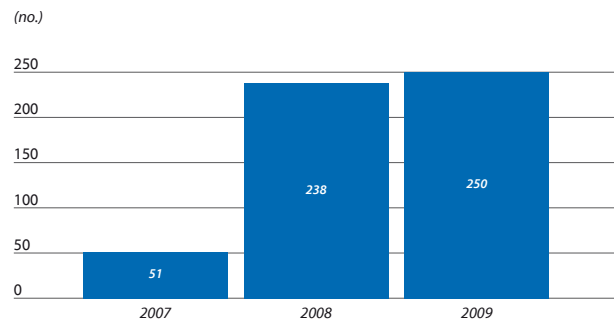
Rompetrol market share, 2009 versus 2008, by product type is as follows:

Market Share, by product type



As main regulatory constraints during 2009, ANAF issued an order regarding the procedure and registration conditions for economical operators that sell en-gross and en-detail energetic products. Any location that sells LPG must be equipped with software for stock management linked with pump and cash register and video monitoring system.

Skids



Top priorities for 2010 - 2012:

- consolidate its market share on the local market and optimize its current business activities;
- network development on LPG domestic channel;
- achieve a market share of 47% by the end of 2012.

Rompetrol Logistics

2009 Key Achievements:

- the renewal of the quality certificates and the improvement of the safety and environment operating parameters imposed by the Romanian Railway Authority;
- the increase of the effective utilization capacity of trucks by 65%, which sustained the growth in transported volumes by 8% in 2009, as compared to 2008;
- the company managed to reduce the selling general administrative expenses (SGA) in 2009 with 50% (2.809.000 USD) compared to 2008;
- Rompetrol Logistics reduced service costs with 4% (2.153.000 USD) compared to 2008;
- the renegotiations of the supply and distribution contracts in order to decrease the costs;
- capital investments and expenditures carried out in 2009 amounted to USD 690.000 and consisted in the modernization of electric/diesel locomotives and overhaul of train track.

In 2009, Rompetrol Logistics had a market share of 5%, positioning itself on the fifth place amongst the companies that operate within railway infrastructure. Its main competitors are CFR Marfa SA and GFR.

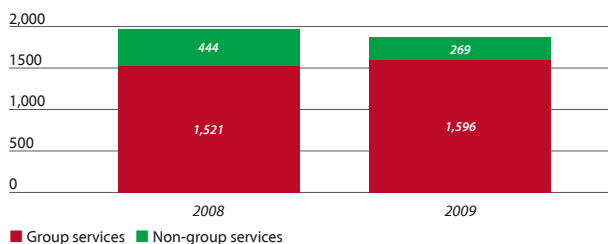
Rompetrol Logistics used in 2009 a number of 844 railcars, whereof 53% (449) owned and 47% (395) rented from third parties.

The average number of locomotives used by Rompetrol Logistics in 2009 was 36, whereof of 31 were owned and 5 rented from third parties.

Primary distribution volumes recorded a slightly decrease during 2009 by 5% (100 thousand tonnes) compared to 2008: 1,865,000 tons transported in 2009, compared to 1,965,000 tons in 2008.

Primary Distribution

(thousand tons)



In 2009, a positive trend in satisfying companies of the The Rompetrol Group, which are Rompetrol Rafinare and Rompetrol Downstream, was registered.

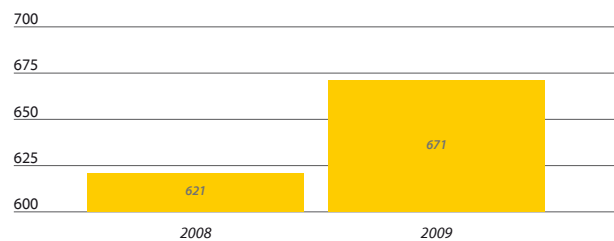
From the total requirements of the Refinery, amounting 2,225,000 tones, 1,865,000 tones were operated / transported by RP Logistics which was facing capacity limitations and export licenses availability and the difference was operated by the outside forwarders.

The main issues the company faced in 2009 on the primary distribution segment were the increase in both fixed and variable costs, such as taxes for railway usage, fuel and electricity costs, rent charges for railway engines and carriages and the fact that approximately 60 carriages became deteriorated, due to faulty conditions.

The total road transportation volumes that were operated through Downstream depots recorded a 8% growth in 2009, to 670.000 tons, which meant an increase of 50.000 tons compared to 2008.

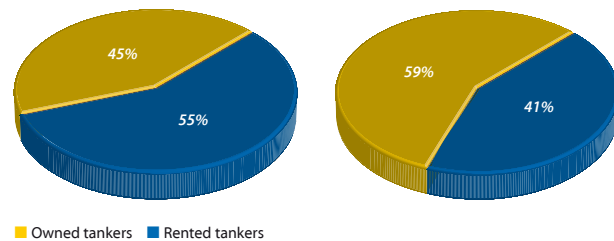
Secondary Distribution

(thousand tons)



Also, in order to decrease logistics secondary distribution costs, RP Logistics decreased the weight of contracted third parties tankers fleet.

Tankers fleet distribution

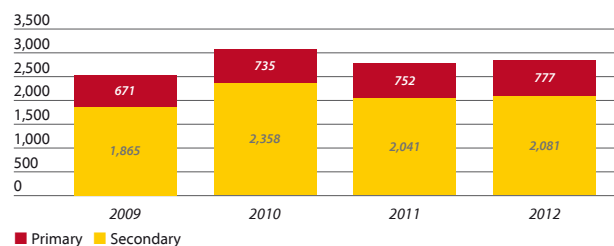


2010 Key Objectives:

- one of the most important future plans for Rompetrol Logistics is to continue the optimization of the distribution costs, for both railway and road transportation;
- utilization of the MTF software, for railway traffic and fleet monitoring. The implementation of the program cost 689.000 USD being implemented as of December 2009, by the company Ness Romania SRL. The implemented software allowed RPL to optimize the operational rail routes and the usage of rail cars, all these with a positive impact on costs;
- in the upcoming years, the company intends to complete an optimization process, started in 2008, and which is due at the end of 2010;
- executing a Capex program of 547.000 USD for 2010 consisting in an overhaul of train tracks and rail building.
- with an estimated investments amount of 547.000 USD for 2010, Rompetrol Logistics plans to overhaul a series of train tracks and rail buildings.

Primary & Secondary activities

(thousand tons)

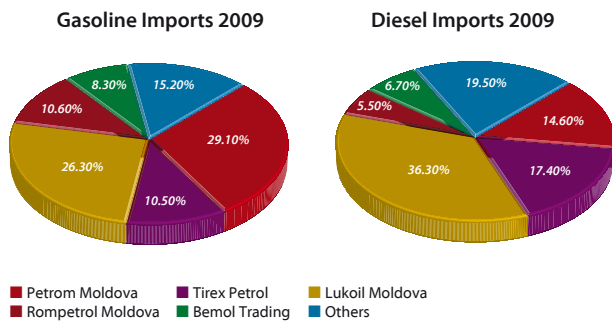


Rompetrol Moldova

2009 Key Achievements:

- retail sales increased with 12%, considering the difficult financial conditions;
- the launch of the new high-performance gasoline, Alto 101, on the Moldavian oil market. Alto 101 is the gasoline with the highest octane number on the regional markets (Republic of Moldova, Romania, Bulgaria etc.);
- the company opened 3 new filling stations, thus raising the total number of the gas stations in Moldova to 17.

Although the past years haven't been exceptional for the oil & gas industry all over the world, few emerging markets have managed to keep their margins constant, to a minimum drop, or even to register a minor increase. This is the case for the Republic of Moldova, where the Gasoline imports made by the largest companies in the country increased with 2.4% compared to 2008, up to 220.800 tons. Amongst the biggest players on the market, Rompetrol Moldova holds the 3rd place, with a share of 10.6%. Besides Rompetrol Moldova, other important oil companies such as Petrom or Lukoil hold 29.1% and 26.3% of the market.



Diesel imports reached 309.200 tons in 2009, registering a decrease of 11.7% compared to 2008, the drop in the imports being due primarily to the reduced demand for this type of fuel.

Another important factor, which influenced heavily the local market, was the large donation of diesel fuel given by the Russian company "Gazprom", valued at 12.25 million USD. The donation was intended to complete the national state reserves of diesel, as an agreement between Republic of Moldova and Russia, its purpose being to be utilized in agriculture spring works and ensure the energetic security of the country.

At the same time, in 2009 4.800 tons of diesel was produced in Moldova, which represents 1.5% of total diesel purchased in Moldova.

Rompetrol holds the 5th position in Moldova amongst the most important diesel importers, with a market share of 5.5%. The other major players on the Moldavian market are Lukoil Moldova (36.3%), Tirex Petrol (17.4%), Petrom Moldova (14.6%) and Bemol Trading (6.7%).

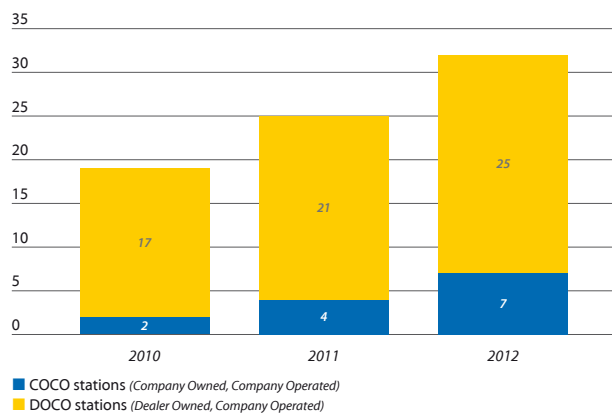
2009 was a difficult year for all the large players in the oil market in the Republic of Moldova, the financial difficulties of the larger petroleum groups being felt by their subsidiaries here. Nevertheless, Rompetrol Moldova managed to increase its retail

sales with 12% compared to 2008 and open another 3 filling stations, raising the number of overall stations to 17.

Rompetrol Moldova plans to expand its business in the following 3 years, by increasing the number of company operated filling stations, especially in Chisinau or other large Moldavian cities. At the end of 2009, Rompetrol Moldova was operating 17 gas stations and during 2010 it plans to open the first 2 Rompetrol CoCo stations (Company Owned, Company Operated). In addition to this, the company intends to extend its DoCo (Dealer Owned, Company Operated) network and plans to open another 10 Rompetrol Express stations, thus bringing a new concept to the Moldavian market, developed especially for areas with low access to large gas stations.

Network evolution

(no. of stations)



Key objectives for 2010:

- Rompetrol Moldova plans to open the first two CoCo stations (Company Owned, Company Operated), which will set a new quality standard for the oil market in the Republic of Moldova;
- the expansions of the DoCo (franchised) station network;
- consolidating the position of the company on the market, by promoting its high quality fuels, such as Efix, and possibly completing the Alto line with a performance diesel product;
- initiate frequent promotions, with the purpose of maintaining the current clients and attracting new ones.

Romp petrol Bulgaria

2009 Key Achievements:

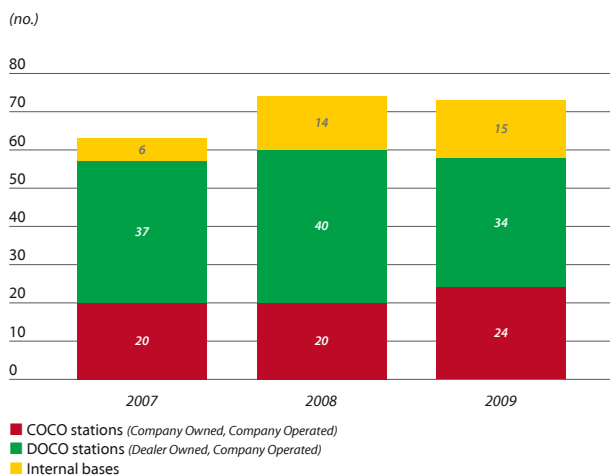
- preparing the infrastructure for new gas stations and new products;
- increasing the number of fueling stations by 5, thus managing to provide high quality fuels to areas where Rompetrol Bulgaria wasn't present;
- optimization of DOCO network.

For Rompetrol Bulgaria, 2009 was a year of consolidation and business optimization, as it had to adapt to the new and fast moving market and to the financial conditions. The Bulgarian market was generally balanced and well supplied during the last year, while the competition from the other important market players was tough and growing: Lukoil, Naftex, OMV and Eko.

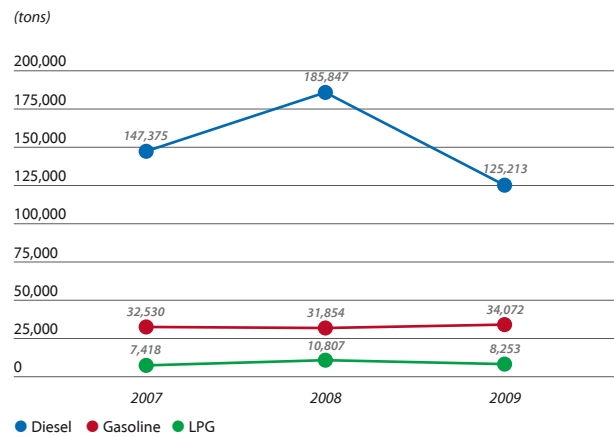
On a difficult market and in unstable regional and international financial conditions, the customers demanded for higher quality products at the same price and the companies had to adapt and offer such services. One of the steps Rompetrol Bulgaria has taken was to prepare the infrastructure for the implementation of new fuel lines and marketing promotions. Another accomplishment was the fact that the company managed to increase its retail network by 5, opening station in 4 major Bulgarian cities: Sofia, Varna, Burgas and Stara Zagora.

Romp petrol Bulgaria focused in 2009 on the optimization of the franchise (DoCo) network, in order to offer to Bulgarian customers the same quality in all Rompetrol stations all over the country. On top of that, quality control protocols were introduced, along with supply chain mechanisms, in order to maintain the high quality standards of the products.

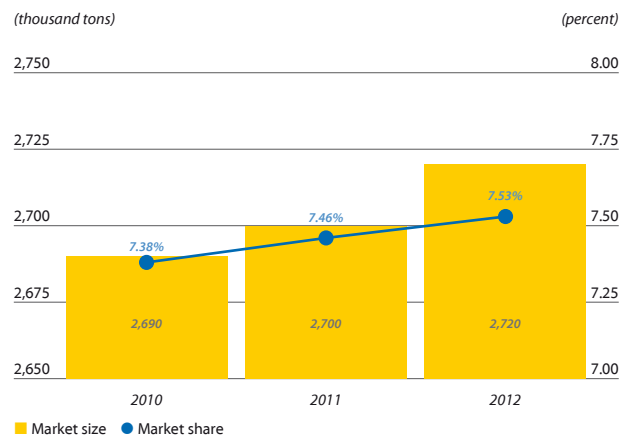
Stations, by type



Sales, by product type



Market



Key objectives for 2010:

- a top priority is to become a key player in the Bulgarian fuel market by maintaining a high quality of products and services on all the distribution channels (retail and wholesale);
- Rompetrol Bulgaria will consolidate and secure the existing market share by increasing the quantities sold on the Retail network directly to end users;
- the company is preparing to introduce high performance fuel lines (Alto) in Bulgaria as well and to develop the current network to fit both urban and rural consumers.

Romp petrol Georgia

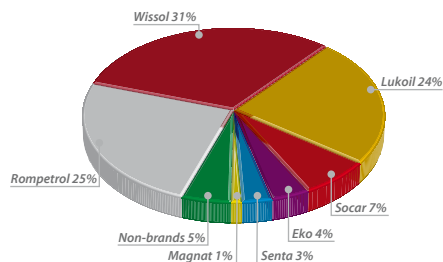
2009 Key Achievements:

- the company managed to open 13 new gas station, which contributed to the significant sales increase, with 71% compared to 2008;
- another positive accomplishment in 2009 was the launch of the high-performance fuels, Efix Euro Premium and Efix Euro Diesel, in April 2009;
- the launch of the corporate social responsibility campaign entitled "Drawing Rompetrol", which meant that a percentage of the Rompetrol Georgia income was used to help orphanages all over the country;
- the company initiated in 2009 a corporate quality improvement campaign for the fuel control system, along with the Georgian National Automobile Federation.

Romp petrol Georgia managed to consolidate its position as one of the top oil companies in the country in 2009, positioning itself on the second place on the retail market, with a share of 25%. The main competitors for Rompetrol Georgia are Wissol, with a market share of 31%, and the Russian oil company Lukoil, with a share of 24%.

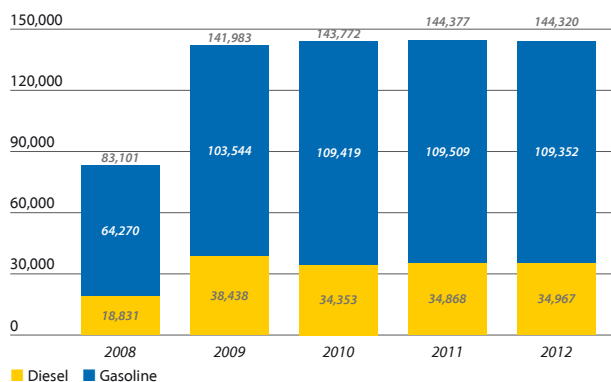
The Georgian fuel market underwent an important shift in 2009, when the clients of the non-branded gas stations began to buy fuel from the large networks that offered higher quality products.

Market share



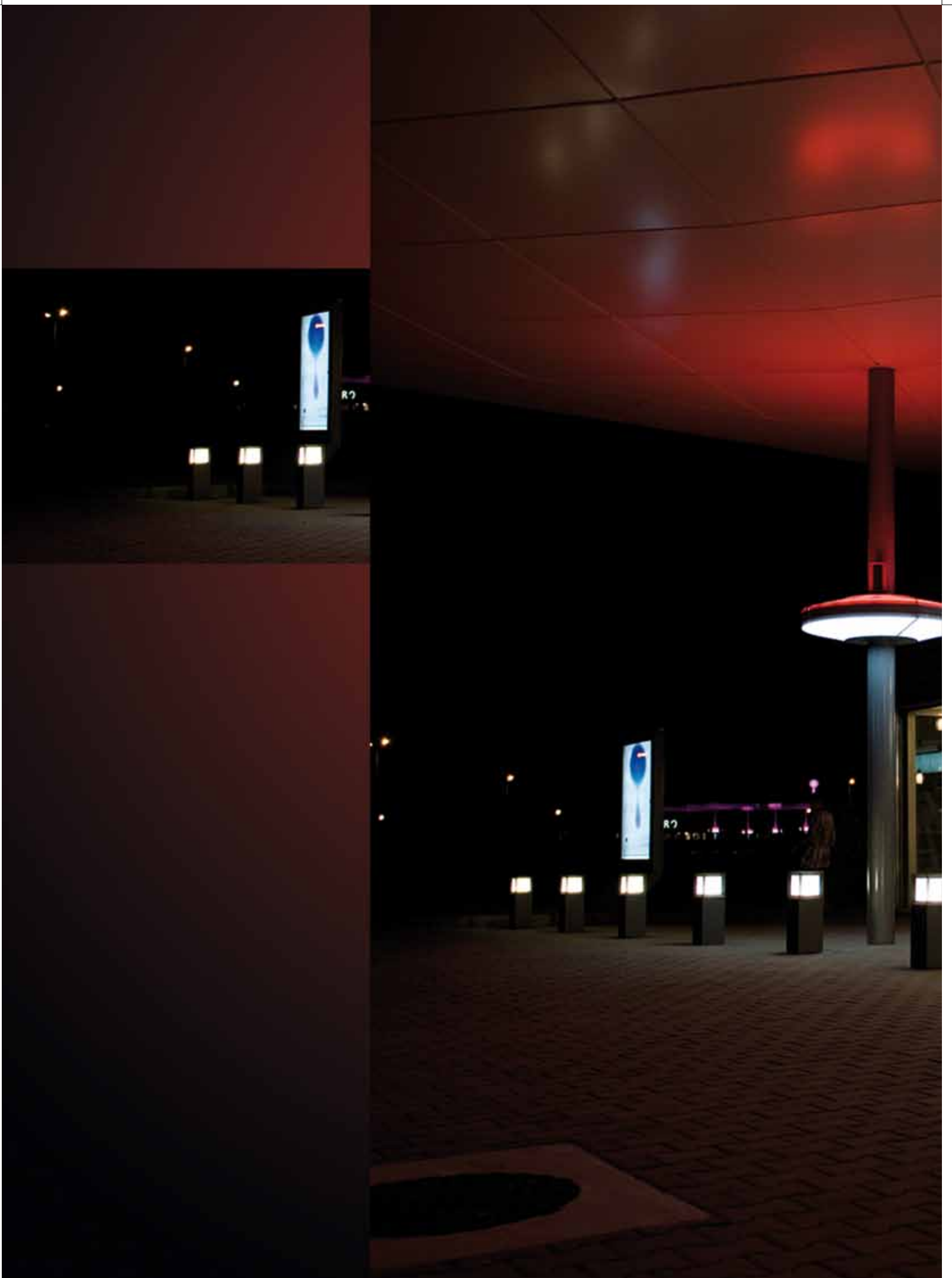
Sales, by product type

(tons)



Key objectives for 2010:

- the company intends to continue positioning itself amongst the top three oil and gas companies on the Georgian market, by selling high-quality products and offering better and better services to their clients;
- increasing its retail market share with 5%;
- medium term objectives focus on reaching 70% of total sales via retail channel, from which 55%-60% would be cash sales.





Marketing

Marketing

The dynamics and the needs of The Rompetrol Group in 2009 led to the consolidation and integration of the Marketing function as part of the corporate governance structure.

The focus continued to be on the care towards the final customer and the entire activities centered on the offer of quality products and services meant to improve the lives of our customers. Thus, at corporate level, the Marketing Department offers the necessary support to operational units, for the:

- Alingment of the local brand build-up strategy to the general strategy, ensuring a consistent and coherent collaboration.
- Understanding the needs of the consumer and the development trends of the markets.
- Identification of the current opportunities and the definition of the strategy to gain the competitive advantage.
- Development of strategic programs able to support the assumed objectives.
- Implementation of the communication strategy, as well as the validation of its efficiency.

In 2009, Rompetrol launched the 5th episode of the corporate campaign „The shortest path from idea to success”. The campaign centered upon the ingredients of success, selecting a couple which can be also detected within Rompetrol brand’s “DNA”, as long as it is all about Rompetrol brand values/attributes: innovation/applied creativity, firmness/determination, courage/ entrepreneurial spirit. Thus, our purpose was to pass beyond the actual facts presented within prior campaigns, which discoursed upon the achievements of Rompetrol Group, and finally reach values. The aim of the campaign was the strengthening of corporate reputation applying to all business segments, development and strengthening of image indicators, brand awareness enhancement.

Furthermore, as part of our corporate image campaign, the Group launched in May 2009 the corporate social responsibility platform „Energia vine din suflet” (The Energy Comes from the Heart) that encompasses the national program „Împreună pentru Fiecare” (Together for Each and Everyone) and specific projects within the health and environment protection fields – the two directions the company selected to support.

The corporate image campaign developed in 2009 has been complemented by product promotion campaigns, designed to stabilize or increase sales, considering that the international oil price, the global financial crisis and fuel production cost resulted in the increase of pump price.

At the beginning of 2009, Qprotekt was launched within Romanian gas stations – a program guaranteeing for fuel and supplies quality within Rompetrol stations. By the end of the year, over 16 000 clients had already lined up for this program.

In August 2009, The Rompetrol Group launched the Litro brand – a new concept of premium fuel station. The project, initiated in August 2007, is the outcome of a comprehensive activity of research and identification of clients’ needs, as well as identification of relevant technical solutions. It supports the strengthening and development strategy in relation to Rompetrol gas station network at national and international level, making available premium services and products within a distinct

architectural environment, characterized by innovative solutions and advanced technology. In addition to modern facilities already existing in Rompetrol gas stations, Litro stations are equipped with modern facilities meant to reduce power consumption, fuel vapor escape to the atmosphere, as well as admixtures meant to reduce exhaust steam.

The company’s constant efforts and investments are proven by the brand portfolio of the Rompetrol Group, which encloses:

Rompetrol - available on all markets it operates on.

Dyneff - available in France and Spain.

Efix

It is the first fuel brand of Rompetrol Group, in point of entry and sales ratio equally, affording customers engine protection and power input saving. Carrying further international expansion, in 2009 Efix brand was successfully launched in Georgia. The market’s reaction was positive, recording 50% boost on the said segment, strengthening thus clients’ option towards Rompetrol network. By the end of the year, Efix had already been implemented in 3 countries (Romania, Moldavia and Georgia), being due to be launched on the Bulgarian market during 2010, as well.

Fill&Go

It represents the brand of services via which clients may purchase fuel and other products within stations for personal use or for the company they are employed with. The business segment owns the largest share in brand sales. In 2009, Fill&Go treads a new step abroad, being marketed in Georgia. By the end of the year, the brand is made available for the business segment in 4 countries: Romania, France, Georgia and Bulgaria. With respect to the residential consumer segment, the Fill&Go Credit Mastercard option available on the Romanian market is put down, as a consequence of hardship funding.

Alto101 – Alto 55

Alto represents the premium fuel range, especially created for drivers in seek of maximum performances of their cars. Irrespective of the engine type used, diesel or gasoline, Rompetrol is offering Alto 101 and Alto 55 gangs, both fuels being manufactured according to the highest quality standards, within Petromidia oil refinery. Equipped with high octane/cetane ratio, the Alto series enables car kick, balanced running ticking over and jitter-free operation if overdriven, as well as quick-acting back-coupling of the engine under rough conditions - passing, rising gradients, high load. By way of its high purity degree, it ensures perfect combustion, high-heating value and implicitly, engine wear reduction.

Eurobitum

The polymer modified paving asphalt range of Rompetrol, rejoices strength and reliability net superior to common paving asphalt used in the manufacture of hydrocarbon pavement mixture, standing for guarantee of asphalt carpet strength. Eurobitum was rolled out in 2007, following an investment amounting to over USD 7 million for the execution of the first polymer modified paving asphalt plant in Romania, based on its own polymer modified bitumen technology.

Researches pointed out that, undergoing this process, paving asphalt acquires:

- increased strength as variations in temperature are concerned
- high operating life
- better resistibility to strains and wear
- capacity of reducing traffic noise

PropanePowerStation

Represents a propane power station of Rompetrol Gas, intended especially for professional users, but for households as well, ensuring total independence with respect to other power supplies, constant high efficiency, is multifunctional and ensures unpolluted environment with minimum maintenance costs, due to the fact that it is free of impurities and corrosion elements. Propane Power Station System may be used for supply of multiple use consumer appliances, the system implying one up to a couple of propane tanks, depending on the power demand.

Injection Solutions, Extrusion Solutions, Blow Solutions

In 2007, Rompetrol Petrochemicals the only polypropylene and polyethylene producer in Romania and one of the most dynamic and innovative polyolefin distribution companies, repositioned itself from a raw material producer to a business partner that offers integrated and adapted solutions according to the clients' profiles. This new strategy implied a permanent process of getting to know the clients, their needs and possibilities, in order to develop a customized offer and to ensure consultancy and technical support service. Thus, by offering efficient solutions that have a separate identity for each method of processing (Blow Solutions, Injection Solutions, Extrusion Solutions), Rompetrol Petrochemicals adapted and reorganized the products portfolio in accordance with the market's requests and establishes itself as a trustworthy partner for the plastics production companies. The solutions they are offering their clients today are based on their own production as well as on imported products, all depending on the clients' needs and requests.

Euroizolir

Full bitumen for waterproofing products range - including bituminous membranes, bituminous shingles, asphaltic bitumen roofing and bitumen primers.

Vegasolv 509

Represents the first product in a future range of thinners and lacquers. Vegasolv 509 is an oleaginous and oleo resinous paint, enamel and primer thinner. This thinner is a white spirit product, advantage reflected in the evaporation degree, enabling good paint mixture, which is easily laid on, degreases and is used in dyeing equipment maintenance.

CarGlance

is the windshield washer fluid brand of Rompetrol, available within its own gas stations network. Developed in 2008, the product contains anion active agents enabling efficient cleaning, protecting the washing system also against corrosion even up to -20 degrees for the winter version.

Ardent & Ultrafoc

are two products with similar usability, i.e. fire lighter liquid, with distinct purposes. Ardent is ideal for barbeques and fireplaces, while Ultrafoc is recommended for lighting fire in case of solid fuel heating systems and liquid fuel lamps supply, both products being highly appreciated for their gain of representing a quick, easy and clean solution.

Ecomaster

industrial waste management integrated services provider, delivering services such as PLAN, COLLECT, TREAT, DEPOSIT, CLEAR.

In 2010, the company will continue to provide innovative products and services, with high responsibility towards the consumer and the environment in which we operate.





Upstream

Rompetrol

Exploration and Production

2009 Key Achievements:

- completing several stages of the exploration programs (Zegujani Block) and completing 2D seismic acquisition projects, covering more than 250 km (Gresu, Nereju and Focsani block).

In 2009, the Exploration and Production division finalized the first phase of the exploration programs in Zegujani perimeter. According to the approval of National Association of Mineral Resources, Zegujani Block was partitioned in two perimeters:

- Zegujani Nord where Rompetrol is operator and signed a farm out agreement with Zeta Petroleum UK and transferred 35 % of the exploration rights and obligations in Zegujani Nord block to Zeta Petroleum Ltd. (UK) – Great Britain;
- Zegujani South where Rompetrol is operator and is 100% titleholder of the exploration rights.

Following to the operations completed in the two partitions (250 km 2D seismic acquisition, drilling one exploration well, etc. structural and layer display of the area was defined and a sub commercial gas accumulation was identified. Consequently, Rompetrol decided to start the next phase.

A new regional sedimentary basin study was completed defining some new prospective area (3-4 attractive leads) on Miocene and Pliocene formations.

Regarding the Satu Mare block, the year 2009 represented the achievement of a new Eastern Pannonian Basin study. The geological research materialized in identifying on areas with immediate prospective potential ready to be explored by wells.

In Gresu, Nereju and Focsani blocks where Rompetrol is Operator and has 100% exploration rights, the company acquired over 250 km 2D seismic data, processed with new advanced technology. The interpretation results should be ready at the mid of 2010 and is appreciated as a successful seismic campaign since this area is one of the most difficult to investigate in Romania. This seismic acquisition and the new technology for data processing will certainly add value to these blocks.

Also, an important objective in 2009 for the Exploration and Production Division was to attract new partners with financial and technical potential. This was necessary in order to increase the work volume, to fulfill the commitments undertaken in the Concession agreements signed by Rompetrol SA with the National Agency for Mineral Resources (ANRM) and to mitigate risks.

Therefore, the E & P Division organized data rooms for the Blocks Zegujani South, Gresu, Nereju and Focșani. For Gresu and Nereju blocks, the company started cooperation with a big international company, consisting of a Joint Study Agreement for these two Blocks.

The total investments made for Rompetrol exploration blocks in 2009 reached the amount of 3.75 millions USD.

2010 Key Objectives:

- identify partners for exploration blocks: Zegujani South, Greșu, Nereju, Focsani and Golești Production block;
- continue exploration by new 2D seismic acquisition in Zegujani block, drill one well in Satu Mare Block etc.;
- development of projects in Kazakhstan, Middle East and Northern Africa.

Another objective for the Exploration and Production Division will be to identify new opportunities by participating in exploration and development projects in their advanced stages, in the following areas: Russia, Caspian region, Middle East and Northern Africa.

Rompetrol Well Services

2009 Key Achievements:

- maintain profitability rate despite the decline of the well services market;
- well cementing, sand control and acidizing technologies were significantly improved by investing over \$ 5 million;
- maintain its market share in Romania in terms of a very competitive environment.

Rompetrol Well Services (RWS) offers a wide range of specialised services for the oil and natural gas wells.

The year 2009 marked a sharp decrease of the Rig count and well services activity both in Romania and internationally due to the global economic downturn and the relatively low crude oil price. The average worldwide Rig count dropped by 31% compared with 2008, while in Romania the average Rig count plunged from 19 to 8 units. The total volume of well services dropped in Romania by 37% in 2009 versus 2008 and the drilling related services dropped by 58%.

In such market environment, the revenues of Rompetrol Well Services were negatively influenced compared with the achievements of the year 2008 which was the peak year in the recent history of Rompetrol Well Services. The overseas activity of the company has suffered also a significant contraction caused by the economic crisis. The revenues of the Kazakhstan Branch fell heavily and other important overseas activity of the company was recorded in Turkey and Northern Iraq.

However, the company managed to maintain its profitability rate of over 17% and to uphold its market share in Romania, for the whole range of services, by constant technological improvements. The main financial results of the year 2009 were: total revenues of over \$ 22.5 million, operational profit (EBITDA) of over \$ 6.6 million and a Net Profit of almost \$3.9 million.

RWS continued its technologies and equipment upgrade program under the motto "constantly learn and develop". In 2009, the technologies upgrade program had put the emphasis on Sand Control, Cementing and Acidizing services.

In this regard, a new Sand Blender equipped with the latest monitoring and automatic control device was acquired. Also, the company put into production a very advanced Twin Pump Cementing Unit capable to achieve output performance suitable for a large range of processes. The equipment used for carrying and discharging of dry cement has been modernized through the acquisition of six new high capacity Bulk Trucks. Furthermore, the Acidizing services were thoroughly modernized by the acquisition of a combo unit for acid transport and pumping.

In 2009 the company extended its personnel training, primarily done through in-house tuition programs, to ensure maximum benefit from the implementation of new technologies.

For the year 2010 it is expected a slow recovery of the Romanian oil and gas industry. Nevertheless, RWS plans to increase its revenues from the services provided in the domestic market by at least 6% versus the revenues achieved in 2009.

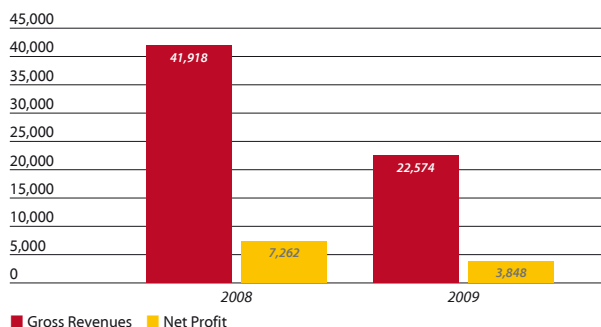
In Kazakhstan, the Company will focus on the development of a medium and long-term cooperation with KazMunaiGaz and KazMunayGas daughter companies aiming to provide an increasing amount of cementing and other special services in the main oil and gas fields operated by KazMunaiGaz. Simultaneously, the Company wish to continue and develop its business in the Balkans, especially Bulgaria and Turkey.

RWS plans to continue modernization of its operational technologies by a planned capital expenditure of over \$2.5 million and estimates to achieve a ratio of 55% equipment less than 5 years of age by the end of 2010. The investment program is focused on the upgrade of cementing, acidizing and sand control services.

The company will define the main steps for the future development of the Enhanced Oil Recovery (EOR) services, according to the long-term development plan, with the aim to start the implementation of several projects in close cooperation with its main customers in Romania.

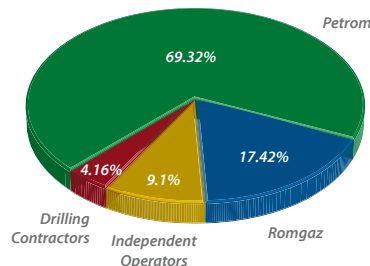
Evolution of the main Financial Figures

(thousand USD)

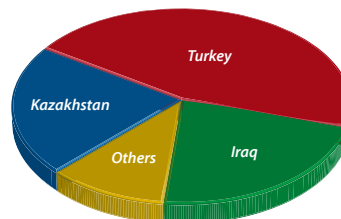


Client Structure

Domestic market



Overseas



RWS carries out specialized services in oil and gas fields in Romania and internationally. These services include cementing, consolidation and sand control services, stimulations, testing, slick-line, casing running operations etc. An average of 500 casing strings and liners, ranging in depth from 500 m to 4.500 m, are cemented annually by RWS. The consolidation and sand control operations are handled for more than 200 oil, gas and gas storage wells each year.

Stimulation services include activities such as special nitrogen treatments and hydraulic proppant fracs. The stimulation teams cater to a large number of wells daily and the drill stem testing operations are carried out for each individual customer. Slick-line services and casing and liner running, as well as other specialized services, are offered to the majority of oilfield operators in Romania.

The design of the services mentioned above is accomplished with in-house resources and in close cooperation with the customers. All necessary equipment, tools and chemical products are provided by RWS. The company also offers a rental service for its drilling tools.

RWS oversees all ongoing projects from its main office in Ploiești, Romania, offering technical support for 15 locations in Romania, Kazakhstan, Bulgaria and Iraq.

2010 Key Objectives:

- *increase revenues in Romania by 6% compared with the previous year;*
- *increase revenues and expand the operational capacity of the Kazakhstan Branch focusing on the cooperation with KazMunaiGaz;*
- *continue the upgrade the program of technologies and equipment with the aim to achieve a ratio of 55% equipment under 5 years of age by the end of 2010;*
- *implement objectives planned for 2010 in the company's restructuring and development program.*

Rompetrol Drilling and Workover

Rompetrol Drilling and Workover Division (RDW) has over 35 years of experience in Oil Industry, providing specific services to clients worldwide.

Rompetrol Drilling and Workover is a member of International Association of Drilling Contractors (IADC), member of Drilling Contractors Association of Romania (ACFR), and has implemented an integrated management system for quality assurance, environmental protection and HSE, according to ISO 9001-2008, ISO 14001-2004 and OHSAS 18001-2007.

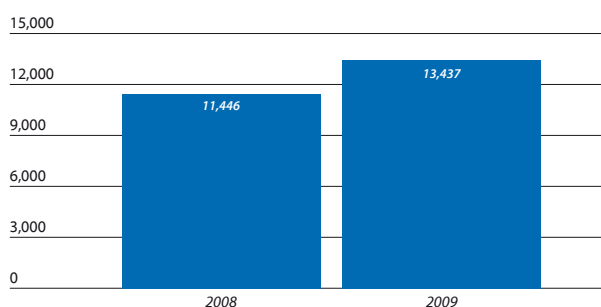
The slowdown of oilfield services demand, caused by the global recession and financial crisis has deeply affected The Oil and Gas Industry. In this context, RDW Consulting and Mudlogging activities have been most affected, by 42% and 70% respectively, compared with results from 2008. Even in this economic context, the company had an increase of 79% in the net profit, as a result of a better management of the costs, while the turnover decreased by 15% than in 2008.

In 2010, the objectives of Rompetrol Drilling and Workover division are to:

- maintain market share in drilling and workover services;
- develop the activity through alliances with rig manufacturers and other oilfield services contractors;
- develop the mudlogging services by signing new contracts;
- develop consulting services;
- maintain international QHSE standards.

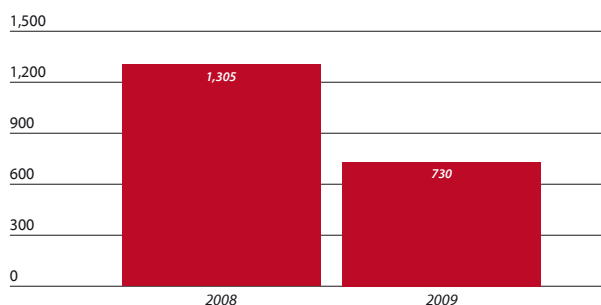
Revenues 2009 vs 2008

(thousand USD)



Net profit 2009 vs 2008

(thousand USD)







Services Companies

Rominserv

Key achievements in 2009

Rominserv, the General Antreprenuer of Rompetrol Group, carried out successfully 128 projects amounting 82.3 mio USD. These projects represent investments in plants and facilities in the oil refining and petrochemical sector, other conventional fuels manufacturing facilities, as well as in the modernization and construction of fuel distribution stations in the retail sector.

Among the projects in 2009 were four new gas stations based on Litro concept, located along the "Sun Highway", as well as the new greenfield Petcoke Briquetting plant in Petromidia, both of them delivered as turn-key projects by Rominserv. All these projects shared the characteristics of having unique designs while requiring a fast track approach.

Another milestone was the 2 weeks long technological shut-down in autumn of 2009, when Rominserv has carried out intensive repair works within the plants of Petromidia industrial site, thus allowing for the major refinery turnaround to be deferred in 2010.

Maintenance services offered to the clients based on Petromidia and Vega platforms were within established targets, more precisely within budgets and mechanical availability key performance indicators. Petromidia refinery's mechanical availability target of 97 % was exceeded again in 2009, the actual value being 97.43 %.

Rominserv Kazakhstan, a subsidiary company of Rominserv, has been awarded two contracts by Atyrau Refinery, consisting of Vacuum and Coker units revamp. These projects represent major upgrades of the refinery, with the purpose of increasing the refining capacity, enhancing product quality, reducing specific utilities consumption and complying with the new environmental regulations.

Rominserv Valves laifo branch homologated new products according to clients request: large diameter (DN1000) and high pressure (PN400) valves. Rominserv Valves has been chosen by some reputable European companies as sole supplier for complex cast parts, which will end up as major components of their equipment and machining tools.

Main Objectives for 2010

The main objectives of Rominserv in 2010 include the complete shutdown and turnaround, as well as completion of all investment projects for the Petromidia refinery upgrade capacity to 5 million tons.

Improving the efficiency of its maintenance services is another major objective for 2010. Better planning of repair works, improvement of existing preventive maintenance plans and shifting focus from reactive to proactive maintenance will be the key issues to be resolved this year. These improvements are meant to increase the mechanic availability of all plants, while reducing maintenance-related costs.

The turnover budgeted for 2010 is 211.9 mio USD, an increase of 20 % than in 2009. The turnover provided by non-group clients is expected to increase by almost 50%, compared to 2009. This assumption is based on new contracts negotiated in 2009 with major players in the Chemical, Petrochemical and Biofuels industries, as well as from the traditional collaboration with

cement and steel industry partners, who have stopped their investments in 2009 due to economic downturn, but will most probably unfreeze them in 2010.

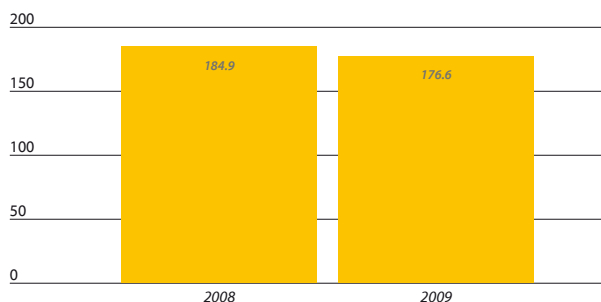
Rominserv Kazakhstan will expand its activities in 2010, by getting involved in a greenfield project in Aktau, consisting of a new bitumen manufacturing facility. The beneficiary of the project is KazMunayGas. Other revamp and modernisation projects in KazMunayGas's refineries are also targetted in the year to come. Rominserv Valves laifo will focus mainly on clients active in refining, conventional and nuclear power generation businesses, who use higher classification and top quality products. In this category are included products suitable for very low (-175oC) or very high (630oC) temperatures, pressures up to 400 bars and zero losses guaranteed.

At the same time, the range of products will include more large-diameter valves, up to Dn1000, used for water, oil and gas pipelines, as well as more complex cast parts, having a higher specific price.

Valves export will increase significantly in 2010, mainly due to new partnerships created at the end of 2009 with major German valves manufacturers and distributors. Kazakh market will also be explored, via Rominserv's subsidiary located there.

Net revenues 2009 vs 2008

(million USD)



Palplast

2009 Key Achievements:

- improvement of HDPE polymer properties, in order to realize HDPE granules for pressure applications (pipes).
- reduced logistic costs through redesigning the packing of products. The total transport cost was reduced with approx 25%.
- decreased of technological waste from the pipe manufacture process, from:
 - 1.98% in year 2005
 - 0.91% in 2008
 - 0.47% in 2009
- direct distribution increased by 23,68%, versus 2008, by developing distribution in order to enlarge the product range: compression fittings, electro-fusion fittings, irrigation coupler, flanges, welding machines.
- designing and equipping the stationary welding machines with adaptors enabling the company to produce fittings with bigger diameters.

Palplast produces a complete range of high-density polyethylene pipes and fittings with applicability in the fields of distributing water, gas, crude oil, sewerages and protection of optic fiber cables.

Besides these products, Palplast offers irrigation systems through sprinklers and dripping, as well as through joining services or rehabilitation of the centralized irrigation systems.

The general market conditions, influenced by the international economic crisis, have caused major changes in the activity of all economic agents. Regarding the pipe manufacturers, the companies have adjusted their business strategy according to the evolution of the market demand, the size of the infrastructure projects, as well as the price of raw materials and the production cost.

In 2009, Palplast Sibiu expanded the production activity of optical fiber protection tube, in addition to carrying out water and sewage infrastructure projects. Thus, the company delivered specific optical fiber protection products in projects carried out in Cluj and Arad. Although the segment of infrastructure projects experienced a significant decrease in 2009, the company supplied products amounting to over USD 1,500,000 USD within drinkable water supply and sewerage projects, as well as the rehabilitation of irrigation systems in the central and south regions of Romania.

In addition to these achievements, the company's strategy has included a series of cost control and reduction actions, as well as the implementation of effective business strategies in its relation with suppliers and customers.

Palplast will continue its investment program in 2010 as well, but will adjust it to the production needs related to the projects that the company has already undertaken in 2010, as well as to ensuring the quality standard that the company has imposed in the market. Thus, the company will invest in modernizing and revamping the production capacities, which would result in optimizing productivity, reducing costs and the environmental impact.

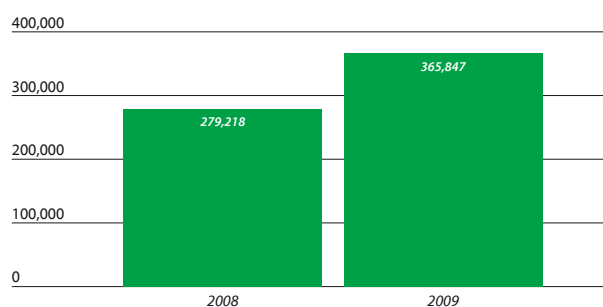
In 2009, Palplast had a turnover of approximately USD 4.3 million. For the year 2010, the company estimates it will maintain a similar level, based upon a series of actions that the company intends

to implement this year: diversifying the range of products by trading activities, selling & manufacturing complex products with high margins (irrigation valves, customized valves adaptors etc.); improving oil transportation pipes, setting up strategic partnerships for supplementing the range of products, free consulting services for obtaining the funds allocated to agriculture and developing new products with special applications, for instance in the field of optical fiber.

Graphics representing the evolution of the main indicators

Direct distribution (import)

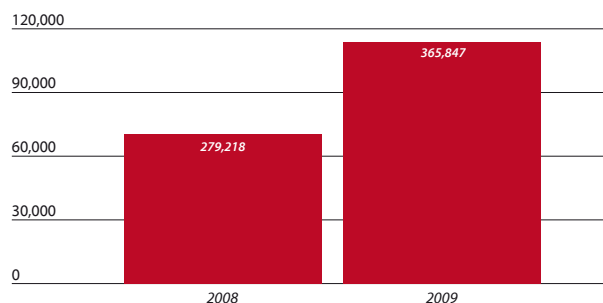
(USD)



Direct distribution increased by 23,68% versus the year 2008.

Welding machines

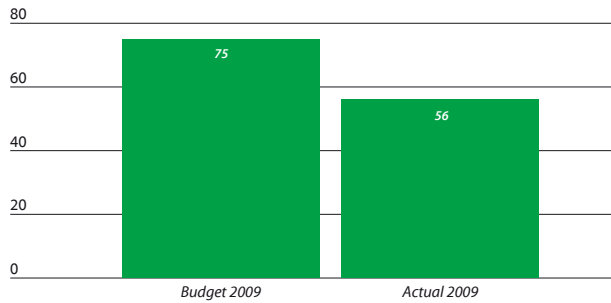
(USD)



Distribution of welding machines increased with 61,63% versus 2008.

Logistic costs

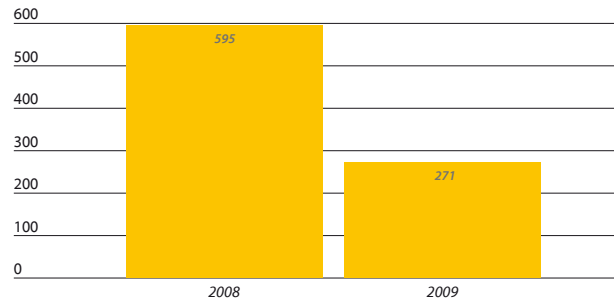
(tons)



Decreased logistic costs with 25,34%

Fittings production amount

(thousand USD)

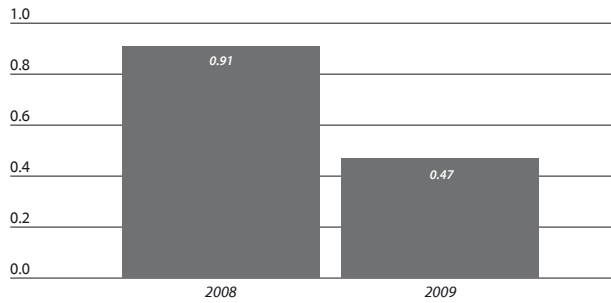


Fitting production decreased by 54.45%:

- Lower sales
- Sales of existing goods in stock produced in 2009
- Decrease of raw material price

Technological waste

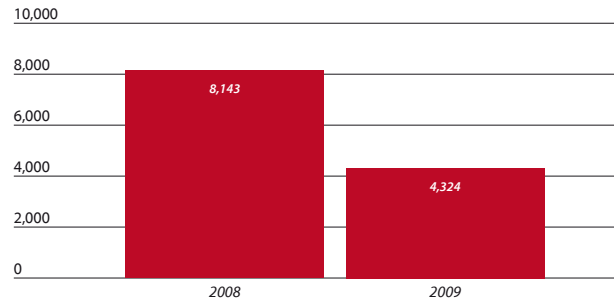
(percent)



Technological pipe waste reduced by 48,35%, due to efficient production management.

Sales 2009 vs 2008

(thousand USD)

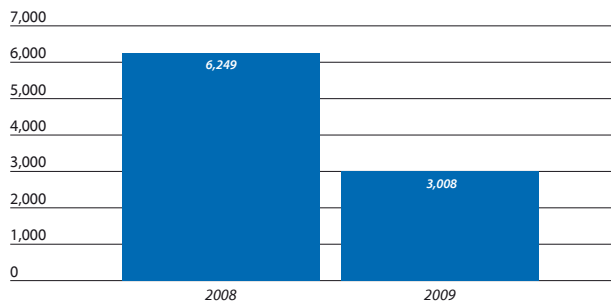


Sales decrease by 46,89 %:

- Lower market request due to reduced funds allocated for agriculture and reduced state investments in infrastructure
- Economic conditions - the crisis, real estate market has declined and with it have stopped the construction of new neighborhoods => water supplies were stopped

Total production amount

(thousand USD)



Production decrease by 51,87 %, due to:

- Lower sales
- Sales of existing goods in stock produced in 2009
- Decrease of raw material price

Rominservices Therm S.A.

Mangalia

2009 Key Achievements:

- renewal of the Environmental Authorisations for all 28 thermal stations, which certify the company's concern for environmental protection;
- 5% increase in apartments connected to the heating branching system: at present the company provides heat for 7325 apartments;
- modernization of thermal stations no. 19 and no. 28, which contributed to decrease the operational costs;
- reducing the specific fuel consumption to 147 kg / Gcal, leading to a saving of 2.5% of annual fuel consumption.

Rominservices Therm is a public-private partnership, created at the end of the year 2002 between Rominserv and the Local Council of Mangalia.

Rominservices Therm is the main producer and supplier of heat and domestic hot water in Mangalia, covering over 70% of the market, by operating 28 thermal stations in Mangalia and Neptun-Olimp resorts.

Through the installation of 650 square meters of solar panels, the company provides 25% of hot water production based on solar energy (at the thermal stations where they are located), acting in line with EU policies regarding the use of renewable energies to achieve the objectives of energy conservation and sustainable development.

The development of the specific operations and business

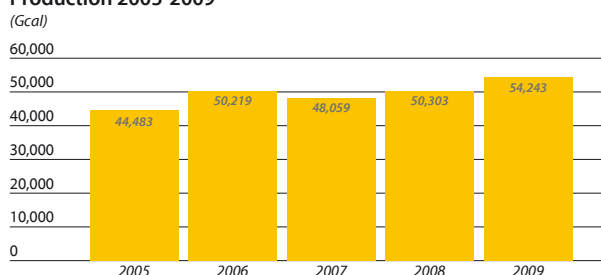
In 2009, Rominservices Therm continued the investment projects in order to increase the efficiency of all operations by modernizing the production capacity.

Starting with 2003, the company has invested over 7,5 million USD in the heating system of Mangalia. By upgrading the old thermal stations, Rominservices Therm provides higher quality of the services for the company customers and also increases the number of new consumers in the central heating system.

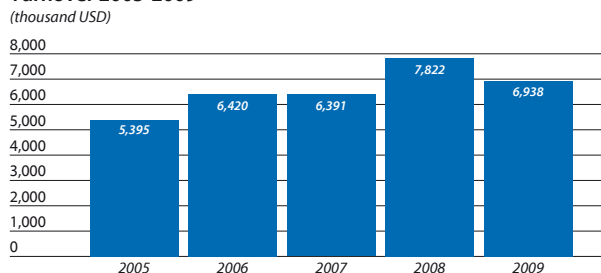
2010 Key Objectives:

- decreasing of operational costs by modernizing the thermal station no. 25, finalizing the modernization of all thermal stations and the rehabilitation of 100% of thermal distribution network.
- increasing the revenues from the repair works for heating networks and installations of the customers (complementary services).
- reducing the specific fuel consumption by 2%, having positive impact on both operational efficiency and the environment, by reducing gas emissions.
- recertification of the Quality and Environmental Management System according ISO 9001-2008 and ISO 14001-2004 standards by Germanischer Lloyd Certification.

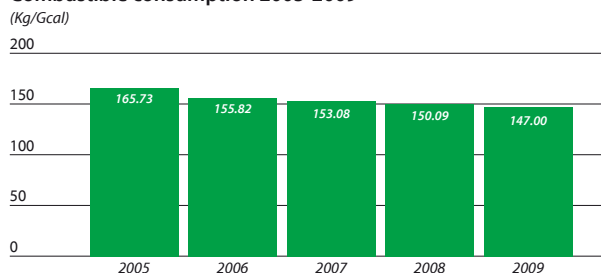
Production 2005-2009



Turnover 2005-2009



Combustible consumption 2005-2009



Rompetro Quality Control

2009 Key Achievements:

- the implementation of the Laboratory Information Management System (LIMS) program, which is part of the company's strategy to automate and optimize laboratory processes and operations.
- acknowledgement of RQC competency by the largest domestic automobile producer, Automobile DACIA Pitesti, member of Renault Group
- implementation of new types of analyses according to the specific legislation and clients needs.

ROMPETROL QUALITY CONTROL (R.Q.C.), the laboratory division of The Rompetrol Group, constantly supports the Company's objective to identify and implement the safest and most efficient methods of environment protection and assurance of product quality.

The year 2009 reflects a positive evolution of RQC concerning both the development and improvement of its business activities and its financial results.

The 6 RQC laboratories are accredited according to the standard SR EN ISO 17025:2005, a certification granted by the Romanian Accreditation Association (RENAR), the only institution at national level certifying the standards of laboratory activities. Hence, analyses performed by RQC are acknowledged in over 70 from the entire world that signed the agreements for international acknowledgement (I.L.A.C, M.L.A., E.A.) concluded by RENAR. The 6 RQC laboratories are accredited according to the standard SR EN ISO 17025:2005, a certification granted by the Romanian Accreditation Association (RENAR), the only national institution certifying the standards of laboratory activities. Hence, analyses performed by RQC are recognized in over 70 countries, subscribers of the agreements for international acknowledgement (I.L.A.C, M.L.A., E.A.) concluded by RENAR.

By continuing the accreditation process of the methods for the new analyses and consolidation of relations with international research centers (Spain, England, the Netherlands, the USA), RQC managed to ensure quality services to all clients, both to those within The Rompetrol Group (biodiesel analyses, analyses for the determination of the quality of products with a low sulfur content – below 10 ppm) and of those outside the Group, especially in the field of environment protection (determination of the benzene content in water, air and soil).

Since its establishment in 2004, RQC continued to invest in its development and laboratory renovation and modernization, in order to optimize its processes and the quality of the services offered. Therefore, the company initiated the automation of the laboratory activity by implementing LIMS (LABORATORY INFORMATION MANAGEMENT SYSTEM).

Ensuring the online interface between the equipment and the analyses reports, LIMS provides benefits at the following levels:

- Accuracy - totally eliminates any errors during the testing process, providing current, reliable and complete operational data.
- Efficiency – makes the job of bench personnel easier, thus increasing the efficiency of the activities and provides the tools to improve methods and work practices.
- Productivity - increases the quantity of samples analyzed and tracked, without hiring additional lab personnel.

During 2009, RQC obtained another acknowledgement of its high competency and quality of provided services. RQC Petroleum Products laboratory was involved in an audit process performed by the largest domestic automobile producer, Automobile DACIA Pitesti, member of Renault Group, which led to the recognition of RQC as the automobile producer trustable collaborator, improving the Company's image on the market.

At the same time, another important acknowledgement is provided by the Ministry of Economy and Finances in the European financed project "Qualitative and quantitative monitoring system for gasoline and diesel oil", regarding the observance of the European Union conditions on introducing gasoline and diesel oil on the Romanian market. RQC continued this collaboration in 2009 and straightened its relationship with the state authority by performing at its request analyses for determining the content of sulphur in liquid fuels, another collaboration which started last year.

In 2009, RQC continued to develop its business activities by implementing new types of analyses and acquiring the appropriate certifications, in order to meet its clients changing needs and according to the specific Romanian and European legislation:

- Bioethanol analyses, an ecologic product that was inserted in the fuels as an alternative for the reduction of greenhouse gas emissions originating from transports, in accordance with the European legislation;
- drinkable water analyses;
- particles counting analyses for jet fuel.

The accuracy of the processes and analyses performed are confirmed by the certifications RQC holds, creating the tools to enlarge the portfolio of third party customers and consolidate the company's position on the specific market:

- RENAR - Romanian Accreditation Association. All RQC laboratories are accredited according to the standard SR EN ISO 17025:2005, a certification granted by RENAR, the only institution at national level certifying the standards of laboratory activities. Hence, analyses performed by RQC are acknowledged in over 70 countries signers of the agreements for international acknowledgement (I.L.A.C, M.L.A., E.A.) concluded by RENAR;
- Germanischer Lloyd (2008) certified RQC for the Integrated Management System: Quality (ISO 9001), Environment (ISO 14001) and Workplace Safety (QHSAS 18001);
- AFER - Romanian Railway Authority – licenses for railway products trials (diesel, oils and environmental parameters);
- ISCIR - Romanian Inspection Authority for Control of Boilers, Pressure Vessels and Lifting Equipment - license for metallic-graphic trials and boiler water tests;
- Ministry of Health (Public Health Department) - Authorization to conduct professional toxic emissions measurements.

Ongoing efforts to improve the quality of our services are also confirmed by the certificates of excellence obtained as a result of our participation to various international inter-laboratory tests and collaborations with international research centres (Spain, England, the Netherlands, USA).

RQC continues to be a competent partner for the most significant independent inspection companies activating in the Constanța

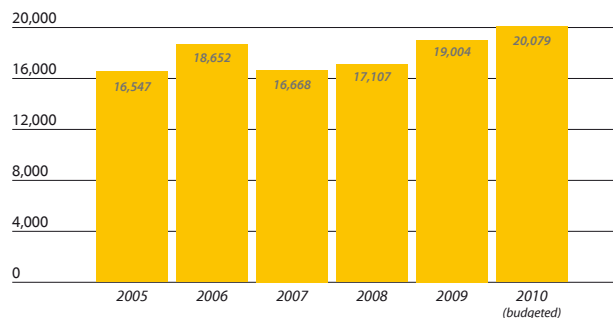
port platform, in terms of specific analyses of imported/exported oil products through the port. The Environment Laboratories have become an alternative more and more requested by companies from Dobrogea region, for monitoring specific environment factors (waters, air, soil), but also from other regions of the country, while currently analyses are performed for customers from regions like Banat, Muntenia, Oltenia and Southern Moldova.

The types of analyses performed by Rompetrol Quality Control S.R.L. are:

- **Complete oil products analyses** (crude oil, gasoline, diesel oils, LPG, kerosene, petroleum cuts, coke and petroleum sulfur, ecological fuels - biodiesel and bioethanol, bitumen, etc.)
- **Complete water analyses** (contaminated chemical water, processing water, drinkable water, drainage water, cooling water, softened water, desalting water, boiler water, swimming-pool water, steam, condense water, underground water, etc.)
- **Complete soil analyses** (industrial soils, agricultural soils, and industrial mud)
- **Complete air analyses** (physical and chemical toxic substances from the working places air and from protected areas by determining the corresponding concentrations)
- **Explosion metering analyses** (determination of explosion hazard potential when working with open fire in industrial spaces and closed vessels)
- **Medical and bio-toxicological analyses** (for quantitative and qualitative determination of various specific components)
- **Analysis of physical and chemical toxic emissions at working places** (by observing the provisions of the applicable labor protection norms)
- **Analyses of weather factors**, environment and specific microclimates
- **Chemical analyses** on metal materials

RQC Net Revenues

(thousand RON)



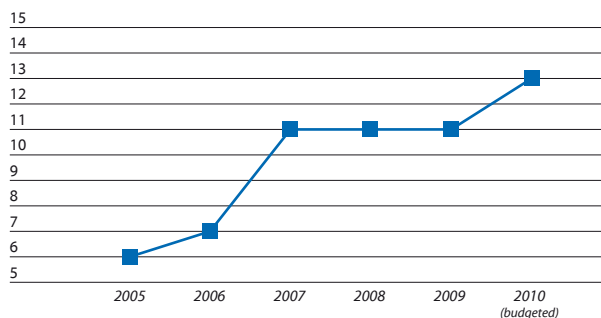
The results obtained by RQC, determined by the accuracy of the processes and the results of the performed analyses contributed to the conclusion of partnerships with significant companies from varied activity fields. Despite the global financial downturn, RQC recorded in 2009 a positive evolution of its turnover and its financial results. Also, since the beginning of 2009, the company has managed to develop and carry on its business activities thus proving its solvability and raising the trust of its shareholders.

2010 Key Objectives:

- *expand our range of services by adding new types of analyses:*
 - *analyses on marine sediments - the Company identified the potential to perform new types of analyses on marine sediments starting with 2010 based on its previous work done on the same samples (2008-2009).*
 - *water and soil analyses included in the organic certification process - in order to meet the European and national laws, the organic certification process requires monitoring the quality of the environment (water and soil) through laboratory analyses, for a three years period, process which is financed by the EU who aims to stimulate organic farming. RQC targets to attract customers involved in the biocertification process in order to assist them by performing the demanded analyses.*
 - *European legislation and environmental authorizations require for all companies to make environmental analysis periodically. RQC is targeting the entire network of hypermarkets at national level: CARREFOUR, REAL, METRO.*
- *the development of business activity refers not only to new types of analyses, but also to new types of activities. In 2010, RQC intends to develop a training activity with courses for other companies' personnel which work with equipments under explosive exposure. These companies need an authorization to be able to use this kind of devices, authorization which is obtained after a specific training program. The Company aims to specialize its personnel to be able to offer this type of services, for which there are only 2 competitors on the specific market situated in Bucharest and Petrosani (extreme west Romania).*
- *maintenance and extension of the accreditation and acknowledgement for the new analysis methods and quantitative and qualitative inspection services for petroleum products and environment in order to consolidate the relations with the third-party clients already existing in the portfolio and to attract new customers.*
- *develop new opportunities in order to grow the profitability of our Company and the percentage of the turnover from third-party customers.*

Dynamics of revenues from third party customers

(percent)



Ecomaster

2009 Key Achievements:

- building of Ecopark – The only Romanian Industrial Ecological Park;
- hazardous waste treatment (acid tar, sludge, heavily contaminated waters);
- design of the National Partnership Program and industrial waste collection net.

Ecopark (Ecology Industrial Park) is the only industrial ecological park designed as an “one-stop-shop” concept, fully integrating the COLLECT, TREAT and DEPOSIT services of Ecomaster. The first microcell which is to be inaugurated in 2010 has 35,000 cm, out of a planned capacity of 240,000 cm for the first disposal cell.

Hazardous waste treatment.

The **TREAT technology** developed by Ecomaster in 2008, processed approximately 67,000 tons of waste in 2008-2009:

Type of hazardous waste	2008	2009
Acid Tar (to)	40,135	26,744
Acid Water (to)	3,254	2,505
Oil sludge (mc)	21,226	37,439

Design of National Partnership Program

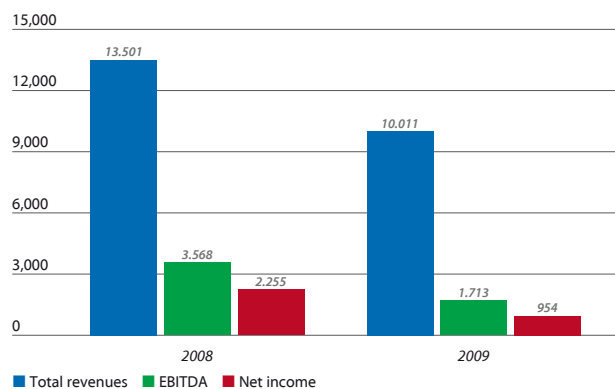
Ecomaster started a complex process of restructuring and optimization of its client database. This initiative aims (former waste oil clients) at identifying the most reliable companies in every country from the region and at establishing partnerships for development of Ecopark activity.

a. Relevant financial indicators in 2009

Description	2008	2009
Total revenues (USD)	13,500,847	10,010,824
EBITDA (USD)	3,567,714	1,713,117
Net income (USD)	2,255,143	953,502
Return on equity (%)	30%	21%
Operational cash flow (USD)	(625,105)	1,423,193

Relevant financial indicators in 2009

(thousand USD)



b. Development operations and trends in 2010

Companies need integrated ecology services providers to ease their compliance with EU regulation and to maintain their functional authorization. For waste generators, Ecomaster designed and implemented an integrated service platform: PLAN, COLLECT, TREAT, DEPOSIT, CLEAR and the new unique concept: Ecopark.

In order to become ready for the large potential of the market, Ecomaster is developing new operations or optimizing the existing ones:

1. Finalize 1st micro-cell of Ecopark and targeting cruising speed for collecting and disposal of aprox. 5,000 tons/ month by the end of 2010. Participation at large decontamination/ waste treatment projects on the Romanian market: valorization of all capabilities and facilities for waste collecting, treating and disposal in large non-group projects existing on the market.
2. Implement the National Partnership Program and National Collecting Net until end of 2010, in order to support the investment efforts in Ecopark, by efficient collecting of large waste quantities. This Program implies acquisition of additional special trucks and containers for hazardous waste transport and storage. Moreover, there will be signed regional partnerships with large collectors

Global Security Sistem

GLOBAL SECURITY SISTEM SA (GSS), member of The Rompetrol Group, is a company specialized in activities of security and design, installation and service for security systems. GSS is certified ISO 9001 by Germanisher Loyd and is a founding member of the Romanian Association of the Security Industry.

In 2009, the activity of the company supported the development directions of the Group, participating in a series of significant projects. Thus, the company upgraded the security systems of the No. 9 maritime berth in order to comply with international maritime security code (ISPS).

GSS has a significant contribution within the development project of the Expres stations. Thus, GSS upgraded security systems for Expres gas stations in order to comply with the safety and security Romanian regulations; GSS is the designer of the security and fire extinguishing architecture, supplies security and firefighting equipment and ensures the protection for the installation of the station on site.

The company also developed the "4locks" system, an innovative physical protection system that totally eliminates burglaries and break-ins into Rompetrol Express Stations;

Another important project was the installation of security systems for State of Kuwait's embassies in Hague (Holland) and Bucharest.

Regarding the development of operations and business activities in 2010, GSS will implement several projects that would result in better quality for security services and costs optimization:

ATYS Project

Re-engineering of security systems maintenance operations and also expanding the national coverage area of GSS own service network by establishing new local stations.

The scope of this project would result in better quality control for security services, costs optimizations and creating a base for entering new vertical markets (bank networks, supermarket networks, fast food networks etc.).

SPECTATOR Project

Upgrading the "Alarm to Response" operations by introducing a new generation alarm station technology.

The scope of this project is to expand the "alarm to response" services range. The result of these services would create a "unique selling point" for GSS on the "Alarm to Response" services market, be an opportunity to enter new markets (medical services) and also increase current customers' service satisfaction and cost optimization by reducing the number of false alarms.



Corporate Social Responsibility



Corporate Social Responsibility

The Rompetrol Group considers social responsibility as a voluntary contribution to development of the society, connected with the basic activity of the company, the international laws and the resources of the group.

The commitment to CSR provides a guiding framework for all The Rompetrol Group management decisions and we focus particularly on harnessing industry best practice by encouraging Company and Community participation in corporate citizenship projects focused on raising the standards in the areas of business success, environment, health and safety, community responsibility, youth education and leadership.

The Rompetrol Group defines the following guiding principles of its CSR Policy:

- **Respect Employees:** To respect employees and help enhance their life through development opportunities and employment practices grounded on equal opportunities and Occupational and Safety Best Practices.
- **Ongoing Involvement:** To involve at an appropriate level the authorities, community, and other concerned stakeholders in all decisions that affect them.
- **Health and Safety:** To ensure the health and safety of our employees, suppliers and the communities in which we operate.
- **Risk management:** To identify, assess, manage and mitigate risks to our host communities, employees, contractors, the environment and our business.
- **Education and Leadership:** To promote the spirit of leadership, especially among young people, through civic involvement and educational activities that encourages socially responsible pursuits and entrepreneurship.
- **Respect local communities:** To respect, protect and promote the human rights, culture, customs and values of the communities in which we operate.
- **Best practice:** To adhere to leading global Socially Responsible best practices. In particular, we are guided by the United Nations Global Compact's ten principles in the areas of human rights, labor, the environment and anti-corruption.

As a socially responsible company, The Rompetrol Group constantly performs and improves the level of social events under the following directions:

External Social Responsibility

In 2009, The Rompetrol Group provided financial aid in the amount of more than 1 million USD.

Health Care and Environment Protection

To provide support and financial aid to socially vulnerable sectors, The Rompetrol Group launched in May 2009 its CSR platform "Energy comes from your heart" which includes a national program, "Together for each and everyone", and separate programs in the fields of healthcare and environment protection, the two directions the Group has decided to support.

The national program considered 89 projects registered on the website www.impreunapentrufiecare.ro until July 31, 2009 (55 in the healthcare field and 34 in environment protection). After the evaluation period, 16 projects were financed (8 in healthcare and

8 in environment protection) in counties as Alba, Argeş, Cluj, Dolj, Hunedoara, Maramureş, Vâlcea, Satu Mare, Suceava and Bucharest. All projects had two overlapping parts: one which consisted in cleaning a polluted area / the restoration of medical care units in rural or urban areas, and the second part consisted in educational and cultural activities for the members of the communities.

Several projects on healthcare and environment protection were developed in 2009 as part of the platform "Energy comes from the heart".

In the healthcare field, The Rompetrol Group, Fundația pentru SMURD and the General Inspectorate of Aviation (IGAV) entered on December 16, 2009 into a partnership for supporting air emergency interventions, the movement of medical personnel and the transportation of victims. In this cooperation, the Rompetrol Group, through Rompetrol Rafinare, will provide in 2010 a monthly amount of 30 tons of Jet A 1 fuel, the quantity estimated for the operation of the two helicopters in Bucharest and Târgu Mureş, the total value of the support provided amounting to approximately USD 240,000.

In the field of environment protection, Ecomaster, company member of The Rompetrol Group, participated in the program "Capitala creşte verde" "Bucharest grows green" with a project titled "Monștrii nepăsării noastre" "The monsters of our indifference". The event, organised by Green Report and the Bucharest City Hall, had the purpose to increase citizens' awareness and involvement in solving the issues related to the improvement of environment and quality of life. Thus, six contemporary works of art created by students from the Faculty of Architecture have been placed in key locations of Bucharest. These works representing "monsters of our indifference" were made of collected waste materials and aimed at educating people to act with responsibility and protect the environment. The Rompetrol Group sponsored two out of the six monsters.

Rompetrol Group was also one of the active supporters of the Recycling Movement 2009, the first national recycling education project for the public (packing, DEEE and other types of waste), initiated in the summer of 2009. The campaign was intended to increase public awareness and responsibility, wishing to lead to a change of attitude regarding the waste issue, starting with the selective collecting and finishing with the recycling.

In July 2009, the Rompetrol Group and The Tourist Association "Ghizii României" supported and organized the project titled MONTANIADA, The first Mountain Olympics of Romania. The main objective was to combine ecology with educational activities, civic and sports spirit.

Charity and Sponsorship

The Rompetrol Group is involved in social partnerships, implementing joint projects and programs or arranging social events. Much attention is paid to support the national campaign "Fiecare Copil în Școală" (Each Child in School) initiated by Ovidiu Rom Association. This partnership which became effective in 2005 advocate: school preparation programs, free school materials, uniforms and hot lunches for children from low-income families; incentives in the form of food coupons; enforcement of education

and children's rights legislation etc.

Starting as of 2008, Rompetrol is a partner and main sponsor for Gala Societății Civile (Civil Society Gala) – the annual competition that awards the best projects of the year, projects initiated by NGOs, unions, individuals etc.

Internal Social Responsibility

Human Resources Development

The Rompetrol Group pays particular attention to human resources development and training. In 2009 the company provided advanced training and improvement of professional skills to more than 500 employees, based on the requests of their positions within the Group (MAs – in cooperation with the Oil & Gas University, Ploiești; ACCA and MBA programs; technical courses in the field of oil & gas; courses in foreign languages etc.).

Also, Rompetrol managed to increase its number of employees, from almost 9.000 in 2007, to over 9.600 at the end of 2009.

Rompetrol has had the same consistent approach towards the education and youth development, by their involvement in activities within companies of the Group. In 2009, on the Petromidia oil platform, the companies Rompetrol Rafinare, Rompetrol Petrochemicals and Rompetrol Quality Control have conducted programs for selecting students with high potential, offering them an organized environment for professional development.

Internship 2009

This program consists of active practice within the company, for 2 months, finalized with an assessment, based on which a part of the participants are selected for the "Trainee" program. The program, that took place between August – September 2009, included 26 students from five university centers (Constanța, Cluj, Iași, Bucharest, Ploiești).

2009 was the seventh consecutive year in which Rompetrol has organized and conducted this type of program, and the obtained results support its development in the years to come.

Trainee Program 2009

The Trainee Program represents the final selection stage of the most competent participants. Its duration is of 6 months, from October 01 through March 31, period during which the students have the possibility to put their knowledge into practice in various departments within the refinery/petrochemicals/ RQC units. This experience is followed by a final performance assessment and hiring the best in the organizing companies. At the end of the Trainee Program, ten students were hired by Rompetrol.

Environment Protection

The Rompetrol Group carries out environment protection in full conformity with the requirements of the nature protection legislation of the European Union.

In 2009, the QHSE team ensured that the implemented and certified integrated management system was maintained.

- A Germanischer Lloyd re-certification audit of the quality management system – ISO 9001:2008, of the environment management system – ISO 14001:2004, and of the occupational

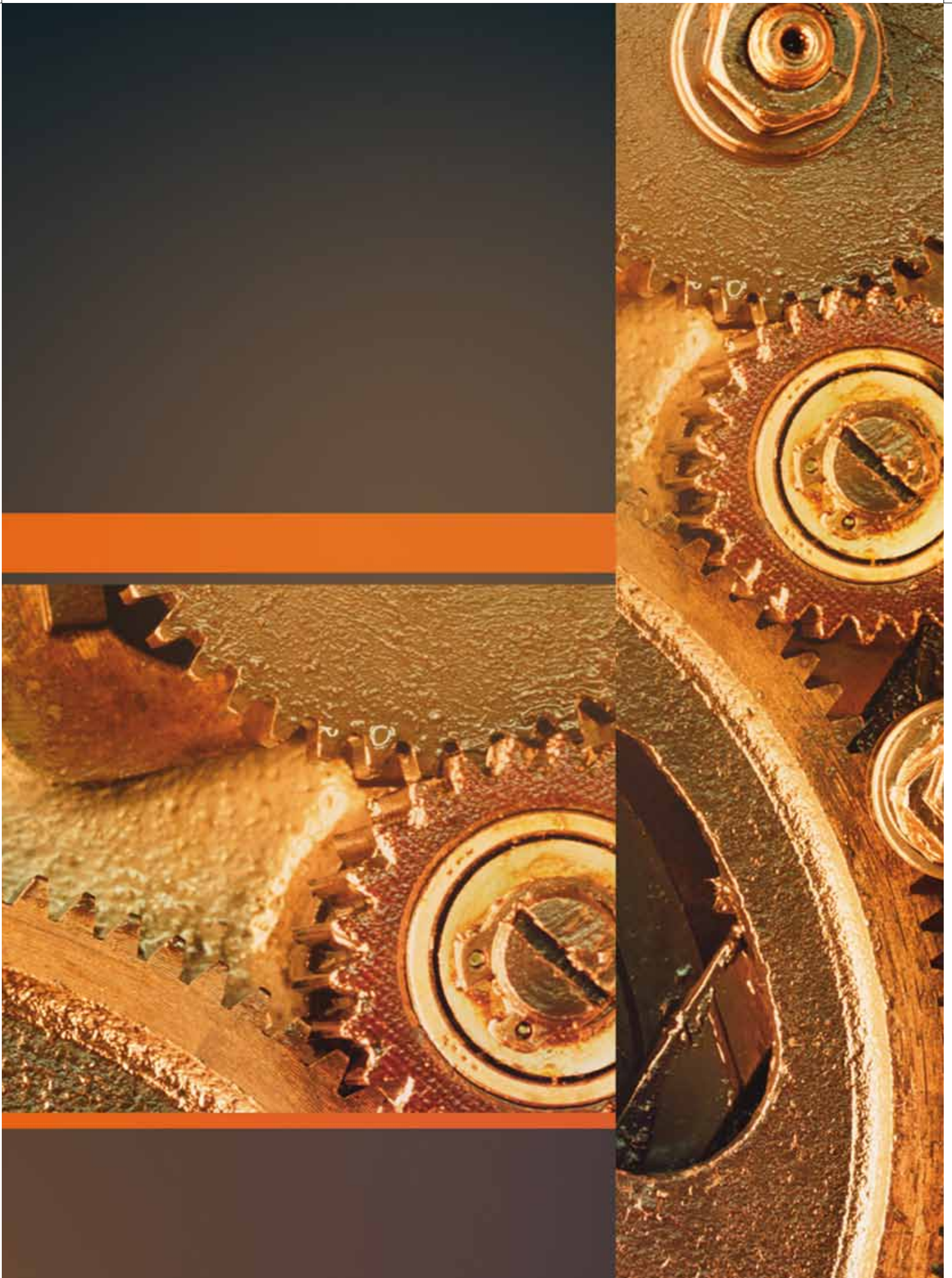
health and safety system – BS OHSAS 18001:2007, and new certificates were obtained, which are valid for 3 years.

- A Security Report, an Intervention Plan for Fire Prevention and Suppression, Fire Safety Scenarios, the Identification and Assessment of Fire Risks, the Internal Emergency Plan were drafted and issued according to Government Resolution no. 804/2007 - regarding the control of major accident hazards and Order no. 163/2007 for the approval of the General Norms for Fire Safety.

Greenhouse effect gas emissions were within allocated thresholds in 2009 (as per the National Allocation Plan). Since 2008 The Rompetrol Group is a member of CONCAWE (Conservation of Clean Air and Water in Europe), an organization founded in 1963 which researches multiple aspects of environmental protection in the oil industry.

Once affiliated to CONCAWE, all of the Group's member companies benefit from assistance to comply with the European REACH Directive (Registration, Evaluation, Authorization and Restriction of Chemicals). As a result, all the chemical substances used in the Group's activities, from raw materials to gasoline and diesel fuel, are registered and authorized.

Therefore, in 2009 Rompetrol continued the procedure for the preliminary registration of hazardous substances on the territory of the European Union, as regulated by the REACH Regulation, regarding the registration, evaluation and authorization of chemical substances. No penalties/sanctions were applied in 2009 for environment protection regulations infringements.





Corporate Governance

Corporate Governance

General information

Corporate governance provides coherent information on the framework within which the Rompetrol Group activates at operational and management level, thus ensuring transparency in the activities it carries out.

Rompetrol Group currently includes 46 companies, joint stock or limited liability companies, headquartered in twelve countries. The statutory laws applicable to these companies are the local ones. In Romania, the main applicable regulations are Law 31/1990 regarding trading companies and Law 297/2004 regarding the stock market (for companies listed on the stock exchange).

The companies of the Rompetrol Group are managed in compliance with the statutory provisions under their own articles of incorporation and under any and all other relevant documents.

Shareholders

The sole shareholder of The Rompetrol Group N.V. is KazMunaiGaz PKOP Investments B.V. (KazMunayGas), headquartered in Amsterdam, the Netherlands.

Administration and decision rights

At the level of the Group's majority shareholder there is a unified management system. The The Rompetrol Group Board of Directors has five members, of which one executive member (Chief Executive Officer – CEO) and four non-executive members. The General Manager is in charge, according to the Articles of Incorporation, of the daily management of the company and its affiliates. The other members of the Board of Directors are in charge of the company's general policy and management position supervision.

To support its activity, the Board of Directors sets up specialist committees, such as the Audit Committee and the Remuneration Committee.

The CEO may delegate its management position for specific operations/groups of operations to third parties. Thus, at the level of the The Rompetrol Group there are Deputy CEOs specializing in different areas of the Group's activity.

At the level of the Group's companies, the management can be performed under dual/unified system, most companies having implemented the unified management.

The decision right regarding the internal operations of each company is fragmented using the decision-making thresholds: CEO, Board of Directors, and General Assembly of Shareholders.

Major performances and achievements of the Corporate Governance Department in 2009

2009 has been full of events in what regards corporate governance at Group level, mostly by taking into consideration that KazMunaiGaz has taken full control of The Rompetrol Group's shares in July 2009.

A list of the most significant performances includes:

1. Change of the shareholding structure of the Group. On the 26th of June 2009, the minority shareholder of The Rompetrol Group, Mr. Dan Costache Patriciu, has exercised the option right to sell the remaining 25% of the shares to KazMunaiGaz, thus making KazMunayGas the sole shareholder of The Rompetrol Group.
2. Change of the Group Auditor. Following the resolution of the The Rompetrol Group Board of Directors dated 07.11.2008, during the course of 2009 this measure has been implemented including on the level of subsidiaries.
3. Implementation of the Delegation of Authority. Pursuant to the resolution of the The Rompetrol Group Board of Directors dated 03.08.2009, approving the principle of the delegation of authority within the Group, all subsidiaries have adopted and currently perform all their transactions in compliance with the Delegation of Authority Plan.
4. Initiation of Mandatory Public Tender Offers (MPTO) for Rompetrol Rafinare S.A. and Rompetrol Well Services S.A. Based on the resolution of the The Rompetrol Group Board of Directors dated 03.08.2009 and following a complex and sustained effort from the management team, the MPTO procedure has been launched on the for Rompetrol Well Services S.A. and on the for Rompetrol Rafinare S.A.
5. Creation of the Risk Oversight Committee. By a Board resolution dated 09.02.2009, the Risk Oversight Committee has been created, reporting directly to the The Rompetrol Group Board of Directors and having as a main role the identification of the major risks in the Rompetrol business environment.
6. Creation of the Restructuring Steering Committee. Starting with the 01.11.2009, the CEO has created the Restructuring Steering Committee, responsible for business process reengineering through optimizing the actual structure and the business workflows.

Major achievements in integration

In 2009, the integration process of The Rompetrol Group into KazMunayGas was taken further and is, even presently, an ongoing priority. The major highlights are:

1. Approval of the Business Planning rules – approved by the The Rompetrol Group Board of Directors resolution dated 02.12.2009 and implemented within the Group;
2. Approval of the Asset Sales procedure – approved by the The Rompetrol Group Board of Directors resolution dated 09.02.2009 and implemented within the Group;
3. Approval of the Procurement procedures – approved by the The Rompetrol Group Board of Directors resolution dated 02.12.2009 and implemented within the Group.

Creation of the CAPEX Department

Created at the end of 2009, the Capital Investments & Development Department will conduct activities related to Capex governance, reporting and monitoring at the Group level, in order to provide coherent information within entities and ultimately to allow effective decisions upon the investments developed while ensuring transparency in the carried out activities and improving budgetary control.

These will include, among others, activities regarding:

- Development of a common standardized Capex procedure for all Group entities, consisting of documents, workflows, etc. in order to assure a common frame for investment initiation, approval and implementation within the Rompetrol Group.
- Integration of all entities Capex budget at the group level.
- Ensuring the implementation, monitoring and Capex reporting in a unitary manner for all Group entities, through "Capex Report", which will improve the investment expense analysis as compared to the budget allotted to separate projects.
- Supporting Group entities to manage projects' documents, financial models, feasibility studies, follow-ups and other documents required for approval by the Capex procedure.
- Supervising and working with Group entities in the process of acquisition for technical services, licenses, major equipments, chemicals and catalysts related to investment programs.
- Obtaining finance, both refundable and nonrefundable, for Group's investment projects.

Internal audit

Internal auditors' focus on risks and controls is vital to sound governance process and to sound financial reporting. The internal audit function is meant to offer shareholders and executive managers an independent assessment of:

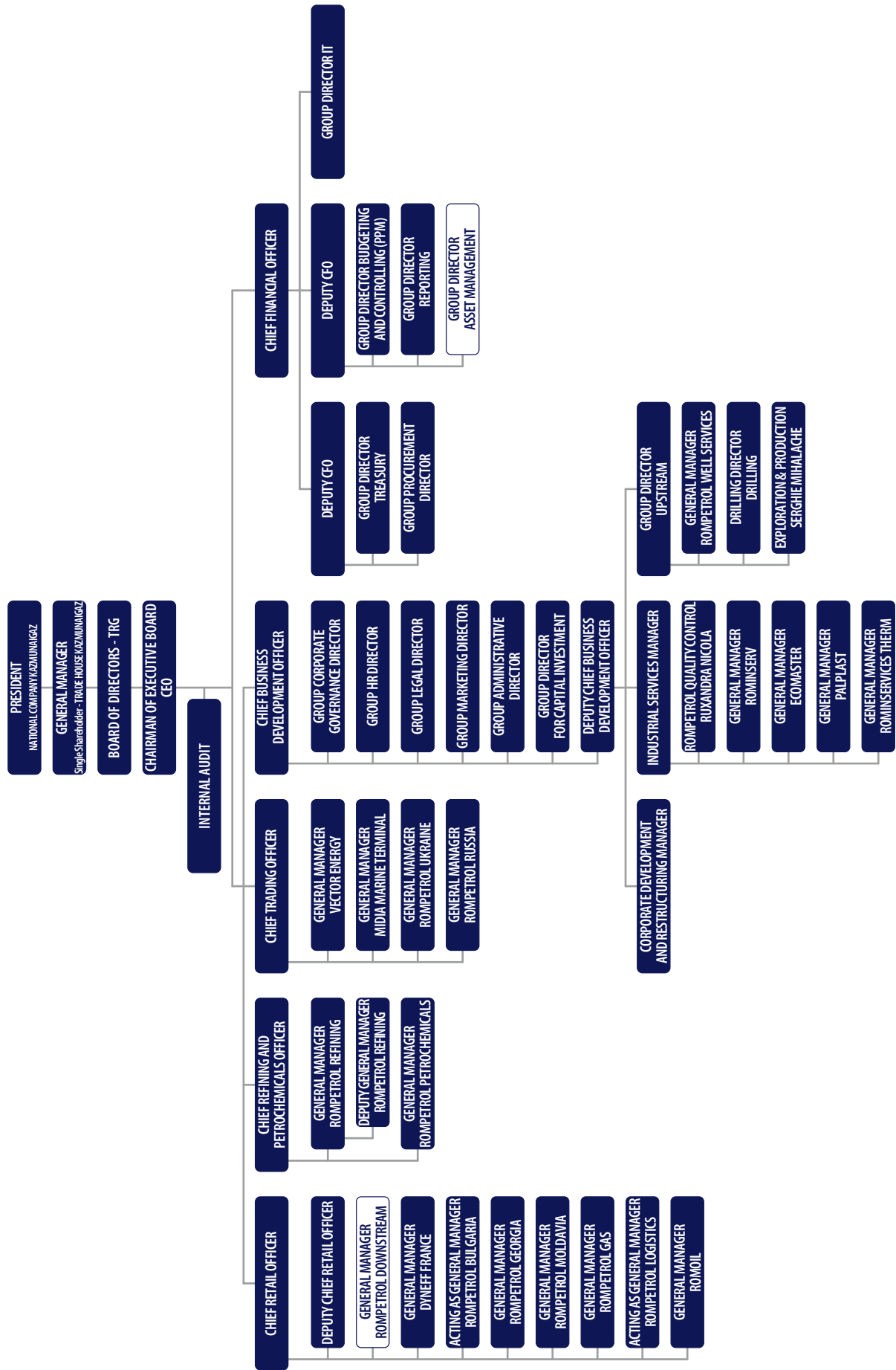
- the effectiveness and efficiency of the business processes based on which the business units and the individual legal entities of Rompetrol Group are functioning;
- the way in which the company's assets are protected (fixed assets/ capital investments, stocks, claims, liquidities);
- the credibility of figures (such as performance indicators, financial statements) derived from the operational and financial transactions of the Rompetrol Group.

The internal audit function reports to the executive manager and to the Audit Committee of the Board of Directors of The Rompetrol Group.

Planning and Performance Management

In terms of Planning and Performance Management, activities improved and developed in the past year were the following:

- Group Financial Outlook (GFO) – monthly analyse of the Group results versus last year results and versus budget
- Implemented Backcasting process which has two main targets :
 - if right feedstock was processed previous month in the Refinery
 - if run rate of the previous month was the optimum
- Crude selection process – gives us the optimum crude slate that we should use in the Refinery, this way Trading knows well in advance what crude to buy and when
- Key Performance Indicators (KPI) process – PPM role is to :
 - Make sure that KPI's on all Business Units are aligned
 - Compute and analyse KPI's for all Corporate functions
 - Set the deadlines for the Business Units in terms of KPI's computation
- Develop standard reporting processes for Trade House KazMunayGas, The Rompetrol Group's shareholder – there are monthly, quarterly and yearly reports
- Mass Balance process – it gives us the forward view of the stocks in the The Rompetrol Group; this way can be check if they are in the limits of target stocks approved by Top Management
- Further development of the Three Months Operating Plan (MOP 3M)
- Improvement of Group Daily Report Oil & Gas – scope is to give us operational and financial data at the Group level on a daily basis; this way Top Management will have a clear view well in advance of the monthly results
- Implemented the Reforecast process – once per year it is done a Budget Reforecast for the current year.



All Affiliated companies are compliant and governed by DoA, corporate finance, corporate development and corporate center procedures; Chief Officers are governing affiliated BoDs.



Analysis of the Financial Results

Analysis of the Financial Results

Introduction

In 2009 The Rompetrol Group (the "Group", "The Rompetrol Group") and its subsidiaries engaged in all aspects of the petroleum industry. Its core operations are in the downstream segment, through its competitive Petromidia refinery and strong retail operations in Romania, around the Black Sea and in South of France. The Group continued to pursue its strategy of developing its core refining and distribution operations, despite an unfavorable economic environment and very low refining margin.

In the middle of 2009 the Group's major shareholder – KazMunaiGas (KazMunayGas) acquired remaining 25% of shares becoming the sole shareholder of the Group.

Strategy

In 2009 the Group continued a large investment program to expand the refinery's processing capacity, increase flexibility in crude oil selection and ensure compliance with future product specifications.

The expansion of the distribution operations continued in Group's markets, with significant developments in Romania, Georgia and Ukraine, where the Group strengthened its operations by bringing more volumes and adding outlets to its retail networks. In August a new brand "Litro" was introduced in Romanian market through opening of two large gas stations on the main motorway Bucharest – Constanta.

Through its wholly owned subsidiary Midia Marine Terminal, in 2009 the Group started operating its trading platform in the Black Sea - the marine terminal offshore Petromidia refinery, which was constructed in 2008. The terminal serves as an important hub for crude trading and brings significant savings in logistics costs for the refinery crude supply.

In 2009 after the acquisition of the remaining 25% stake in the Rompetrol Group, KazMunayGas provided substantial funds to the Group enabling it to finance investment programs and also to decrease the level of bank debt.

Business environment

Average Brent price in 2009 (USD 61.59/ bbl) has decreased by 36% as compared to 2008 (USD 97.06/ bbl). However, the overall trend in 2009 was increasing throughout 2009 starting from USD 40.09/ bbl in the beginning of the year and reaching USD 77.67/ bbl by the end of the year. The volatility of crude prices was considerably smaller as compared to 2008 - the standard deviation of daily crude oil prices in 2009 was USD 12/ bbl compared to USD 29/ bbl in 2008. During 2009 crude oil had a high of USD 78.86/bbl on 18 November 2009 and a low of USD 39.67 /bbl on 18 February 2009.

However, the average of the Brent /Urals differential reached a low level of USD 0.74/ bbl as compared to the historical markets.

Average gasoline cracking margin in 2009 was at USD 116.1/ mt reaching its high of USD 195.78/ mt at the end of the second quarter. Average gasoline cracking margin in 2009 was 16% higher than in 2008.

Diesel cracking margin has been following a negative trend throughout 2009, collapsing from USD 138.77/ mt at the beginning

of the year to USD 51.02/ mt at the end of the year. Average diesel cracking margin in 2009 of USD 66.3/ mt was almost three times lower than the average margin in 2008.

The US dollar depreciated further against the Euro and Romanian Lei throughout the year. By the end of the year the Romanian national currency appreciated by almost 5% against USD and by 6% against Euro. Average exchange rate in 2009 has increased by 21% for RON/USD and by 15% for RON/EURO.

		2009	2008
Brent Dated	USD / bbl	61.51	97.26
Ural Med	USD / bbl	60.76	94.25
Brent-Ural Differential	USD / bbl	0.74	3.01
Premium Unleaded 50 ppm FOB Med	USD / t	583	850
Diesel ULSD 50 ppm FOB Med	USD / t	533	861
RON/USD Average exchange rate		3.05	2.51
RON/USD Closing exchange rate		2.94	2.81
RON/EURO Average exchange rate		4.24	3.68
RON/EURO Closing exchange rate		4.23	3.99
USD/EURO Closing rate		1.44	1.42
Inflation in Romania		4.74%	6.30%

Financial results

The consolidated accounts are fully disclosed in the next chapter of this report and further analyzed in the following sections for each business unit (figures in USD million).

	2009	2008
Net revenues	4,690.4	6,753.7
Gross profit	365.2	469.6
Capex	225.6	367.3

	Refining	Retail	Trading	Non-Core and Others	Consolidating Adjustments	Consolidated
2009						
Net revenues	473.3	2,861.1	1,285.0	71.0		4,690.4
Gross profit	(25.7)	315.5	30.4	80.6	(35.6)	365.2
Capex	115.3	89.1	5.2	15.3	0.7	225.6
2008						
Net revenues	828.4	4,418.7	1,378.4	128.3		6,753.7
Gross profit	53.3	298.6	55.5	103.5	(41.3)	469.6
Capex	106.3	135.6	113.0	21.3	(8.9)	367.3

The decrease in Net Revenues in 2009 as compared to 2008 was influenced by the substantial decrease in average crude and oil products prices. Depressed cracking margins resulted in lower Gross profit as compared to the previous year. Starting from the beginning of 2009, the industry capacity surplus against reduced economic demand has pushed down the available refining margins.

During 2009 the capital structure of the Group has changed significantly. JSC "Trade House "KazMunaiGas" has strengthened Group's liquidity with USD 1.1 billion cash funds provided in the form of share capital/ share premium. From these funds USD 420 million of bank debt was repaid, resulting in significant decrease of financial expenses.

The continued rapid expansion of the retail network both in Romania and the countries surrounding it, as well as investments in the refinery and petrochemical plants, are the main driver for the net increase in non-current assets.

Analysis of the operations Refining and petrochemistry

Refining		2009	2008
Feedstock processed	Kt	4,033	4,505
Gasoline produced	Kt	1,142	1,397
Diesel produced	Kt	1,551	1,681
Motor fuels sales - domestic	Kt	1,386	1,471
Motor fuels sales - export	Kt	1,347	1,396
Domestic	%	51%	51%
Export	%	49%	49%
Gross cash refinery margin	USD/bbl	4.01	7.17

In 2009 the operational and financial results were strongly influenced by the global financial crisis, by crude oil and fuel international assessments and also by domestic macroeconomic factors such as RON currency depreciation.

Significant performances in 2009:

- 80.66% refinery utilization rate in 2009;
- launch of 10 new products on the retail market;
- start production of gasoline with bio-components ;
- continue the greening program for the oil sludges at Vega Refinery;
- higher utilization rate of own loading facilities in Midia Harbour;
- alignment to European Standards regarding Euro 5 fuels.

Petrochemicals		2009	2008	2007
Propylene processed	Kt	107	112	110
Ethylene processed	Kt	107	108	73
Sold from own production	Kt	222	216	170
Sold from trading	Kt	16	18	15
Total sold	Kt	238	234	186
Export	percent	63%	61%	58%
Domestic	percent	37%	39%	42%

In 2009 Rompetrol Petrochemicals has improved its operational result EBITDA by 72 % compared to 2008. This trend shows the company consolidated position in difficult market conditions and shows the potential to improve the results once market conditions become more positive for petrochemical products.

Total sales from own production increased by 2.7% compared to 2008.

In 2009 Rompetrol Petrochemicals renewed the collaboration with Mitsui Chemicals, the licensor for HDPE plant, regarding the increasing of production capacity, the revamp of stabilization system and extruders, the development of new special grades of HDPE, in order to increase the company's market share and competitiveness.

Trading

The Trading Business Unit is responsible for the optimization of the entire supply chain across the Rompetrol Group from feedstock supply to final products' sale and is active from the Caspian Sea area to the Western Mediterranean Sea.

The Trading Business Unit includes the following operational entities:

Vector Energy AG
Rompetrol Ukraine
Byron Shipping Ltd
Midia Marine Terminal
Romania operations division

Vector Energy AG

2009 Key Performances:

- doubled volume of traded crude oil versus 2008;
- increased by 33% product exports to third parties;
- increased by 25% volumes sold on the French & Spanish markets;
- enriched other feedstock basket by supplying ETBE (as replacement for MTBE for Romanian market) and Biodiesel (required diesel blending material for EU countries).

The total oil volume delivered by the company in order to ensure the oil needs of Rompetrol refinery was 3.85 million tonnes, with KazMunaiGas barrels share increasing from 56.3% in 2008 to 59.1% in 2009.

Byron Shipping Ltd

Byron Shipping Ltd, transportation subsidiary of Vector Energy, signed at the end of 2006 contracts that led to rental of four modern double tank oil tankers by time charter, each for three years. The ships rented for a long period were part of the corporative strategy to control the volume shipped by the Rompetrol Group through Byron Shipping and implement the best practices in the field.

Byron has registered volumes shipped through the 4 oil tankers (2 oil, 2 products) of approx. 3.5 million tonnes.

In 2009, the oil tankers operated by Byron Shipping have continued to ensure the transfer of oil and products, on behalf of both Vector and other partners outside the Group. The activity outside the Group represented approximately 60% of the total income registered by the company in 2009.

Due to the evolution of freight market leading to very low levels compared to 2008, The Rompetrol Group management considered ending time charter contracts earlier and focussing on spot market.

Midia Marine Terminal

In December 2008 the company completed the construction of a new off-shore oil terminal in the Black Sea, some 11 km away from Petromidia Refinery Crude Oil Tank Farm and in January 2009, it was opened for business. The new terminal allows both achieving oil supply cost reductions of approx. \$ 4-5/tonne, by eliminating the third party handling/storage/transfer costs and commercial/ technological losses, and offers the necessary framework for developing the Rompetrol Group trading activities in the region.

The company is operating the Crude Oil Tank Farm with a design capacity of 418,000 cbm, net storage capacity 391,499 cbm, and

a total pumping volume of 342,575 cbm, receiving crude mainly from Midia SPM.

The whole volume handled by crude oil tank farm in 2009 was 7,753 kt (both receiving and delivery).

Rompetrol Ukraine

2009 Key Achievements:

- increasing the operating margin in wholesales by 15%;
- becoming the third largest importer of RON 95 on the Ukrainian market. The company's share represents approximately 10% of the total volumes of RON 95 imported by Ukraine;
- from the financial point of view, 2009 has proved to be successful for Rompetrol Ukraine, the company's EBITDA registering 4.65mil. USD.

The trading activity has been carried out through three terminals: Ilichiovsk, Odessa and Zaporojie.

Although the development of the retail channel is not a primary activity for Rompetrol Ukraine, a second gas station was launched in April 2009 (a DOCO station located on the most important Ukrainian highway Odessa-Kiev).

At the beginning of 2009, the main shareholder of Rompetrol Ukraine – The Rompetrol Group N.V. purchased the 30% stake of Rompetrol Ukraine becoming the 100% shareholder of the company. Also, at the end of 2009 the consolidation by merger of Rompetrol Ukraine LLC subsidiary - Rompetrol Donetsk LLC was finalized.

Business Unit Trading has been strengthening its role of the supply chain optimizer within the Group.

2008 has witnessed increased integration of teams in Petromidia Refinery, in Vector and Retail companies with the purpose of improving inventory management, crude and product scheduling and exploiting market opportunities as they arise.

Coordinated efforts translated into higher product volumes sold on the international market, to an expanding client portfolio, and to increasing security of supply to Dyneff operations. Vector has become the sole supplier of crude oil to the refinery.

Retail

Despite prolonged negative effect of the financial crisis, the Group increased the volumes of petroleum products sold by Retail Business Unit by 4 % as compared to 2008.

In Romania despite aggressive price competition from the major players in the market, Rompetrol was able to maintain its market share. During 2009 the retail network in Romania further increased by 10 new own stations, 11 Express stations, 44 Internal Bases and 145 cuves.

During 2009, Rompetrol Gas has substantially increased its sales (by 33%), especially in the retail segment (by 88%).

Dyneff was able to increase its sales by 8% in France and by 19% in Spain market as compared to the previous year. The increase is mainly attributed to trading, wholesale and small wholesale volumes. Sales through the retail channel maintained at almost the same level as in 2008, despite closing of 7 company owned (COCO) gas stations due to expired licenses and low profitability.

Non-Core and Other Activities

All activities not directly related to trading in crude and oil products, refining, and sales of oil products are grouped together in the Business Unit Non-Core.

Rominserv, the Group's engineering company, has increased its technical capabilities, being able to successfully complete complex projects at the highest quality standards and on time. Rominserv is the general contractor for all upgrade projects in the refinery.

During 2009 Rompetrol Logistics has taken several initiatives to optimize the usage of the fleet of rail and road tankers in order to sustain profitability in the Romanian market in the crisis environment.

Ecomaster increased its efforts put into Group's environmental projects, demonstrating the high importance given to ecological friendly solutions to the production and distribution of oil products.

Restructuring

During 2009, the Group has further defined the restructuring plan. During 2009 there was no disposal of subsidiaries. The Group intends in 2010 to perform a detailed analysis of the non-core activities and assess the options to streamline its structure.

Financial instruments and risk management

Financial instruments in the balance sheet include investments, trade receivables and other receivables, cash and cash equivalents, short-term and long-term debts, trade and other payables. The estimated fair values of these instruments approximate their carrying amounts.

The Group's activities expose it to a variety of risks including the effects of: changes in the international quotations for crude oil and petroleum products, foreign currency exchange rates and interest rates. The Group's overall risk management main objective is to minimise the potential adverse effects on the financial performance of the Group companies.

Commodity Price Risk

The Group is exposed to changes in commodity prices for purchases of crude oil and sales of petroleum products. The prices of crude oil and petroleum products bought or sold are determined by reference to or strongly influenced by international quotations.

Interest Rate Risk

Interest rate price risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates relative to the interest rate that applies to the financial instrument. The Group has long-term debt and short-term debt that incur interest at fixed and variable interest rates that exposes the Group to both fair value and cash flow risk.

Foreign Currency Risk Management

The Group's functional currency is United States Dollar ("USD") whereas crude oil imports and a significant part of petroleum products are all denominated in foreign currencies, principally US Dollars. In addition certain assets and liabilities are denominated in foreign currencies, which are retranslated at the prevailing exchange rate at each balance sheet date. The resulting differences are charged or credited to the income statement but do not affect cash flows. Group Treasury is responsible for handling the Group foreign currency transactions.

Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of bank debt, shareholders loans, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

Overview

To offset prolonged negative impact of depressed downstream market, Management of the Group is committing themselves to further reduce costs, complete modernization of the Petromidia Refinery, restructure the business and concentrate on core

business, close non-profitable businesses.

We will fund our plans through a mix of equity and debt, with a strong support from our shareholders.

The average headcount across Group entities during 2009 was 9,426 as compared with 9,070 during 2008, as result of increased workforce in our retail. We expect increases in our retail operations, in line with network development, based on efficiency criteria. We employ best practices for attracting, retaining and motivating our employees, who are the principal contributors to the development of our Group. We are fully committed to our responsibilities for their development and for the communities in which we operate.

Abbreviated Consolidated Financial Statements

Consolidated Balance Sheet

(USD)

	December 31 st , 2009	December 31 st , 2008
Non-current assets		
Intangible assets	67,220,987	49,821,508
Goodwill	55,241,231	47,286,379
Property, plant and equipment	1,154,753,566	1,090,999,836
Financial assets	1,888,977	1,463,290
Investments in associates	21,808,587	21,638,520
Deferred tax asset	861,764	761,481
Long-term receivable	9,174,958	16,077,591
Total non current assets	1,310,950,070	1,228,048,605
Current assets		
Inventories	485,342,085	350,621,411
Trade and other receivables	616,285,432	686,924,530
Derivative financial instruments	-	19,899,210
Cash and cash equivalents	274,392,432	171,222,482
Total current assets	1,376,019,949	1,228,667,633
TOTAL ASSETS	2,686,970,019	2,456,716,238
Equity and liabilities		
Capital and reserves		
Issued capital	144,010	140,610
Share premium	2,631,512	2,631,512
Advance for increase in share capital/share premium	1,100,000,000	-
Revaluation reserve	20,625,249	20,625,249
Other reserves	146,823,448	146,823,448
Retained earnings	(241,655,817)	(14,677,510)
Current year result	(120,347,988)	(226,978,307)
Translation reserve	(933,946)	(274,375)
Equity attributable to equity holders of the parent	907,286,468	(71,709,373)
Minority interest	22,331,941	71,297,987
Total equity	929,618,409	(411,386)
Non-current liabilities		
Long-term borrowings from shareholders	595,968,302	646,458,954
Long-term borrowings from banks	10,353,571	41,343,337
Hybrid instrument - long-term portion	-	32,056,464
Net obligations under finance leases	18,704,066	25,262,970
Deferred tax liabilities	27,731,611	24,721,511
Provisions	25,096,403	47,041,318
Other non-current liabilities	12,002,387	14,979,178
Total non-current liabilities	689,856,340	831,863,732
Current liabilities		
Trade and other payables	788,589,438	860,970,844
Derivative financial instruments	997,455	875,971
Net obligations under finance leases	10,950,800	9,129,714
Short-term borrowings from banks	244,356,013	727,317,764
Hybrid instrument - current portion	22,601,564	26,969,599
Total current liabilities	1,067,495,270	1,625,263,892
Total liabilities	1,757,351,610	2,457,127,624
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,686,970,019	2,456,716,238

Consolidated Income Statement	(USD)	
	2008	2007 Restated
Continuing operations		
Revenue	4,690,365,403	6,753,721,798
Cost of sales	(4,325,153,184)	(6,284,162,490)
Gross profit	365,212,219	469,559,308
Selling and distribution expenses	(255,270,343)	(239,521,248)
General and administrative expenses	(187,245,867)	(239,296,435)
Other operating revenues/(expenses),net	12,531,511	(62,281,427)
Operating loss	(64,772,480)	(71,539,802)
Finance costs	(105,549,235)	(177,233,615)
Finance income	11,243,992	5,432,413
Net foreign exchange gains/(losses)	3,742,502	(40,142,993)
Share in profits/(losses) of associates	631,142	(711,165)
Loss before income tax	(154,704,079)	(284,195,162)
Income tax	(7,057,471)	(11,847,798)
Net loss for the year	(161,761,550)	(296,042,960)
<i>Attributable to:</i>		
Equity holders of the parent	(120,347,988)	(226,978,307)
Minority interests	(41,413,562)	(69,064,653)
Net loss for the year	(161,761,550)	(296,042,960)
Other comprehensive income		
Exchange differences on translation of foreign operations	(659,571)	89,293
Other comprehensive income/(loss) for the year, net of tax	(659,571)	89,293
Total comprehensive income/(loss) for the year, net of tax	(162,421,121)	(295,953,667)
<i>Attributable to:</i>		
Equity holders of the parent	(121,007,559)	(226,889,014)
Minority interests	(41,413,562)	(69,064,653)
Total comprehensive loss for the year, net of tax	(162,421,121)	(295,953,667)

Consolidated Cash Flow	(USD)	
	2009	2008
Loss before tax	(154,704,079)	(284,195,162)
<i>Adjustments for:</i>		
Depreciation and amortisation	130,125,751	104,036,861
Provisions for receivables and inventories	(5,760,051)	108,689,772
Impairment and provisions for property, plant and equipment	14,210,338	7,604,513
Other provisions	(21,997,666)	(7,192,334)
Late payment interest	18,217,095	25,884,672
Unwinding of discount on hybrid instrument	(15,546,188)	34,174,516
Interest expense, commission and bank charges and collection discounts	85,165,534	94,893,908
Interest expense shareholders	17,712,794	22,280,519
Finance income	(11,243,992)	(5,432,413)
Net losses/(gains) from non-current assets disposals	25,734	(52,224)
Net result from sale of Group investments	-	(59,051,900)
Unrealised losses/(gains) from derivatives on petroleum products	20,951,561	(31,196,598)
Realised losses/(gains) from derivatives on petroleum products	10,748,842	12,709,586
Share in profits of associates	(631,142)	711,165
Negative goodwill	(577,456)	(129,212)
Share option expense	-	7,981,403
Unrealised foreign exchange losses/(gains)	1,308,851	(10,425,762)
Operating profit before working capital changes	88,005,926	21,291,310
<i>Net working capital changes in:</i>		
Receivables and prepayments	53,615,805	198,922,834
Inventories	(110,472,672)	101,638,144
Trade and other payables	(24,507,729)	3,797,096
Change in working capital	(81,364,596)	304,358,074
Income tax paid	(12,059,496)	(20,759,347)
Cash payments for derivatives	(10,748,842)	(12,709,586)
Net cash provided by/(used in) operating activities	(16,167,008)	292,180,451
<i>Cash flows from investing activities</i>		
Purchase of property, plant and equipment	(189,116,356)	(331,452,630)
Purchase of intangible assets	(31,279,811)	(26,416,443)
Changes in payables for capital expenditures	(61,286,917)	45,245,317
Dividends received from associated companies	751,395	-
Proceeds from sale of property, plant and equipment	2,904,589	11,885,339
Cash of subsidiaries being disposed of	-	(872,788)
Proceeds from sale of subsidiaries shares	-	33,850,000
Consideration paid for acquisition of minority interests	(12,065,899)	(27,539,476)
Net cash used in investing activities	(290,092,999)	(295,300,681)
<i>Cash flows from financing activities</i>		
Cash and cash equivalents as result of capital contribution from shareholders	1,100,000,000	-
Dividends paid to minority shareholders	(1,256,140)	(129,187)
Shareholders acquisition/transaction fees	-	(8,927,124)
Coupon paid on hybrid instrument	(22,885,609)	(59,622,872)
Interest and bank charges paid	(108,066,612)	(117,174,427)
Interest and other financial income received	10,818,305	5,432,413
Drawings of long term borrowings from shareholders	82,842,682	446,458,954
Repayments of long term borrowings from shareholders	(133,333,334)	-
Repayments of long term loans from banks	(30,989,766)	(25,765,118)
Movement in short-term borrowings	(482,961,751)	(147,741,709)
Repayments of finance leases	(4,737,818)	-
Loans granted	-	(5,000,000)
Net cash from financing activities	409,429,957	87,530,930
(Decrease)/Increase in cash and cash equivalents	103,169,950	84,410,700
Cash and cash equivalents at the beginning of period	171,222,482	86,811,782
Cash and cash equivalents at the end of the period	274,392,432	171,222,482

Consolidated Statement of Changes in Equity

(USD)

	Issued capital	Share premium	Advance for increase in share capital/share premium	Retained earnings	Revaluation reserves	Other reserves*	Translation reserve	Minority interest	Total equity
December 31 st , 2008	140,610	2,631,512	-	(241,655,817)	20,625,249	146,823,448	(274,375)	71,297,987	(411,386)
Net loss for 2009	-	-	-	(120,347,988)	-	-	-	(41,413,562)	(161,761,550)
Other comprehensive income	3,400	-	-	-	-	-	(659,571)	-	(656,171)
Total comprehensive income	3,400	-	-	(120,347,988)	-	-	(659,571)	(41,413,562)	(162,417,721)
Dividends payable to minority shareholders	-	-	-	-	-	-	-	(1,256,140)	(1,256,140)
Equity injections from shareholders)	-	-	1,100,000,000	-	-	-	-	-	1,100,000,000
Changes in Group structure - acquisition of Rompetrol SA minority shares	-	-	-	-	-	-	-	(1,253,823)	(1,253,823)
Changes in Group structure - acquisition of Rompetrol Rafinare SA minority shares	-	-	-	-	-	-	-	(2,196,468)	(2,196,468)
Changes in Group structure - acquisition of Rompetrol Georgia LLC minority shares	-	-	-	-	-	-	-	(35,756)	(35,756)
Changes in Group structure - acquisition of Rompetrol Ukraine LLC minority shares	-	-	-	-	-	-	-	(1,202,456)	(1,202,456)
Other Changes in Group structure	-	-	-	-	-	-	-	(1,607,841)	(1,607,841)
December 31st, 2009	144,010	2,631,512	1,100,000,000	(362,003,805)	20,625,249	146,823,448	(933,946)	22,331,941	929,618,409

Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") effective as of December 31, 2009, as endorsed by the E.U.

The consolidated financial statements are prepared under the historical cost convention except for Rompetrol Rafinare S.A and Rompetrol Petrochemicals S.R.L where the property, plant and equipment are stated at revalued amounts being the fair value, less any accumulated depreciation and accumulated impairment loss. The financial statements of the Group are prepared on a going concern basis.

The group's consolidated financial statements are presented in United States Dollar ("US Dollar" or "USD"), which is the Group's functional currency.

The consolidated financial statements comprise the financial statements of the parent company and its subsidiaries as of December 31, 2009.

Control is considered to be achieved where the Group (either directly or indirectly), owns more than 50% of the voting rights of the share capital of another enterprise and is able to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. Minority interests represent the portion of the profit or loss and net assets that is not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from the parent shareholders' equity.

Acquisitions of businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets acquired, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognized. Businesses acquired or disposed during the year are included in the consolidated financial statements from the date of acquisition or the date of disposal.

The Group's investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment in an associate is carried in the balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate. After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate that the carrying value may be impaired.

Property, plant and equipment are stated at cost, except for the Rompetrol Rafinare S.A and Rompetrol Petrochemicals S.R.L, where the property, plant and equipment are stated at re-valued amounts, being the fair value less any accumulated depreciation and accumulated impairment loss.

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement.

Depreciation for property, plant and equipment except land and construction in progress is computed using the straight-line method over the following estimated useful lives, between 3 to 60 years.

At each balance sheet date the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Inventories, including work-in-process are stated at the lower of cost and net realisable value. Net realisable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. The following cost formulas were used to determine the cost applicable to different types of inventories:

- the weighted average method for purchased crude oil and petroleum products;
- the first-in-first-out (FIFO) for supplies and materials.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash includes cash on hand, cash with banks and checks in course of being cashed. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash within remaining three months or less to maturity from the date of acquisition and that are subject to an insignificant risk of change in value.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Sales of goods are recognised when delivery has taken place and transfer of significant risks and rewards has been completed. Revenue comprises the fair value of the sale of goods and services, net of value-added tax and any excise duties and other sales taxes, rebates and discounts.

Revenue from rendering transportation services and other services is recognised when services are rendered.

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state - managed retirement benefit schemes are dealt with as defined contribution plans where the Group's obligations under the scheme are equivalent to those arising in a defined contribution retirement benefit plan.

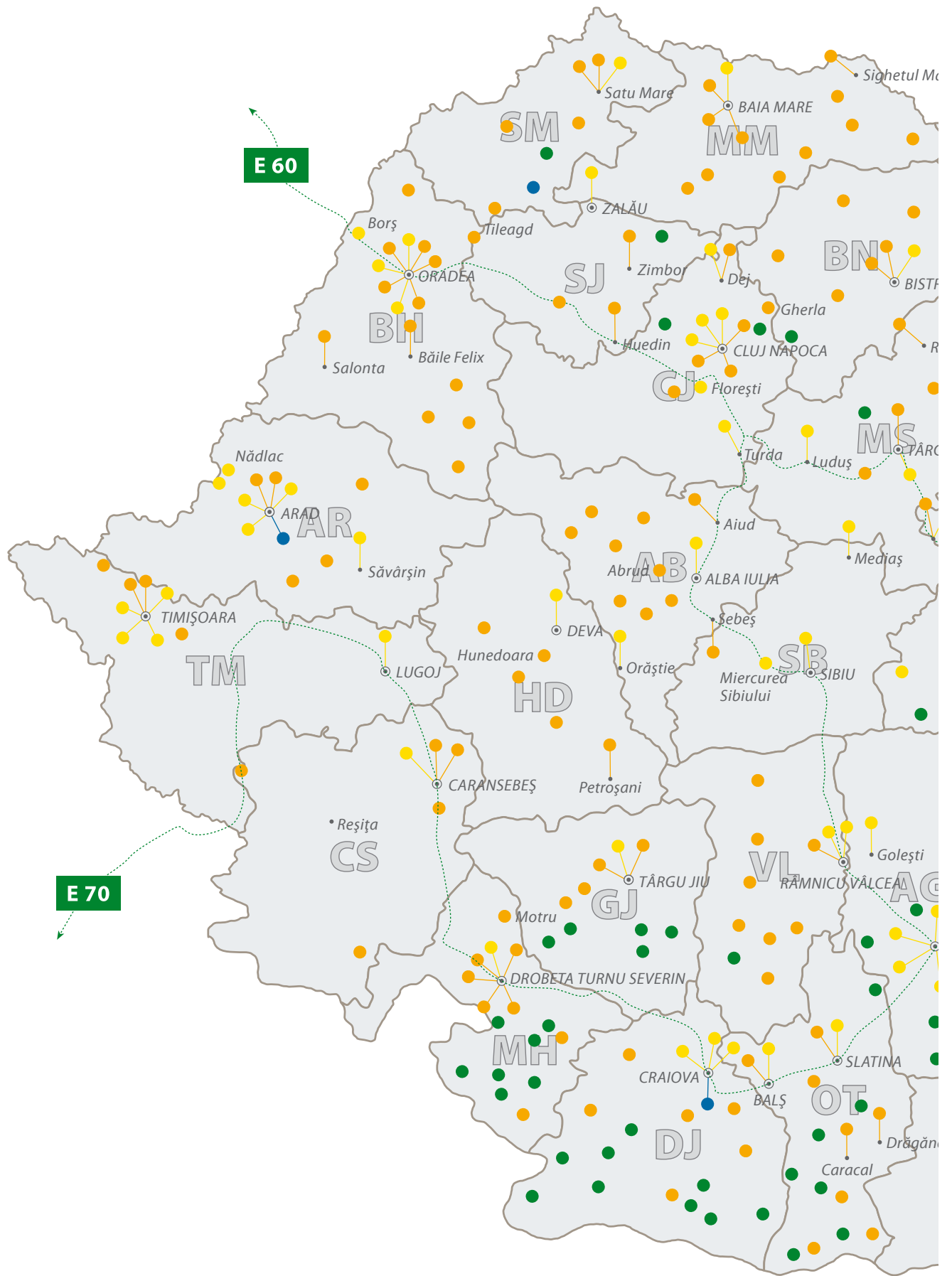
Income tax charge consists of current and deferred taxes. The charge for the current tax is based on the results for the period as adjusted for non-deductible and non-taxable items. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The Group determines the classification of its financial assets and liabilities at initial recognition. Financial assets are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned and are initially measured at cost, including transaction costs.

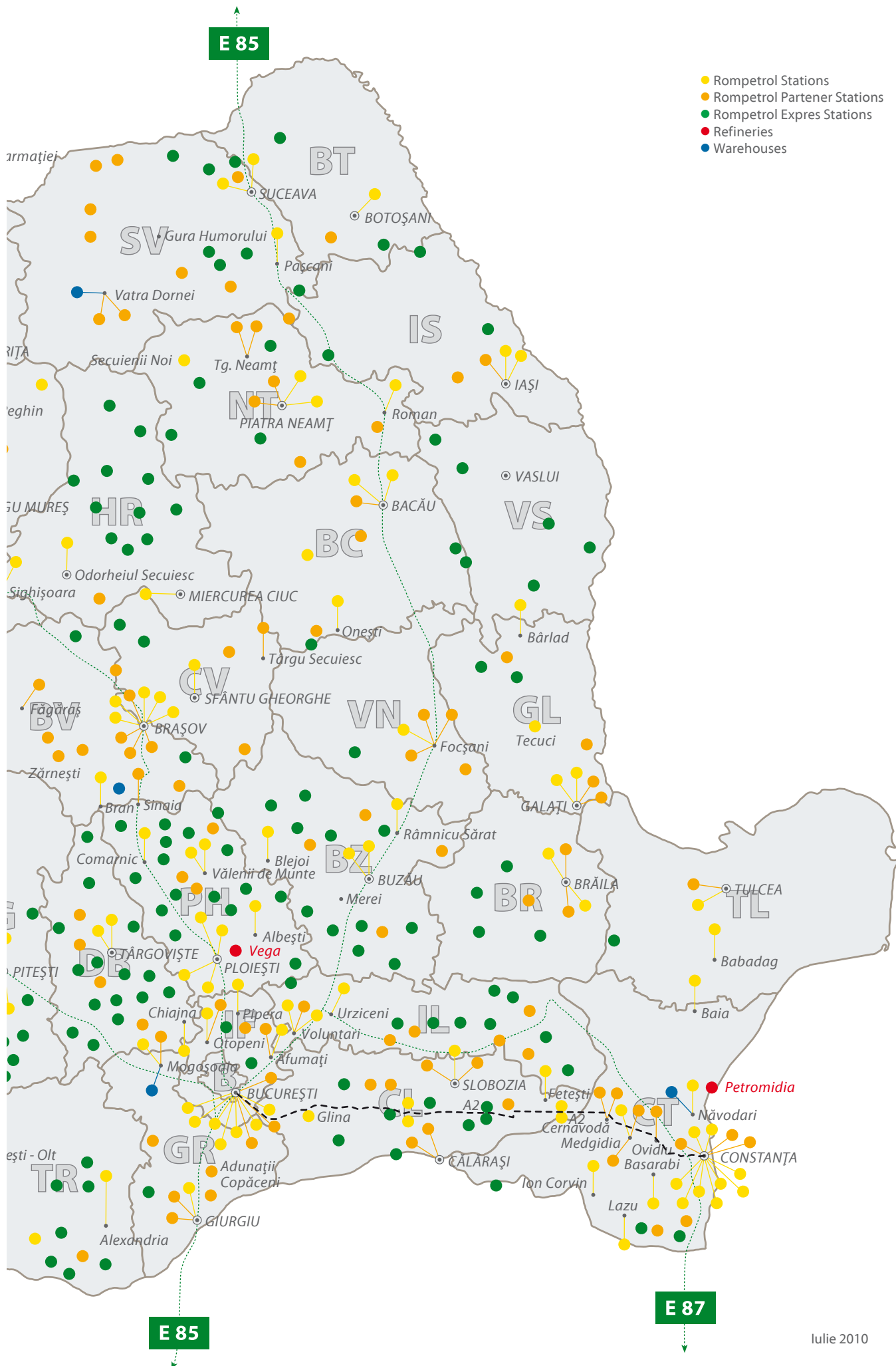
Group's financial assets include cash and cash equivalents, trade and other receivables, unquoted financial instruments, and derivative financial instruments. Financial liabilities include finance lease obligations, interest-bearing bank loans and overdrafts and trade and other payables and derivative financial instruments. For each item the accounting policies on recognition and measurement are disclosed in this note. Management believe that the estimated fair values of these instruments approximate their carrying amounts.

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit and loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.



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- Rompetrol Stations
- Rompetrol Partener Stations
- Rompetrol Expres Stations
- Refineries
- Warehouses



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Iulie 2010

Distribution Map of the Rompetro Group in Romania

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